



Council on Virginia's Future
Overview and Progress Update

December 8, 2009





Outline

- ❖ Overview of the Agenda
- ❖ Summary of Current Accomplishments and Future Areas of Focus
- ❖ Highlights of 2009
 - ▶ The Virginia Report
 - ▶ Virginia Performs
 - ▶ Productivity Investment Fund
 - ▶ Educational Attainment

Agenda

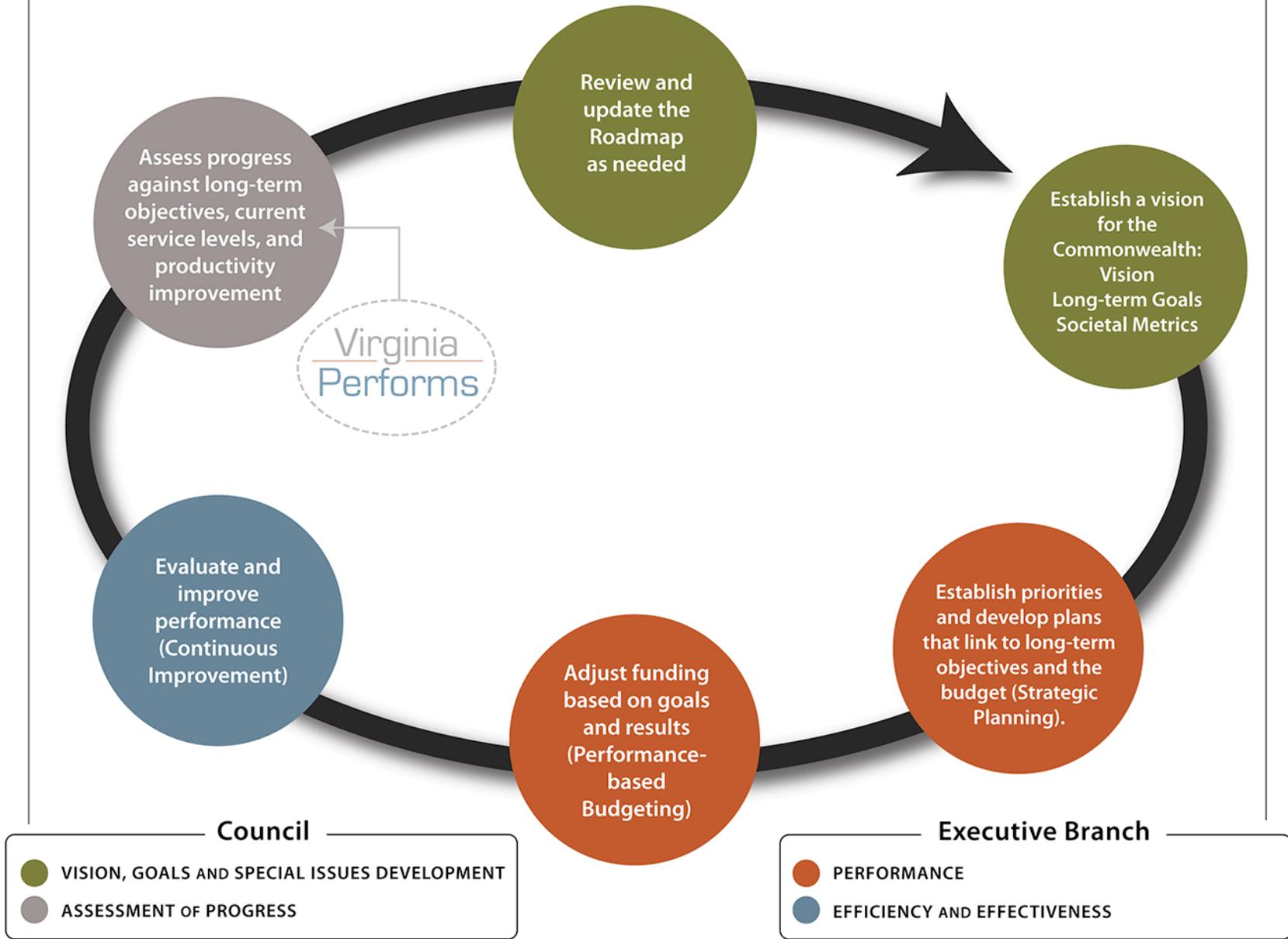
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- I. Welcome and Opening Remarks** • *The Honorable Timothy M. Kaine, Governor and Council Chair*
- II. Overview of the Agenda, 2009 Update and 2010 Areas of Focus** • *Jane N. Kusiak, Council Executive Director*
