

Annual Executive Summary

- 2012 -

COUNCIL ON VIRGINIA'S FUTURE





Annual Executive Summary

January 2013

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Introduction and Highlights

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 activities and work of the Council annually to the Governor and the General Assembly. Included is a discussion of recent accomplishments. Highlights of recent progress include:

- Keeping Virginia Performs, a signature initiative of the Council, fresh and relevant remains a top priority. Regular updates and enhancements are made in collaboration with economists at the University of Virginia's Weldon Cooper Center for Public Service.
- The Commonwealth's new Performance Budgeting (PB) System represents a major step forward in the ongoing transformation of performance-budgeting in Virginia, significantly enhancing analytic and evaluation capabilities and more fully merging performance and budgetary data. The strategic planning module was completed during the year allowing agencies to update their strategic plans and performance information in this new system. New PB System capabilities for analysis and evaluation will continue to come online during the coming year.
- Agencies are currently completing new agency Executive Progress Reports (EPR). The new EPR format was developed because agency heads and other thought leaders sought a more concise and accessible document that could clearly communicate what an agency does, its performance, and the most important opportunities and issues facing the agency.
- Enterprise Strategic Priorities were integrated into Virginia Performs. This represents an important step in the continued evolution of Virginia Performs and will help to further bridge the gap between long-term, high-level goals and agency key objectives. Capturing high-level priorities and objectives provides valuable direction for agency planning processes and will serve as a baseline for assessing progress on the highest priorities of government.
- The *Virginia Performs Workforce System Report Card*, a high-level scorecard to improve assessment of the Commonwealth's workforce development system, was released in late 2012. This initiative, part of the continuing evolution of Virginia Performs, is the first product from a long-term effort to accelerate progress on key outcomes by developing more focused, issue-specific scorecards.
- A partnership with the Virginia Chamber of Commerce in its *Blueprint Virginia* initiative to develop a long-term plan to enhance economic competitiveness and growth across the Commonwealth was begun. This is part of a longer-term focus on the drivers of state and regional economic growth.
- Along with the high-level initiatives described above, special reports, analyses, and other products continue to enhance our understanding of issues important to Virginia's long-term future. For example, published each November, *The Virginia Report* is an annual high-level assessment of Virginia's progress in areas important to our quality of life. In addition, Virginia Performs continues to serve as a model for other states and nations, working in 2012 with the U.S. Government Accountability Office, the United Kingdom (through the Carnegie Trust UK), and the Government of South Australia, among others.

The appendix provides a brief introduction to the Council and Virginia Performs, the Commonwealth's performance leadership and accountability system. More information is available on the Council's website (future.virginia.gov).

Evolution of Virginia Performs

The Council's signature initiative, Virginia Performs, is a strong performance leadership and accountability system for state government that has won national recognition, served as a model for other states and nations, and was cited as an important factor in Virginia maintaining its status as the "Best Managed State."

Through Virginia Performs, the Council focuses on the highest levels of information and analysis, while the Governor and the Department of Planning and Budget (DPB) administer agency-level planning and budgeting processes through the Commonwealth's new Performance Budgeting System. The continued evolution of Virginia Performs is one of the key priorities for the Council's ongoing partnership with the Governor's Office and DPB.

The architecture of Virginia Performs consists of three primary levels (See Page 10 in the Appendix). At the highest level, citizen-focused measures known as societal indicators provide a snapshot of how Virginia is doing with respect to issues of particular importance to Virginia's prosperity and quality of life (e.g., water quality, educational attainment). At the enterprise (or middle) level, performance data helps us understand whether we are achieving high-priority performance targets. At the foundation or agency detail level, service area and productivity measures provide budget transparency and monitor whether state government programs and services are producing desired results.

