# Annual Executive Summary

## - 2016 -

COUNCIL ON VIRGINIA'S FUTURE

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# 2016 Annual Executive Summary

## January 2017

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## Introduction

This report was prepared pursuant to §2.2-2689 of the Code of Virginia, which requires the Council on Virginia's Future to provide an executive summary of the activities and work of the Council to the Governor and the General Assembly each year. More information about the Council and its work is available at future.virginia.gov.

## Recent Highlights

The Council on Virginia's Future, which is chaired by the Governor and includes government and citizen leaders, was established in 2004 and re-authorized twice through 2017. It advises Virginia's leaders on the development and implementation of a long-range approach for measuring and improving the quality of life and the effectiveness of state government in Virginia. Its signature initiative is Virginia Performs, the state's performance leadership and accountability system (VaPerforms.virginia.gov).

The Council made significant progress in 2016 in the continued evolution of Virginia Performs and its development of special issues. Highlights include:

- We continue to make regular updates to Virginia Performs to ensure the initiative remains fresh and relevant. Recent changes include the debut of new indicators: Economic Diversity, Health Risk Factors, and Mortality and Longevity. New measures and other content were also added to the Air Quality, Water Quality, and Solid Waste and Recycling, and Energy indicators.
- Virginia Performs includes a set of Enterprise Strategic Priorities (ESPs) developed by Governor McAuliffe and his team, with support from Council staff. These goals, priorities, and initiatives – which typically transcend agency and other organizational boundaries – foster a more intense focus on those things leadership deems most critical and provide important input for formal agency strategic planning.
- Enhancements were made to Virginia Performs' three priority-focused report cards: Virginia's Workforce System, State Government Operations, and Innovation and Entrepreneurship. These report cards

are designed to help accelerate progress on high-priority issues, and all three report cards were recently updated and revised to both clarify assessment and better reflect the most important drivers of progress.

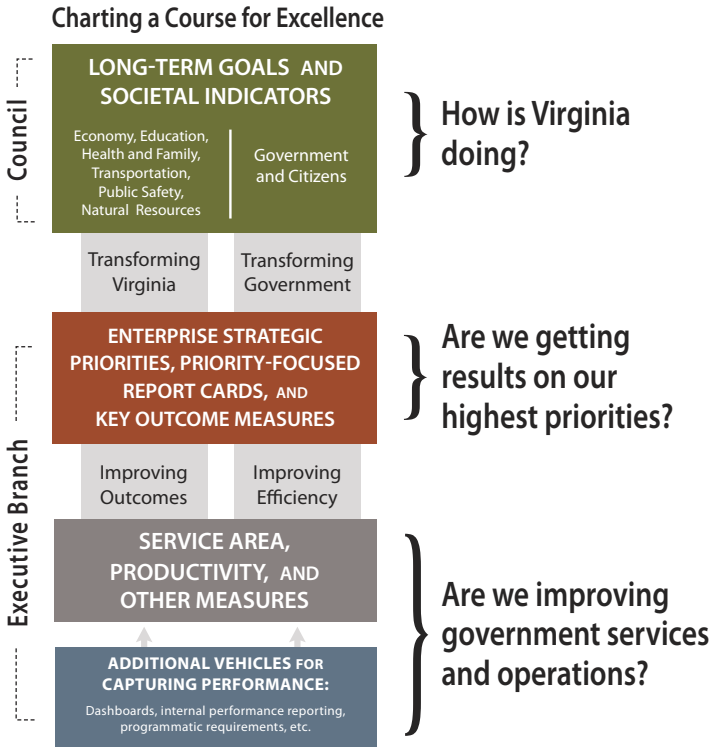
- The Council continues to publish special reports, analyses, and other products that strengthen our understanding of issues important to Virginia's long-term future.

## Virginia Performs

Virginia Performs is the Commonwealth's performance leadership and accountability system (VaPerforms.virginia.gov). It serves as a model for other states and nations and plays an important role in keeping Virginia a "best-managed state." It has also won national recognition since its launch. Virginia Performs aligns performance goals at every level of state government and serves as a catalyst for better strategic thinking and decision-making.