- III. Using Performance Data in Budget Decision-making** • *The Honorable Richard D. Brown, Secretary of Finance*
- IV. Educational Attainment**
1. Introduction • *Jane N. Kusiak*
2. Educational Attainment Initiative Update • *Dennis P. Jones, President, National Center for Higher Education Management Systems (NCHEMS)*
• *Patrick J. Kelly, Senior Associate, NCHEMS*
• *Jane Wellman, Executive Director, The Delta Project on Postsecondary Education Costs, Productivity, and Accountability*
- V. Next Steps** • *Jane N. Kusiak*
- VI. Closing Remarks** • *The Honorable Timothy M. Kaine*
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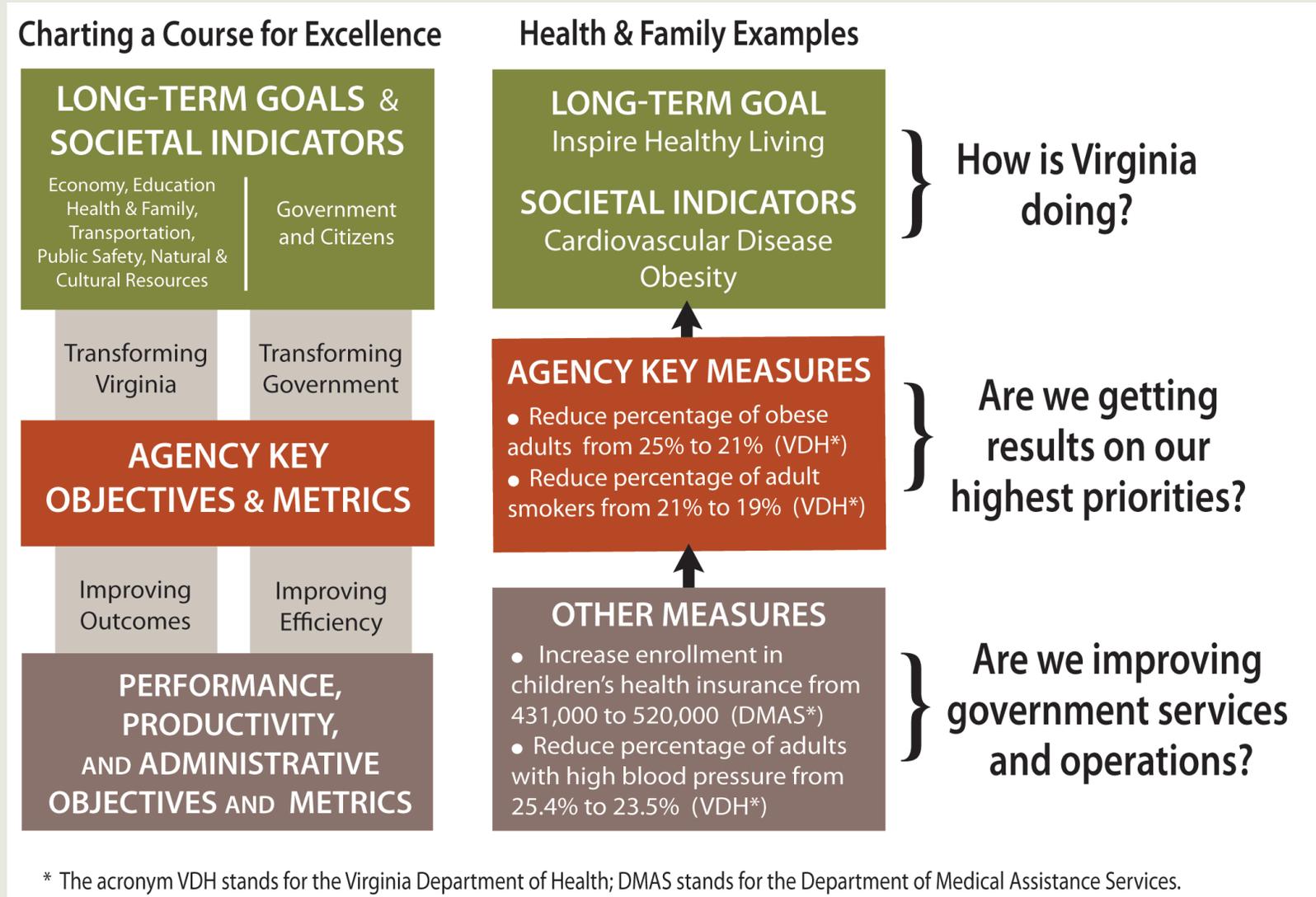
Current Accomplishments and Future Areas of Focus