Significant progress was made during the year:

- Citizen/Societal Level: Societal-level indicator information and performance data are always updated during the year as new data become available from state and national sources.
- Enterprise Level: Progress at the Enterprise Level was made through two key initiatives:
 - ▶ The integration of Enterprise Strategic Priorities into Virginia Performs represented an important step in the continued evolution of Virginia Performs and will help to further bridge the gap between long-term goals and agency key objectives. These high-level priorities, initiatives, and performance objectives were used to provide important input into agency planning processes during 2012 and will serve as a baseline for assessing progress on the highest priorities of government. Agencies were also provided with a list of strategies for each priority for planning purposes.
 - ▶ The Council, as part of the continuing evolution of Virginia Performs, has begun a long-term effort to enhance the assessment of key outcomes by developing more focused, issue-specific "scorecards." The Council's partnership with the Governor's Office to develop a high-level report card for the Commonwealth's workforce development system is the first such issue-specific scorecard. The *Virginia Performs Workforce System Report Card* was released in late 2012.
- Agency Level: The Commonwealth's new Performance Budgeting (PB) System represents a major step forward in the ongoing transformation of performance-budgeting in Virginia, significantly enhancing analytic and evaluation capabilities. Agencies began using the new strategic planning module of the recently implemented system in 2012. As this report goes to press, agencies are finishing new agency Executive Progress Reports. The Council, together with DPB and other partners, developed the new EPR format because agency heads and other thought leaders sought a more concise and accessible document that could clearly communicate what an agency does, its performance, and the most important opportunities and issues facing the agency. The new format has been available for some time, but for efficiency reasons its introduction was delayed to coincide with the deployment of the strategic planning module of the new Performance Budgeting (PB) System.

During 2012 Virginia Performs continued to evolve and mature, ensuring greater accountability and transparency in government and helping its leaders improve critical outcomes. In 2013, the Council's emphasis will be on continuing the examination of the drivers of key outcomes – including economic growth – and on continuing the evolution of Virginia Performs, especially through fuller integration of key enterprise priorities into the system. Figure 1 provides a high-level summary of the ongoing evolution of Virginia Performs.