We continued to make progress this year in answering the three questions - outlined in Figure 1 - that frame Virginia Performs. The Council develops and maintains an approach to answering the first question, "How Is Virginia Doing?" and helps model the next two questions, which are the primary responsibility of state leaders in the Executive Branch.

**Figure 1**




### How Is Virginia Doing?

In 2016, the Virginia Performs Scorecard at a Glance continued to evolve with the addition of three new indicators to measure: Economic Diversity, Mortality and

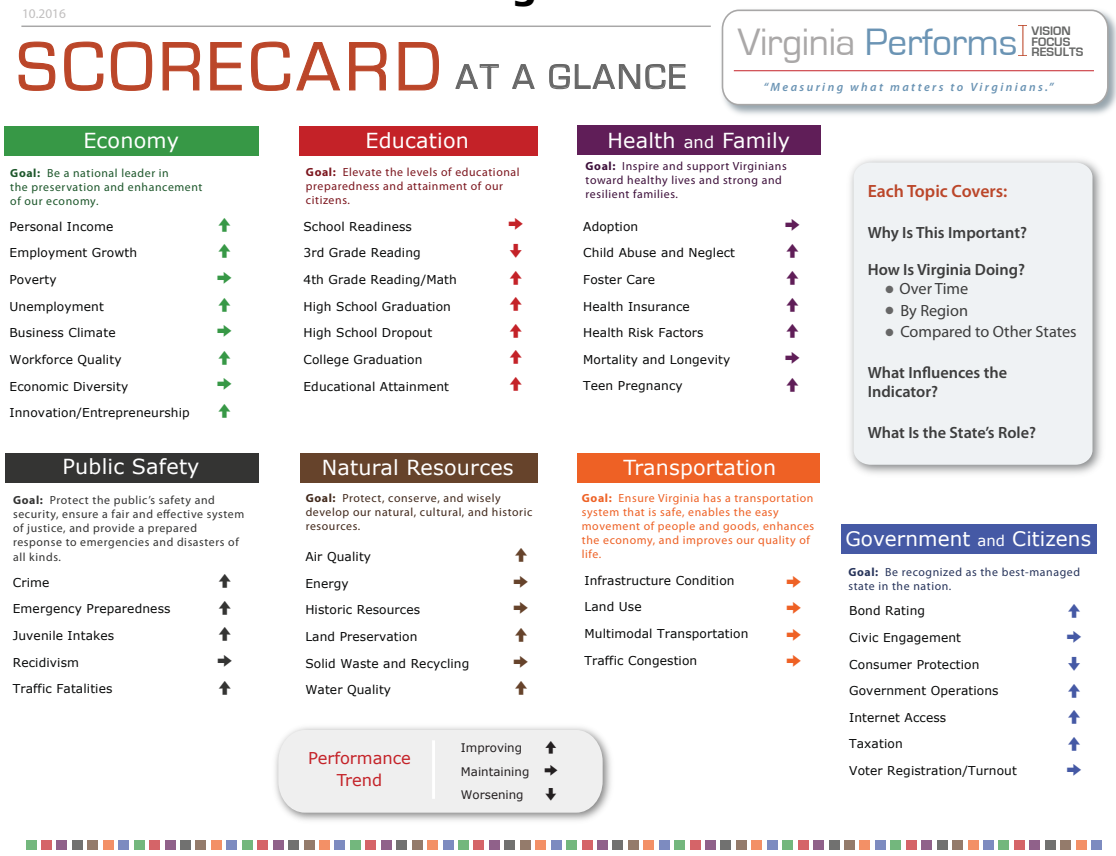
Longevity, and Health Risk Factors. Economic Diversity was added in response to efforts to expand Virginia's economy and help it transition from its reliance on federal spending and contracting. It measures Virginia's performance in cultivating private sector growth, developing new industries, and tapping into expanding international markets. In the Health and Family section, several indicators on previous versions of the Scorecard at a Glance were consolidated to support two new indicators on Mortality and Longevity and Health Risk Factors. Mortality and Longevity includes information on chronic disease deaths, such diabetes and cancer. Health Risk Factors focuses on those areas important to a healthy, long life, such as physical activity, diet, and substance abuse. This update reduced the Health and Family section of the Scorecard from 13 to seven indicators.