ROADMAP FOR VIRGINIA'S FUTURE



Architecture of the Virginia Performs System





Roadmap / Special Issues	Assessment	Performance	Productivity Improvement
Recent Accomplishments			
<ul style="list-style-type: none"> • Continued to evaluate and enhance Virginia Performs. • Published the Virginia Report. • Published a special report on educational attainment in Virginia. • Convened educational attainment forums and developed reports on workforce alignment and finances and productivity. • Provided ongoing outreach to other states, countries, and regional and national organizations. • Received the Innovation in Government award from the Wilder School and an award from the National Association of State Chief Information Officers. 	<ul style="list-style-type: none"> • Continued to update Virginia Performs: <ul style="list-style-type: none"> ▸ Data updated for most societal indicators. ▸ Performance data developed for productivity and administrative measures. • Enhanced Hampton Roads Performs to support strategic planning processes now underway. • Provided customized legislator community snapshots. • Collaborated with the APA to launch <i>Open.Virginia.gov</i> to improve transparency and accountability. 	<ul style="list-style-type: none"> • Improved performance data used for budget decision-making. • Developed prototype Executive Progress Reports to provide a concise, integrated executive-level view of agency strategic challenges and opportunities. • Provided additional agency and Cabinet-level training. • Collaborated with DPB on the implementation of a new, more integrated performance budgeting system (Contract awarded in July 2009). 	<ul style="list-style-type: none"> • Continued implementation of the Productivity Investment Fund (PIF) <ul style="list-style-type: none"> ▸ To date, \$2.7 million has been awarded for 31 projects in 17 agencies. ▸ \$1 million has been provided in the form of loans. ▸ Agencies project savings of more than \$8.3 million - or \$5 for every dollar invested by the PIF.
2010 Areas of Focus			
<ul style="list-style-type: none"> • Continue development and evaluation of Virginia Performs. • Continue to host forums on important issues, including the continuing evolution of Virginia Performs. • Integrate the new administration's priorities into ongoing work. • Work with the new administration to chart a long-term strategy to improve educational attainment. • Collaborate with The State of the USA to support national efforts. 	<ul style="list-style-type: none"> • Continue to enhance Virginia Performs. • Develop new indicators by June 2010: <ul style="list-style-type: none"> ▸ Energy. ▸ Civic Engagement. ▸ Government Operations. • Increase capacity for performance assessment. • Facilitate additional regional or population-specific views modeled on Virginia Performs. 	<ul style="list-style-type: none"> • Continue to strengthen the performance management and productivity improvement structure through the Governor's Performance Leadership Team and designated champion. • Host a retreat of Cabinet members and agency heads on the continuing evolution of Virginia Performs. • Employ new and existing tools to improve outcomes and performance: <ul style="list-style-type: none"> ▸ Enterprise scorecards and dashboards. ▸ Internal and external forums. ▸ Frequent communications. ▸ Sound metrics. ▸ Results teams. • Continue the momentum for implementation of the performance-based budgeting system. • Integrate the new Executive Progress Report approach into agency planning. 	<ul style="list-style-type: none"> • Continue General Fund support for high-impact, low-cost, and innovative reengineering projects. • Provide additional funding for projects through a line of credit for large, high-payback projects with well-defined savings. • Formalize a gain-sharing approach with agencies to promote cost-saving projects. • Broaden the PIF oversight group: <ul style="list-style-type: none"> ▸ Secretaries of Administration, Finance, and Technology (Sec. of Finance to be the chair) ▸ Senior money committee staff ▸ State Comptroller ▸ Business member and senior staff from the Council ▸ Others as the Secretary of Finance deems appropriate. • Continue to examine ways to enhance continuous improvement approaches.



Highlights: Virginia Report



SCORECARD AT A GLANCE

Virginia Performs VISION FOCUS RESULTS

"Measuring what matters to Virginians."

Economy

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

Business Climate	↑
Business Startups	→
Employment Growth	→
Personal Income	↓
Poverty	↓
Unemployment	↓
Workforce Quality	↑

Natural Resources

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

Air Quality	↑
Historic Resources	→
Land Preservation	↑
Solid Waste and Recycling	→
Water Quality	↑

Education

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

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

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.