Figure 1: Evolution of Virginia Performs

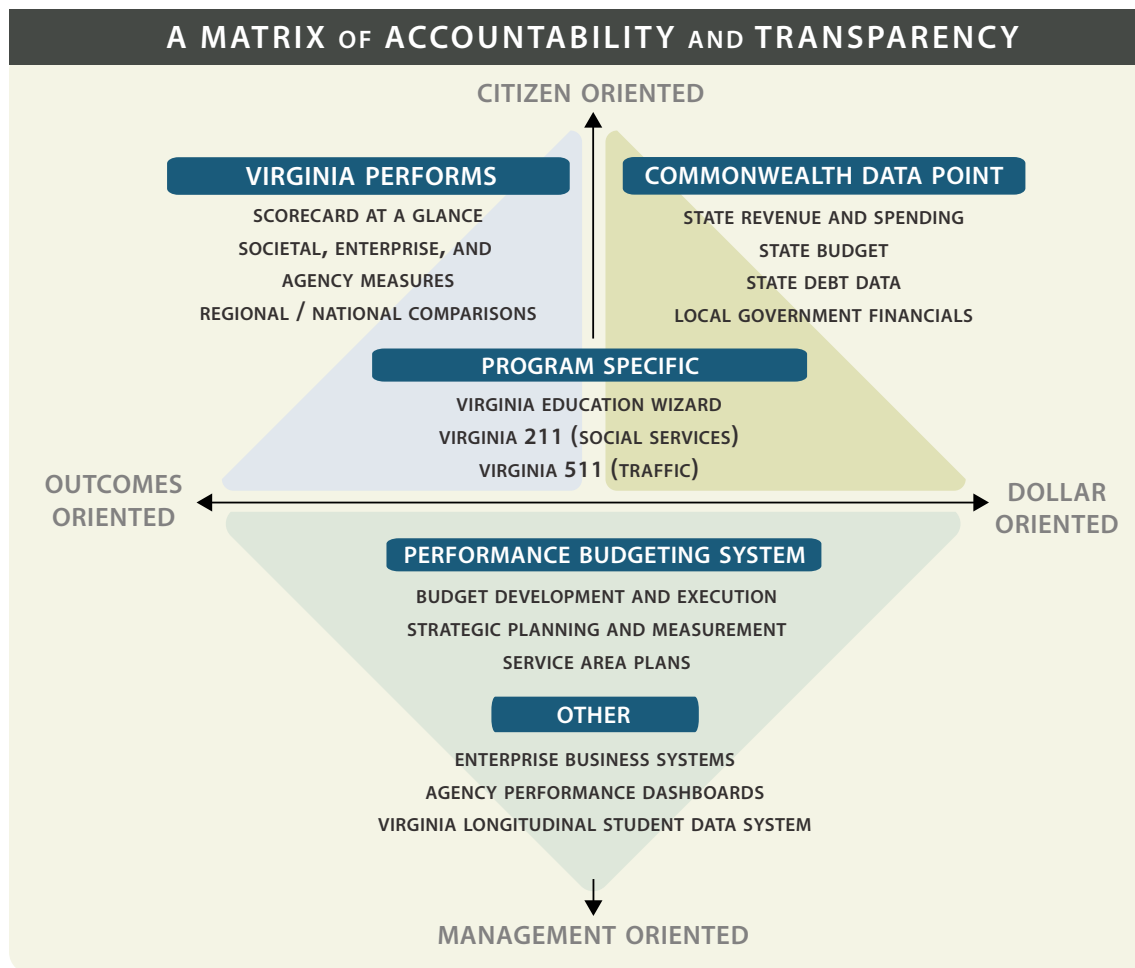
Level	Implementation Phase (2004-2009)	Recent Status	Next Steps
Societal How Is Virginia Doing?	<ul style="list-style-type: none"> Developed Virginia Performs, which integrated societal and agency-level views Focused on educational attainment Developed Hampton Roads Performs 	<ul style="list-style-type: none"> Continuing to refine the societal-level system 	<ul style="list-style-type: none"> Focus on the key drivers of state and regional economic growth
Enterprise Are We Getting Results on Our Highest Priorities?	<ul style="list-style-type: none"> Established agency key measure platform to recognize high-priority objectives and targets 	<ul style="list-style-type: none"> Designing a high-level report card to improve assessment of the workforce system Developing a more comprehensive enterprise level strategic planning platform that identifies priorities and strategies that transcend secretarial and agency boundaries 	<ul style="list-style-type: none"> Publish the Virginia Performs Workforce System Report Card Solidify the enterprise level and refine measures and targets for high-priority issues Enhance reporting capabilities to enhance ongoing assessment of progress
Agency Are We Improving Government Services and Operations?	<ul style="list-style-type: none"> Restructured the state budget to support performance link Launched a comprehensive strategic planning system Increased agency focus on outcomes and results Began development of a new enterprise planning and performance budgeting system 	<ul style="list-style-type: none"> Continuing to assess and evaluate strategic planning processes and metrics Completing implementation of the Performance Budgeting System Integrating the new Executive Progress Report approach into agency planning processes Providing ongoing agency training and technical assistance 	<ul style="list-style-type: none"> Continue integration of enterprise priorities into agency planning Expand use of the full capabilities of the Performance Budgeting System Complete integration of the new Executive Progress Reports into agency strategic planning processes Continue training and technical assistance

Virginia Performs in Context

It is worth noting that the continued development of Virginia Performs is occurring within the context of broader efforts to improve transparency, accountability, and performance in the Commonwealth; Virginia Performs is not the only data-driven approach for improving outcomes in the state. As outlined in Figure 2, Virginia Performs is one of a number of systems, including Commonwealth DataPoint and the new Performance Budgeting System, that play major roles in transparency, accountability, and performance improvement for the Commonwealth. The new Virginia Longitudinal Data System is another example of a robust system now emerging that will transform the ability of leaders, researchers, and citizens to access and understand the performance of Virginia’s education and workforce systems.