Finally, four indicators in the Natural Resources section - Air Quality, Water Quality, Energy, and Solid Waste and Recycling - benefited from new data and content in 2016. Among new data included in these indicators are water impairments by type, energy pricing, emissions by pollution type, and water supply. Subject matter experts from the public, private, and non-profit sectors identified these enhancements during a Virginia Futures Forum hosted by the Council on Virginia's Future in June 2016.

Trends changes recently occurred for four indicators on the Scorecard at a Glance. Per Capita Personal Income, Employment Growth, and Health Insurance turned to improving from maintaining while Energy shifted from improving to maintaining. Of the 44 indicators tracked on the Scorecard at Glance, 26 are improving, 16 are maintaining, and two are worsening. Figure 2, on page 6 shows the latest version of the Scorecard at a Glance, (published in October 2016).

Additionally, the Council provides regional scorecards that summarize performance on more than 30 indicators, and help regions assess their progress on important quality of life measures. These regional scorecards were recently updated in October of 2016.

## Figure 2




### Are We Getting Results on Our Highest Priorities?

We continue to make significant progress in our ability to answer the question, "Are We Getting Results on Our Highest Priorities?" The development of Enterprise Strategic Priorities and their integration with agency planning and performance management, together with the development of priority-focused report cards, help strengthen the linkages between top-level goals and agency priorities, objectives, and performance targets.

Virginia Performs now includes a set of Enterprise Strategic Priorities developed by Governor McAuliffe and his team, summarized in Figure 3, on page 7. These priorities, which commonly transcend agency and other organizational boundaries, foster a more intense focus on those things leadership deems most critical, provide important input into agency planning, and serve as a baseline for assessing progress. (For the complete content, see https://governor.virginia.gov/policy-priorities/)

# Figure 3

## Economy

- Promote Virginia's competitive business climate and remain the best state for business.
- Develop a clear and consistent anti-poverty policy.
- Attract diverse new businesses that operate in new and growing fields in the 21st century economy.
- Enhance Virginia's trading relationship with international partners.
- Promote a diverse and reliable energy supply.

## Education

- Improve educational success in struggling schools and expand access to quality early education.
- Promote great teaching and learning.
- Strengthen pathways throughout education, increasing completion of high-demand degrees and credentials.
- Strengthen Virginia's higher education system and promote greater access and affordability.

## Workforce

- Align Virginia's workforce to meet current and anticipated employer demands.
- Establish annual goals and identify ways to increase statewide credentials that align with employer current and future needs.
- Facilitate in-demand skills sets for Virginia's new economy, while fostering private sector innovation and entrepreneurship.

## Health and Family

- Advance access to high-quality healthcare for more Virginians.
- Strengthen Virginia's behavioral health system in partnership with providers, consumers, family members and advocates.
- Promote strategies to improve nutritious options for Virginians in at-risk circumstances.
- Embrace innovative models of care and new technologies to improve health outcomes and lower costs.
- Protect women's rights to make their own healthcare decisions.
- Encourage a culture of health through stable housing, access to high-quality health care and proper nutrition.

## Natural Resources

- Make every effort to meet the goals for nutrient reduction outlined in the federal government's cleanup plan for the Chesapeake Bay.
- Implement a targeted, strategic land conservation plan that protects biodiversity and public access.
- Prepare Virginia for the effects of climate change and reduce the state's contribution to its causes.

## Public Safety and Homeland Security

- Protect our citizens and ensure everyone lives in a safe community.
- Ensure Virginia is prepared to address threats to the safety and security of the Commonwealth.
- Ensure all gun owners undergo a background check when purchasing a firearm.
- Aggressively target sexual and domestic violence for prevention and enforcement.
- Promote smart sentencing and reduce recidivism.