Infrastructure Condition	↓
Land Use	↑
Traffic Congestion	↓

Health and Family

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

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

Government & Citizens

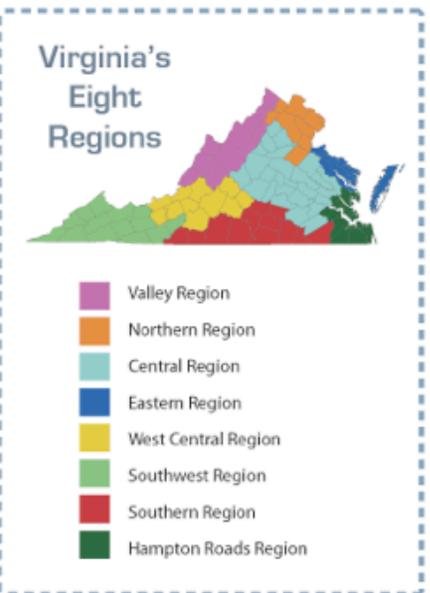
Goal: Be recognized as the best-managed state in the nation.

Bond Rating	↑
Consumer Protection	↓
Internet Access	↑
Taxation	→
Voter Registration & Turnout	→

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.

Crime	↑
Emergency Preparedness	↑
Juvenile Intakes	→ ↻
Recidivism	→ ↻
Traffic Fatalities	↑



Performance Trend

Improving	↑
Maintaining	→
Worsening	↓



Are We Making Progress?

	Improving	Maintaining	Losing Ground
Economy	Business Climate Workforce Quality	Business Startups Employment Growth	Personal Income, Wages & Salaries Poverty Unemployment
Education	Third Grade Reading Fourth Grade Reading & Math Achievement Educational Attainment	College Graduation High School Dropout High School Graduation School Readiness	Lifelong Learning
Health & Family	Adoption Smoking Cardiovascular Disease Child Abuse & Neglect Suicide	Cancer Life Expectancy Foster Care Immunization Teen Pregnancy	Infant Mortality Health Insurance Obesity
Public Safety	Crime Emergency Preparedness Traffic Fatalities	Juvenile Intakes Adult & Juvenile Recidivism	
Natural Resources	Air Quality Water Quality	Land Preservation	Historic Resources Solid Waste & Recycling
Transportation	Land Use		Infrastructure Condition Traffic Congestion
Government & Citizens	Bond Rating	Internet Access	Taxation 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			●		
Infant Mortality			●		
Obesity		●			
Smoking		●			
Suicide		●			
Teen Pregnancy		●			
NATURAL RESOURCES					
Historic Districts	●				

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 – Deficient Bridges			●		
Traffic Congestion – Commute Time					●
GOVERNMENT & CITIZENS					
Bond Rating	●				
Consumer Protection – ID Theft			●		
Internet Access—Digital Government	●				
Taxation				●	
Voter Turnout			●		

How are Our Regions Doing?

Economy	Central	Eastern	Northern	Southside	Southwest	Hampton Roads	Valley	West Central
Personal Income	●	●	●	●	●	●	●	●
Poverty	●	●	●	●	●	●	●	●
Unemployment	●	●	●	●	●	●	●	●
Employment Growth	●	●	●	●	●	●	●	●
Business Startups	●	●	●	●	●	●	●	●
Education	Central	Eastern	Northern	Southside	Southwest	Hampton Roads	Valley	West Central
School Readiness	●	●	●	●	●	●	●	●
High School Graduation	●	●	●	●	●	●	●	●
High School Dropout	●	●	●	●	●	●	●	●
Sr. Plans: Associate's Degree	●	●	●	●	●	●	●	●
Sr. Plans: Bachelor's Degree	●	●	●	●	●	●	●	●
Health and Family	Central	Eastern	Northern	Southside	Southwest	Hampton Roads	Valley	West Central
Cancer	●	●	●	●	●	●	●	●
Obesity	●	●	●	●	●	●	●	●
Foster Care	●	●	●	●	●	●	●	●
Infant Mortality	●	●	●	●	●	●	●	●
Suicide	●	●	●	●	●	●	●	●
Teen Pregnancy	●	●	●	●	●	●	●	●
Cardiovascular Deaths	●	●	●	●	●	●	●	●
Public Safety	Central	Eastern	Northern	Southside	Southwest	Hampton Roads	Valley	West Central
Property Crime	●	●	●	●	●	●	●	●
Violent Crime	●	●	●	●	●	●	●	●
Juvenile Intakes	●	●	●	●	●	●	●	●
Traffic Fatalities	●	●	●	●	●	●	●	●

Trend Key: ● Improving ● Maintaining ● Worsening

Progress on Agency Key Metrics

Colored dots indicate the level of state influence on each measure:

- significant
- limited

Agency acronyms are explained in the table at the end of this section.

These are abbreviated versions of the key measure text available on Virginia Performs.

Due to space limitations, timeframes for targets, which are available on Virginia Performs, are not included here.