In addition, many agencies are improving their internal and citizen-facing performance reporting capabilities. New web services – like the Education Wizard and the Virginia Health Information web pages – help consumers learn about and compare options and pricing information on higher education opportunities and a wide range of health care services. Finally, more regions and localities are enhancing their focus on outcome-driven change and making performance information more accessible to the general public. The Council will play an important role in synthesizing this increasingly rich array of performance information into meaningful vehicles for assessment for Virginia’s leaders and her citizens.

Figure 2: Virginia Performs in Context



Special Issues Development

One of the Council's important roles is to maintain a long-term focus on issues vital to Virginia's future, particularly those most closely related to the four foundations of Virginia's prosperity and quality of life:

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

The Council's specific areas of focus have evolved over time. For instance, the Council's extensive review of educational attainment in the Commonwealth, which began in 2008, helped establish a foundation for the work in 2010 of Governor McDonnell's Commission on Higher Education Innovation, Reform and Investment and the creation of a target of 100,000 new higher education degrees by 2025.

Following this, the Council's work with Governor McDonnell's Commission on Government Reform and Restructuring included a review of regional issues related to intergovernmental service delivery and funding issues and the challenges of driving growth across Virginia's diverse economic regions. This, in turn, set the stage for the Council's current focus on economic growth, with a particular emphasis on developing a better understanding of how Virginia's diverse regions are positioned to ensure their own economic prosperity.

The foundations of economic competitiveness – the keys to long-term prosperity – are complex and multilayered and include broad issues ranging from workforce quality to transportation infrastructure to the overall quality of life in a region. The Council believes strongly that public-private partnerships are essential in tackling these big issues. This is why the Council is particularly enthusiastic about beginning a partnership with the Virginia Chamber of Commerce in its *Blueprint Virginia* initiative to develop a long-term plan to enhance competitiveness and economic growth across the Commonwealth.

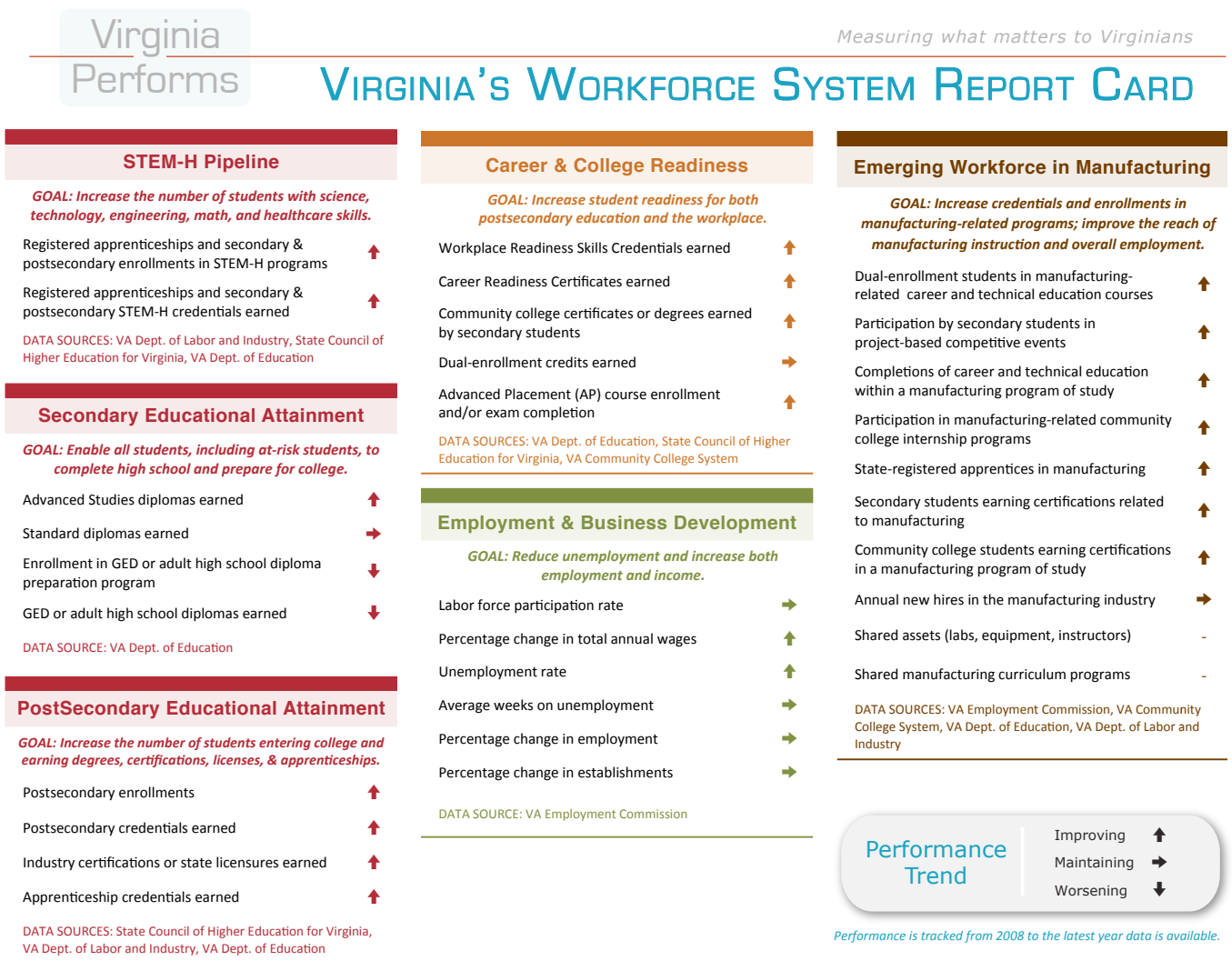
Also in 2012, the Council began a long-term effort to enhance the assessment of selected, high-priority issues. Those familiar with Virginia Performs know that the Scorecard at a Glance captures performance on a selected set of quality of life measures to answer the question "How is Virginia doing?" The Scorecard provides a starting point for assessment – accessible and focused information on broad issues such as employment growth, educational attainment, and land preservation. This high-level snapshot has been an insightful resource for Virginia's leaders and citizens. However, more fully gauging progress on certain issues at this level has been a challenge.