## Transportation

- Develop a transparent, data-driven prioritization model to help determine allocations of transportation funding and ensure ongoing accountability.
- Expand the role of non-highway modes of transportation in the Commonwealth's transportation network.
- Guarantee that local governments and citizens play a meaningful role in transportation decision-making.

## Veterans and Military Families

- Create seamless transitions for Virginia's veterans with high quality education and workforce services that accelerate career opportunities.
- Increase affordable housing opportunities and veterans support programs.
- Retain and reinforce Virginia's military installations and defense activities.
- Ensure that Virginia remains the preeminent state for military personnel, their families and veterans.

## Government and Citizens

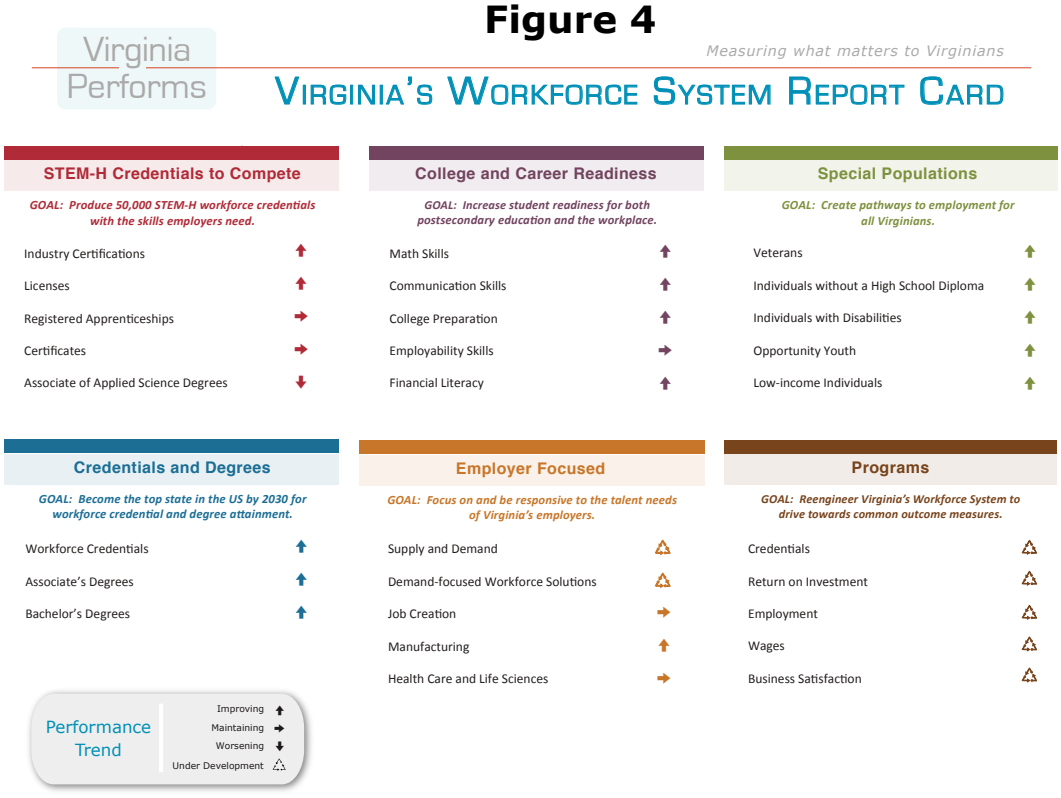
- Improve citizens' access to government data and decision-making processes.
- Pursue innovative strategies to increase efficiency or to reduce government costs for needed services.
- Maximize restoration of voting rights for individuals who qualify.
- Manage public resources efficiently and effectively.
- Enhance current technology platforms and infrastructure while protecting all data.
- Ensure diversity in government procurement.
- Promote a culture within state government that values strong ethics.
- Improve recruitment, retention, and succession planning for the state workforce.
- Deliver high quality products and services to customers in a timely manner.
- Encourage user-friendly online services.