SOCIETAL			HEALTH AND FAMILY			
Indicator	Performance Trend	State Influence	AGENCY			Progress
			Agency Acronym	Key Measure	Baseline / Target	
Adoption	↑	●	DSS	Children adopted within 24 months of entering foster care	21% / 37%	↑
Teen Pregnancy	↑	●	VDH	Pregnancy rate per 1,000 females aged 10 - 19	26.5 / 26.2	↑
Obesity	↓	●	VDH	Obese adults	25.1% / 20.5%	↓
Infant Mortality	→	●	VDH	Infant mortality rate (per 1,000 live births)	7.4 / 7.0	↑
			VDH	Two-year old children appropriately immunized	81% / 90%	↓
			DMAS	Medicaid/FAMIS-covered births at normal birth weight	90% / 92%	↓
Suicide	↑	●				
Life Expectancy	↑	●	VDH	Obese adults	25.1% / 20.5%	↓
			VDH	Adults who smoke	20.8% / 19%	↑
			VDH	Youth who smoke	15.5% / 14.5%	↑

In a few cases, no key measures clearly align with a societal indicator.

Most indicators have multiple agency key measures aligned with them.

Arrows indicate the progress trend:
 ↑ = Improving
 → = Maintaining
 ↓ = Worsening



Highlights: Virginia Performs



New Indicators Under Development - Examples of Potential Measures

❖ Energy

- ▶ *Per Capita Energy Consumption*: Virginia ranks 25th among the states in millions of BTUs used per capita.

❖ Civic Engagement

- ▶ *Volunteer Activity*: Virginia ranks slightly higher than the national average on the rate of volunteer activity.
- ▶ *Charitable Contributions*: Virginia ranks 31st among the states.
- ▶ *Voting*: Voter turnout in Virginia is higher than the national average.

❖ Government Operations

- ▶ *Leadership and Accountability*: The percent of new budget initiatives with specified outcomes and performance measures doubled between 2006 and 2009.
- ▶ *Finance*: Virginia ranks below the national average in state expenditures and debt per capita. State retirement obligations backed by current assets decreased between FY 2000 and FY 2009.
- ▶ *Workforce*: Turnover in the workforce has decreased markedly over the past three years, while the average age has increased.
- ▶ *Infrastructure*:
 - *Technology*: Most agencies have a designated information security officer and security audit plans. Most IT projects are on track.
 - *Capital*: The percent of on-time/on-budget VDOT projects has improved significantly since 2000.

EVOLUTION OF VIRGINIA PERFORMS

Before Virginia Performs	Virginia Performs Now	Virginia Performs Next Steps
<ul style="list-style-type: none"> ◆ Performance management was primarily administrative and focused on basic requirements. ◆ No standardization existed in strategic planning methods, format, language, and metrics. ◆ Plans and metrics were unconnected to long-term goals. ◆ There were multiple planning and reporting requirements. ◆ Little formal assistance or training occurred for effective performance management. ◆ The system lacked transparency for policy-makers and citizens. 	<ul style="list-style-type: none"> ◆ Virginia Performs, the Performance Leadership and Accountability System, is in place. ◆ Strategic plans are linked to the budget. ◆ There is a series of agency-level performance measures: <ol style="list-style-type: none"> 1. Key measures for core missions, long-term goals. 2. Administrative measures for management and compliance. 3. Productivity measures for business functions. 4. Other budget service area measures. ◆ Outcome data are integrated into decision-making. ◆ There is enhanced transparency via the Virginia Performs website. ◆ The first regional prototype, Hampton Roads Performs, was launched in February. ◆ Productivity improvement is ongoing. 	<ul style="list-style-type: none"> ◆ Continue to strengthen Virginia Performs. ◆ Continue to strengthen the performance management and productivity improvement structure through the Governor's Performance Leadership Team and his designated champion. ◆ Host a retreat of Cabinet members and agency heads in early 2010 on the continuing evolution of Virginia Performs. ◆ Employ new and existing tools to improve outcomes and performance: <ul style="list-style-type: none"> • Enterprise scorecards and dashboards. • Internal and external forums. • Frequent communications. • Sound metrics. • Results Teams. ◆ Increase the capacity for performance assessment. ◆ Continue the momentum for implementation of the integrated performance budgeting system.