For instance, assessing workforce quality has proven difficult. Established measures of overall workforce quality have been limited mostly to lagging, high-level indicators such as labor productivity and adult educational attainment, which are important, but not that informative about actual workforce capabilities or progress in enhancing those capabilities.

In order to begin addressing this issue, the Council worked with the Governor's Office, the Workforce Council, and other state and regional industry, workforce, and economic development officials to craft a high-level report card for the Commonwealth's workforce development system. Although many of the indicators for this first effort rely on measures of educational attainment, it is a step forward in capturing the long-term performance of the Commonwealth's workforce system in a way that transcends specific programs, agencies, and stakeholders. The report card also features metrics to gauge aspects of Virginia's efforts to promote its emerging workforce for manufacturing.

The Virginia Performs Workforce System Report Card (Figure 3) will help leaders and citizens alike better assess the progress being made across the state’s complex and multilayered workforce development system. There are, of course, other issues and outcomes – such as certain health outcomes – that are equally complex and multilayered. For this reason, the Council plans a longer-term effort in partnership with other state and regional public and private sector leaders and organizations as appropriate to develop issue-specific scorecards that can help accelerate progress on important outcomes for Virginia’s citizens.

Figure 3: Virginia Performs Workforce System Report Card



Along with the high-level initiatives described above, the Council regularly publishes a number of special reports, analyses, and other products that enhance our understanding of issues important to Virginia’s long-term future, including:

- Published each November, *The Virginia Report* is an annual high-level assessment of Virginia’s progress in areas important to our quality of life.

- Published by the first day of each General Assembly Session, an *Annual Executive Summary* (this report) provides a review of the Council’s work during the year, along with a description of the continued evolution of Virginia Performs.
- Issue Insights are developed to provide deeper analysis of specific high-level issues such as educational attainment.
- An electronic newsletter highlights important developments in key outcomes and the evolution of Virginia Performs.
- Special “community snapshots” for legislators and others provide summary information on key outcomes for localities and regions.
- Other reports and analyses focus on specific issues or support the work of high-level commissions and study groups.