As a complement to the Enterprise Strategic Priorities, priority-focused report cards highlight progress on multi-agency outcomes that are important to Virginia's long-term prosperity. Virginia Performs currently includes three priority-focused report cards: Virginia's Workforce System Report Card, the Innovation and Entrepreneurship Report Card, and the State Government Operations Report Card.

**Virginia's Workforce System Report Card** is designed to track Virginia's progress in producing a quality workforce across multiple agencies and organizations. Now in its fourth iteration, the report card has evolved since its debut in 2012 to reflect new understandings of workforce issues and priorities, as well as valuable input from state leadership and the private sector.

Figure 4, the latest edition of this tool, released in June 2016, underwent significant changes to its overall format. Much of the data available in previous versions of the report card remains in support of new, re-contextualized indicators. New data has been added as well. Additionally, a

**Figure 4**



new dynamic dashboard available on Virginia Performs (http://vaperforms.virginia.gov/PriorityAssessment/Workforce/workforceDashboard.php) complements the Workforce System Report Card by providing access to the data that support its indicators.

New features that are under development for the Workforce System Report Card include: tracking real-time workforce supply and demand, assessing progress on regional workforce solutions, and showcasing new common performance measures for Virginia's 24 workforce programs.

Virginia's state government is a large and complex enterprise; its 120,000+ employees manage operations in more than 100 agencies, universities, and other organizations, and a significant share of the work of government is accomplished through partnerships. The **State Government Operations Report Card** complements and builds on the information contained in our Government Operations indicator, and echoes some of the detailed performance assessment being done on the individual state agency level.

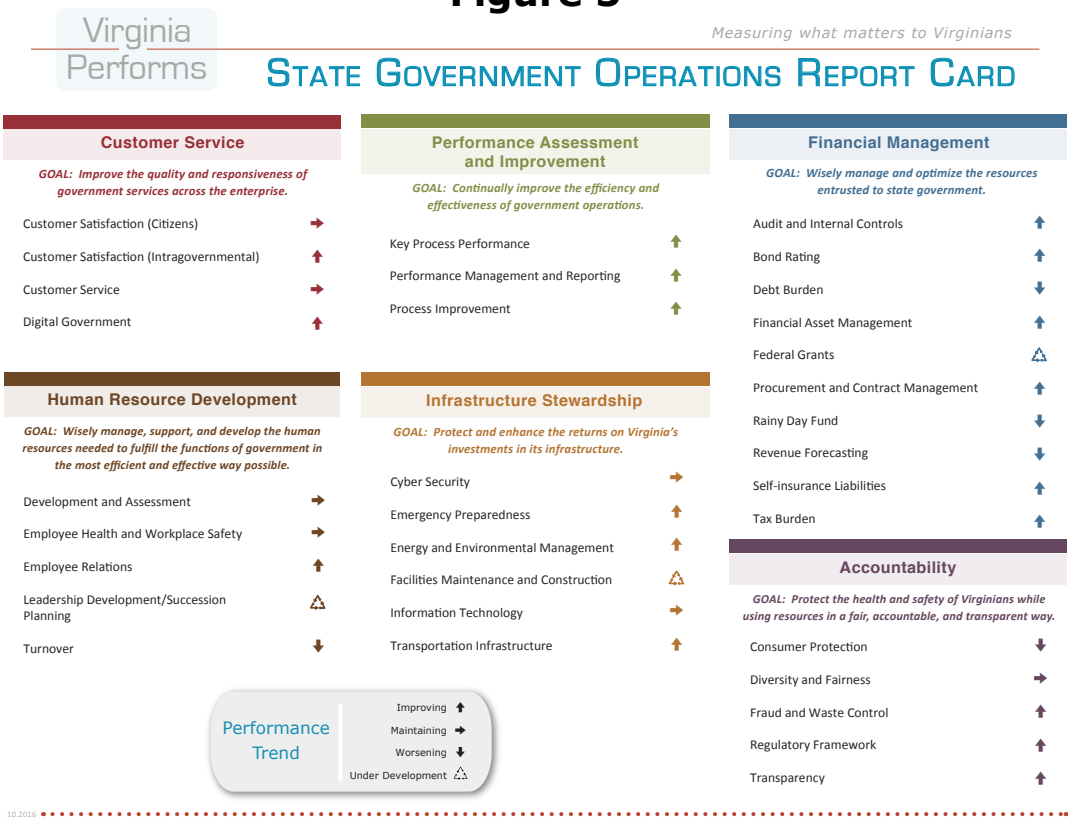
The October 2016 State Government Operations Report Card (Figure 5, on page 10) includes several trend changes captured below:

- *Maintaining to Improving:* Customer Satisfaction (Intragovernemntal), Audit and Internal Controls, Financial Asset Management
- *Improving to Maintaining:* Employee Health and Workplace Safety, Diversity and Fairness
- *Maintaining to Worsening:* Debt Burden, Rainy Day Fund, Consumer Protection
- *Improving to Worsening:* Turnover, Revenue Forecasting

Three indicators are currently in development for the Government Operations Report Card: Leadership Development/Succession Planning, Facilities Maintenance and Construction, and Federal Grants. Work continues with key partners to understand how best to quantify and track progress in these important areas. As a result of a forum discussing these important areas, the Department of Planning and Budget and the Virginia Office of

Intergovernmental Affairs developed the Virginia Grants website (https://governor.virginia.gov/policy-priorities/grants/) to serve as a first step in tracking all Virginia-related grants.

**Figure 5**



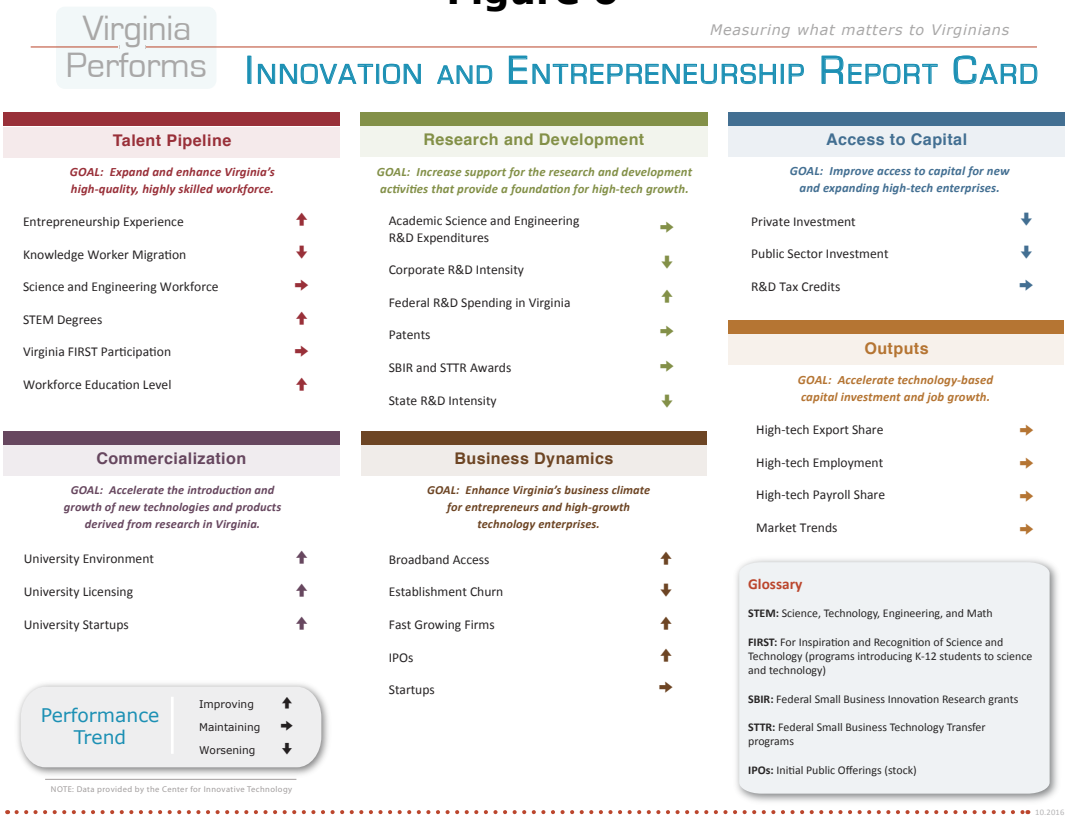

Entrepreneurship and innovation help drive economic competitiveness and figure prominently in economic development strategic planning. Innovation – the introduction of new ideas, processes, or products – helps create new businesses and spurs existing businesses to create more value for their customers. Entrepreneurs are the agents who capitalize on innovation to start and expand businesses. The **Innovation and Entrepreneurship Report Card**, captured in Figure 6, on page 11, identifies many of the key drivers for both encouraging innovation and tracking its economic results and complements the broader indicator of the same name on the Scorecard at a Glance.

The Council on Virginia's Future continues to work with the Center for Innovative Technology on updating and refining the Innovation and

Entrepreneurship Measurement System (IEMS) that provides the data for the report card. The IEMS is updated quarterly. Trend changes on the report card from second quarter of fiscal year 2017 are as follows:

- *Maintaining to Improving:* Fast Growing Firms
- *Improving to Maintaining:* Startups, R&D Tax Credits
- *Improving to Worsening:* Establishment Churn, Public Sector Investment

**Figure 6**




## Are We Improving Government Services and Operations?

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.

In 2015, agencies, where appropriate, aligned their performance measures with the Governor's Enterprise Strategic Priorities, through a newly implemented and redesigned agency planning and performance reporting module. In 2016, agencies continued to update performance on these newly aligned key, productivity, and other measures in Virginia Performs. The Department of Planning and Budget continues to take the lead in working with state agencies to update their strategic plans and performance outcomes.

## A Focus on Special Issues and Partnerships

The Weldon Cooper Center for Public Service at the University of Virginia and the Department of Planning and Budget continue to be critical partners in maintaining and improving **Virginia Performs**.