Key Supporting Elements

- External leadership from the Council on Virginia's Future
- Strong enterprise and agency-level leadership
- Focus on results
- Ongoing training
- Assessment and feedback

EVOLUTION OF VIRGINIA PERFORMS



Highlights: Productivity Investment Fund



EVOLUTION OF THE PRODUCTIVITY INVESTMENT FUND

Reasons for the Productivity Investment Fund	Productivity Investment Fund	Productivity Investment Fund Next Steps
<ul style="list-style-type: none"> ◆ Some agencies lacked the necessary capital to fund high-value service, process, and customer service improvement opportunities. ◆ Some opportunities were missed because they involved multiple agencies and/or levels of government and needed third-party guidance and support. ◆ Some solutions required the use of innovative tools and technologies outside the agency's skill set. 	<ul style="list-style-type: none"> ◆ At the urging of the Council, the General Assembly appropriated \$4.25 million in the 2006-08 biennium for productivity improvement. ◆ \$3 million was used to launch the Productivity Investment Fund in 2007. ◆ To date, \$2.7 million has been used to support 31 projects in 17 agencies (\$1 million has been in the form of loans) <ul style="list-style-type: none"> • Business process improvement: 14 projects, \$647K in awards, \$5.1M in projected savings. • Customer service improvement: 7 projects, \$519K in awards, \$1.0M in projected savings. • Innovative solutions to improve outcomes, customer service, and efficiency: 10 projects, \$1.49M in awards, \$2.2M in projected savings. 	<ul style="list-style-type: none"> ◆ Continue General Fund support for high impact, low-cost opportunities for innovative reengineering projects. ◆ Provide additional funding for project loans through a line of credit for large, high-payback projects with well-defined savings. ◆ Formalize a gain-sharing approach with agencies to promote cost-saving projects. ◆ Broaden the oversight group to ensure clear alignment with Commonwealth priorities: <ul style="list-style-type: none"> • Secretaries of Administration, Finance and Technology (Secretary of Finance to be the chair). • Senior money committee staff. • State Comptroller. • Business member and senior staff from the Council on Virginia's Future. • Others as the Secretary of Finance deems appropriate.
<p>Key Supporting Elements</p>	<ul style="list-style-type: none"> • Broader leadership to ensure accountability and alignment with priorities • Strong enterprise and collaborative approach • Focus on results using innovative reengineering approaches 	

EVOLUTION OF THE PRODUCTIVITY INVESTMENT FUND

PIF Project Summary and Examples

Project Types	Number of Projects	Total Grants	Total Loans	Found Other Funding	Total PIF Funds (000)	3-Year Savings (000)
Business Process Improvement (BPI)	14	6	1	7	\$647	\$5,092
<p>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. Examples include:</p> <ul style="list-style-type: none"> • 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 management of pharmaceutical purchases by the Commonwealth. • New approaches to interfaces: These projects involve using online or Web-based applications to improve the efficiency and quality of data capture. 						
Customer Service (CS)	7	5	1	1	\$519	\$1,010
<p>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.</p> <ul style="list-style-type: none"> • Applications and regulatory processes: Three projects will make use of on-line processes to improve the quality and speed of user application processes. These are similar to BPI projects but the gains accrue primarily to service recipients. • Providing information to citizens and partners: Three applications would make a wide range of information available to constituents and partners to improve their decision-making. 						
Innovative Solutions (IS)	10	6	2	2	\$1,493	\$2,200
<p>Innovative Solutions are projects that are based on unique partnerships and/or the innovative use of an existing technology.</p> <ul style="list-style-type: none"> • Technology supporting innovative service delivery: One project involves health care providers partnering to enhance prenatal care in under-served rural regions; another will help students without a high school diploma quickly get a GED and high-tech job skills. • Innovative use of technology: One project will test bringing hand-held, tech-heavy phones into the classroom to evaluate whether they would be a cost-effective alternative to computers. 						
Total	31	17	4	10	\$2,659	\$8,302

NOTE: These project categories were developed to help describe the nature of the projects being funded through the PIF. The assignment of projects to specific categories is somewhat arbitrary, as many projects deliver similar benefits like reduced costs or improved service.