The Council also continued its varied outreach activities to regional, state, and national organizations and governments. Among these were:

- Virginia Workforce Council
- Virginia Association of Planning District Commissions
- *LEAD Virginia*
- Virginia’s Local Government Managers Association
- Commonwealth Managers Association
- Sorensen Institute Political Leaders Program
- Federal Executive Institute
- U.S. Government Accountability Office
- Eastern States Legislative Financial Officers Association
- Virginia Executive Institute
- Virginia Commonwealth University
- Government of South Australia
- Carnegie Trust (UK)
- Community Indicators Consortium
- University of Richmond

For more information about the Council on Virginia’s Future and its work go to the Council’s website: www.future.virginia.gov/.

Appendix

The appendix provides a brief introduction to the Council on Virginia’s Future, along with an overview of the purpose and architecture of Virginia Performs, a signature initiative of the Council.

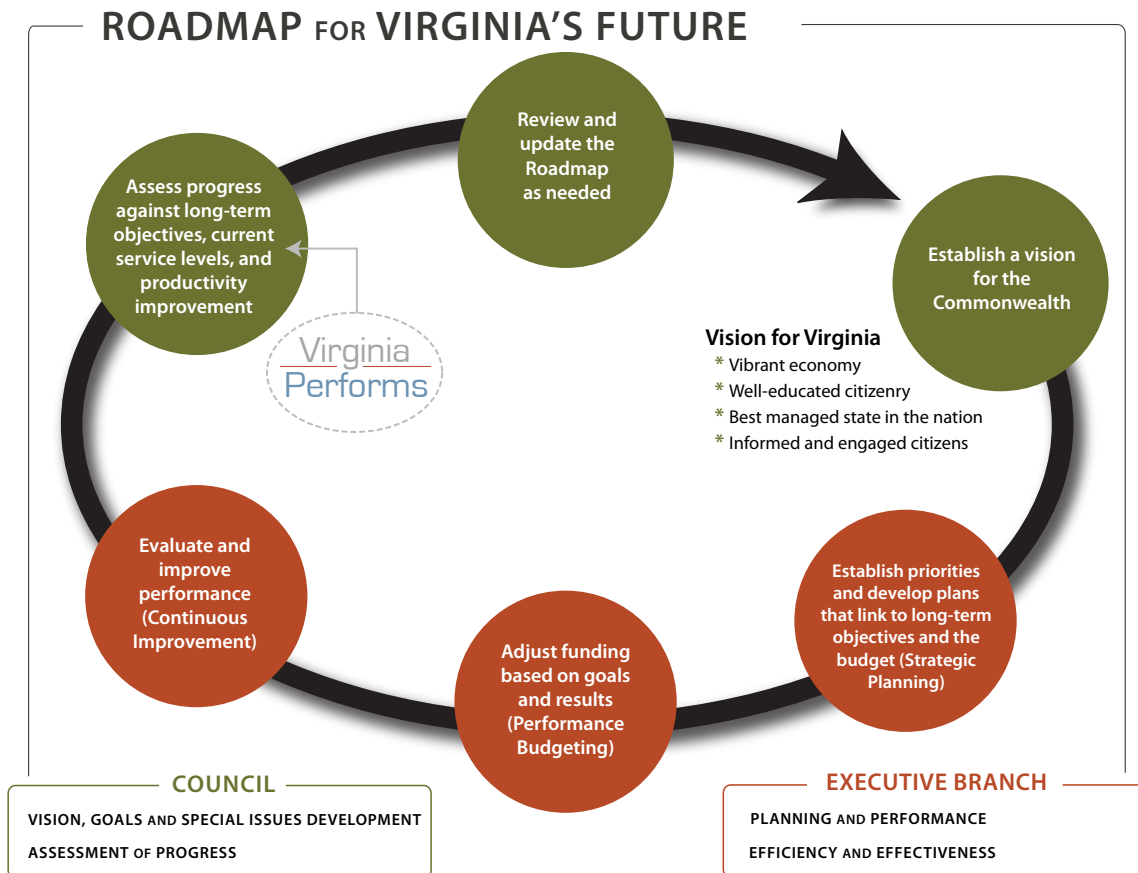
Introduction to the Council on Virginia’s Future

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

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

The Council began its work in 2004 by designing the Roadmap for Virginia’s Future (Figure 4), a model for improving performance leadership and accountability in state government.