While the Council values its role as an objective and independent voice for sound assessment, it has since its inception worked closely with a wide variety of partners to explore high-priority issues, model assessment vehicles, etc. Recent partnerships in 2016 include:

- GO Virginia: This business-led initiative seeks to mobilize private, public, state, and regional resources to catalyze innovative and regionally-driven strategies for improving Virginia's economic opportunities.
- Governor's Office: The Credentials to Compete initiative arose out of Governor McAuliffe's New Virginia Economy strategic plan and is designed to dramatically increase the state's production of high-value workforce credentials in STEM-H occupations.
- National Governors Association: A grant from the NGA's Talent Pipeline Policy Academy is helping Virginia align the state's workforce system with economic development.
- Georgetown University: State leadership, including the Council on Virginia's Future will continue its work with the Center on Education and the Workforce at Georgetown University to help estimate the attainment rate of workforce credentials currently in Virginia's economy.

- Department of Environmental Quality and the Virginia Manufacturers Association: The Council sponsored a Virginia's Futures Forum to discuss how it currently assesses air quality, water quality, energy, and solid waste and recycling; and updated Virginia Performs to reflect this discussion, accordingly.

## Council Portfolio

The Council employs a variety of methods and develops an array of products to keep Virginia's leaders and citizens informed about how the state is doing and to shed light on the key challenges facing the Commonwealth:

- Research and analysis activities have focused on the drivers of economic competitiveness; creating a framework for workforce development assessment; strengthening the foundations for improved high-level, issue-focused assessment; and improving agency performance.
- Issue Insights and Brief Insights provide high-level analyses of key issues for Virginia. For example, "Regional Analysis and Refinement: Government Service Delivery Regions" (Issue Insight #8) presents an overview of Virginia's varied approaches to the regional alignment of programs and resources, a key issue for economic development strategy.
- The Virginia Report summarizes and highlights performance trends of note over the last year in all levels of the Virginia Performs architecture.
- Presentations and contacts with key public and private-sector audiences about the Council on Virginia's Future, performance leadership and accountability, and Virginia Performs are ongoing.
- The Council's website (future.virginia.gov) provides a user-friendly, one-stop resource for accessing the work of the Council. Social media accounts further our outreach to the public (follow us on Twitter @VaPerforms).