Special Issues Development: Educational Attainment

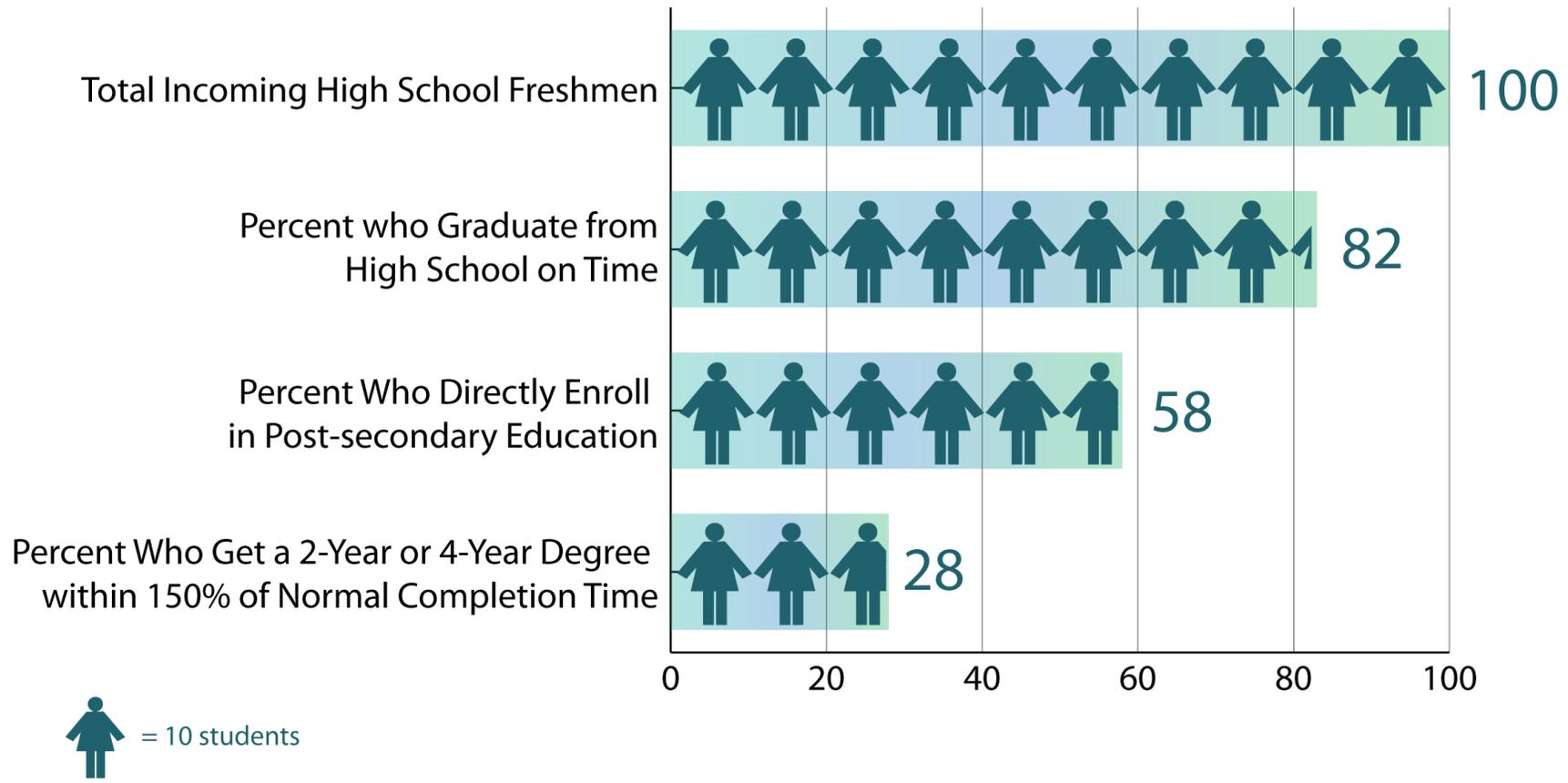


EDUCATIONAL ATTAINMENT IN VIRGINIA

Current State		Next Steps
Economic Competitiveness	Higher Education	
<ul style="list-style-type: none"> ◆ College attainment of younger adults lags that of older adults. ◆ Educational attainment is lagging behind a growing number of countries. ◆ More than 104,000 additional degrees must be produced by Virginia's public and private institutions in order to meet the attainment level of the current international leader by 2020. ◆ Skill requirements needed by workers - both in terms of the level and type of skill - are evolving rapidly. ◆ Regional skill shortages persist for a variety of reasons, but initiatives such as the VCCS Education Wizard will make a difference. 	<ul style="list-style-type: none"> ◆ Virginia's system of higher education is considered among the best in the country. ◆ Net tuition revenue now accounts for about 48% of education and related expenditures, up from about 33% in FY 2002. ◆ Graduation rates and degrees awarded per 100 FTE students for 4-year institutions are above the national average, but performance varies among institutions. ◆ Virginia's graduation rate from 2-year institutions ranks 27th in the country. ◆ 24% of college freshmen from Virginia's high schools needed remediation in 2008-2009. ◆ A wide range of initiatives are aimed at improving the college readiness of Virginia's high school seniors. 	<ul style="list-style-type: none"> ◆ Work with the Governor-elect and the new administration to chart a long-term course for strengthening educational attainment in Virginia. Focus areas might include: <ul style="list-style-type: none"> ▶ Workforce Alignment: Virginia must produce more - and more of the right kinds of - degrees. ▶ Retention and Completion: Graduation rates at a number of colleges could be improved. ▶ College Readiness: While improving college readiness, Virginia should consider a more coordinated approach to remediation. ▶ Finances and Productivity: Continuing fiscal pressures will make increasing productivity an ongoing priority. A more coordinated financial strategy could help ensure the fiscal health of higher education institutions.