Figure 4



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 government with Virginia’s long-term future in mind.

VISION FOR VIRGINIA

- Responsible Economic Growth
- Enviably 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.

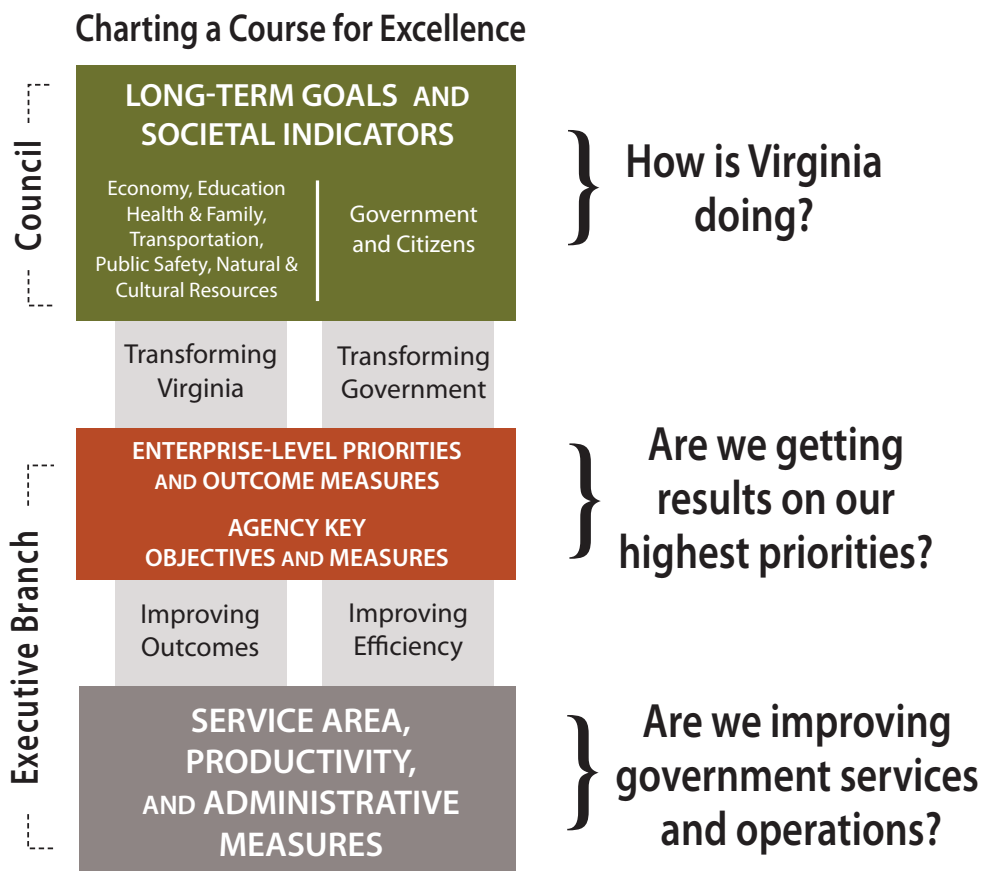
Introduction to Virginia Performs

Virginia Performs, the Commonwealth’s 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 5 presents a high-level schematic of the architecture of the system.