- Council staff periodically issue a digital newsletter, Virginia Performs, that showcases the Council's work, as well as other performance-related projects and events in Virginia government.
- Customized snapshots of locality data from Virginia Performs are developed annually for legislators and for planning, workforce, and economic development organizations.

In 2016, the Council responded to requests from members of the legislature, media publications, and organizations for information, presentations, and Council publications. Since its creation, the Council has connected with 12 nations, 22 states, and the District of Columbia to educate them on Virginia's model for performance management and accountability in Virginia Performs.

**A Record of Success**

Since its creation, the Council on Virginia's Future has been instrumental in creating lasting improvements for the Commonwealth. Working across four gubernatorial administrations, it gradually recast what was largely random, process-oriented agency reporting into a rigorous, multi-tiered system that sets clear goals, objectives and outcome measures of performance at every level of government. As an avenue for independent analysis, assessment and long-term strategy, the Council has also worked to identify, study, and draw leadership attention to some of the state's most important challenges.

The table on the next page (Table 1) captures some of Virginia Performs' most notable successes.

## Table 1

### Virginia Performs

- Developed the core organizational structure of the Virginia Performs performance accountability system. Although not the very first of its kind, Virginia Performs has outlasted most and is now the longest-running government performance initiative in the country.
- Launched the Virginia Performs website in February 2007, bringing accessible state performance data directly to the public. Since then, the site – and the overall system itself – has grown into a rich, multi-faceted resource, with data integrated from a variety of sources and levels of government.
- Supported the development and launch of a new Performance Budgeting System that now integrates state agency strategic planning, performance measurement, and budgeting into one coordinated online system.
- Established Enterprise Strategic Priorities for gubernatorial administrations to set goals and objectives in those areas they deem most critical and that typically involve multiple state agencies.
- Worked with various partners and subject-matter experts on the development of issue-focused report cards, which currently track Virginia's progress with workforce development, state government operations, and the forces behind economic innovation.

### Priority-issues and Long-term Outcomes

- Began a detailed analysis in 2009 of higher education attainment and its relation to economic competitiveness in Virginia, the United States, and other developed nations. This work and its attendant reports and forums served as the groundwork for the "100,000 additional undergraduate degrees" goal laid out in the Top Jobs Act of 2011. The Council and its partners updated this goal and added a target for workforce credentials in 2014.
- Studied the drivers of regional and statewide economic competitiveness through interviews with state and national experts, literature reviews, and budget and legislative analysis – efforts that provided a foundation for the Blueprint Virginia and GO Virginia initiatives.
- Identified and championed the importance of workforce quality for the state's economic future, which led to the development of Virginia's Workforce System Report Card, workforce-specific targets for the state, and a focus on workforce credentials among Virginia's leadership.

## Areas of Emphasis for 2017

One of the Council's important roles is to maintain a long-term focus on issues vital to Virginia's future, particularly those related to the foundations of a high-quality of life for Virginians: a vibrant economy, a well-educated citizenry and skilled workforce, and excellence in state governance. Our 2017 work plan includes:

- Virginia Performs: This performance leadership and accountability system will continue to evolve at all levels (societal, enterprise, and agency). At the societal level, we will continue to work with the Weldon Cooper Center at U.Va. to improve current indicators and develop new ones as needed. We will continue to look for partnership opportunities to create new issue-specific reports, and partner with the Department of Planning and Budget on performance assessment and strategic planning among Virginia's state agencies.
- Workforce Quality: The Council will continue to lend its expertise to state efforts to refine its approach to assessing workforce quality and connect that assessment to the needs of the business community for talent.
- Analysis and Outreach: We will continue to respond to specific data requests; make presentations to various state, regional, and national groups; and produce a range of both regular and ad hoc reports and analyses.