EDUCATIONAL ATTAINMENT IN VIRGINIA

Educational Attrition Rates in Virginia (2008)



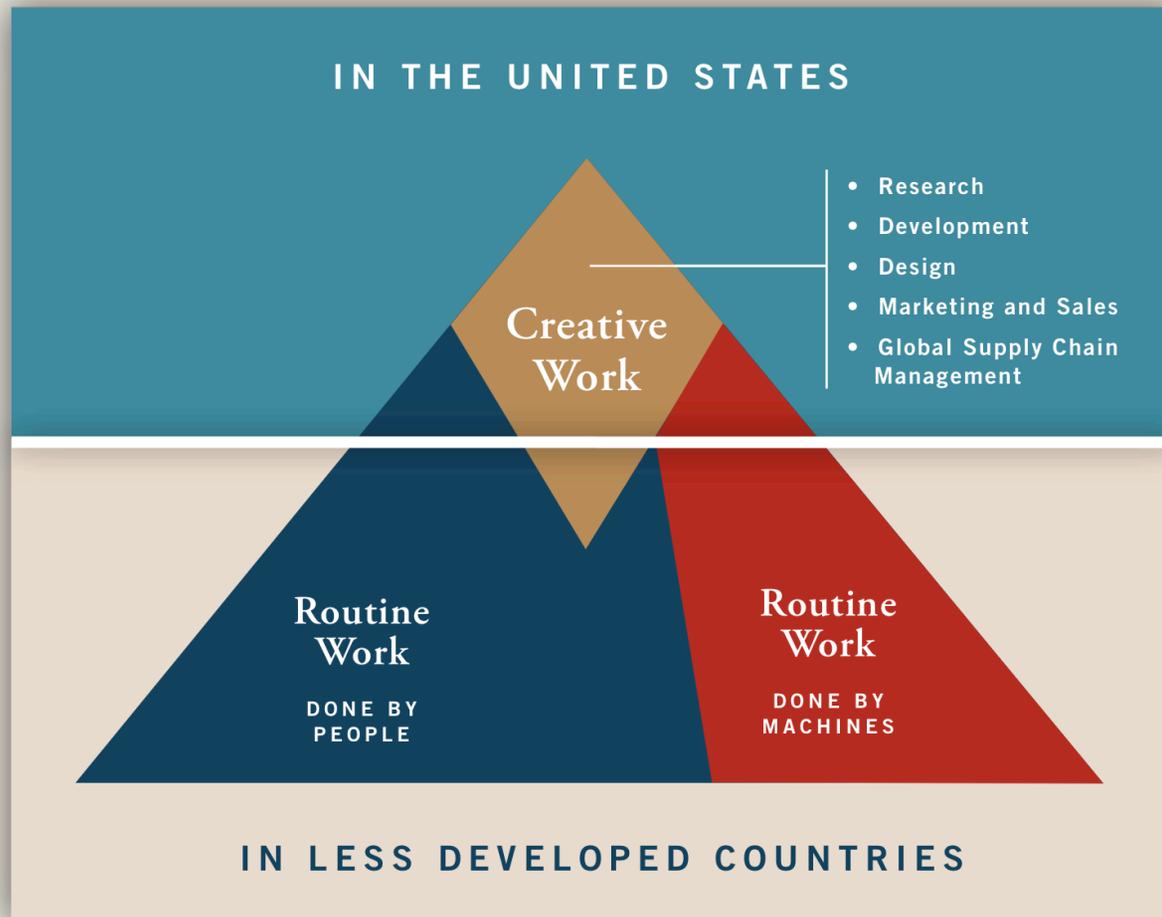
Source: Council analysis based on data from the Virginia Department of Education, the NCHEMS Information Center for Higher Education Policymaking and Analysis, and the Integrated Postsecondary Education Data System (IPEDS).

Educational Attainment is Lagging in Virginia and the U.S.

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

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

Workforce Skill Requirements are Evolving



Source: Tough Choices or Tough Times, The Report of the New Commission on the Skills of the American Workforce, National Center on Education and the Economy, Washington, DC, 2007.

Closing the “Degree Gap”

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

Source: National Center for Higher Education Management Systems, 2009.



Bachelor's Degrees Awarded per 100 FTE Students: Public 4-Year Institutions (2006-07)