Figure 5: Virginia Performs: Architecture of the Integrated Performance System



The Virginia Performs website (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:

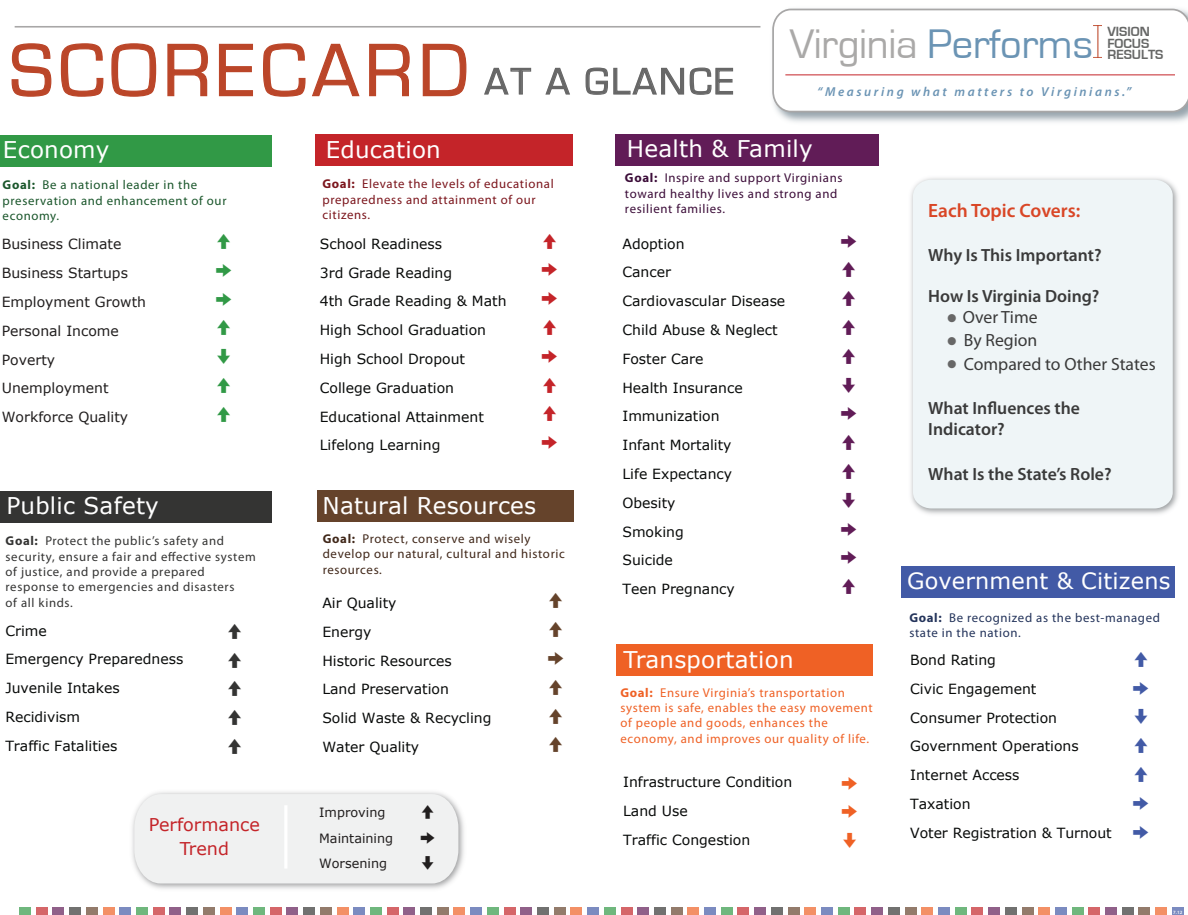
- See how the Commonwealth is performing by region and compared to other states;
- Track performance in their communities;
- Monitor activity on important issues such as health care, educational attainment, workforce quality, and voter turnout; and
- See how state government is working for them.

At the highest level, citizen-focused measures known as societal indicators provide a snapshot of how Virginia is doing with respect to issues of particular importance to Virginia’s prosperity and quality of life (e.g., water quality, educational attainment). Societal indicators 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 6) are measured over time, and, where possible, by region and in comparison to other states.

At the middle level, newly available enterprise strategic priorities and recently revised 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 and productivity measures are used to provide budget transparency and monitor whether state government programs and services are producing desired results. 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.

Figure 6: Scorecard at a Glance



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