Council on Virginia's Future

Virginia Local Government Management Association

February 17, 2012

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Executive Director

Outline of Presentation

- Overview of the Council on Virginia's Future
- Initial assessment of Virginia's regions
  - Outcomes vary among Virginia's regions
  - Strategic challenges exist in optimizing government service delivery
  - Regional collaboration takes place throughout the Commonwealth
  - Regional leadership is critical
- A stronger focus on economic growth

Council Membership

The Honorable Robert F. McDonnell, Chair
Governor, Commonwealth of Virginia

The Honorable William T. Bolling
Lieutenant Governor, Commonwealth of Virginia

Mr. John O. (Dubby) Wynne, Vice Chair
President & CEO (retired), Landmark Communications

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Virginia House of Delegates

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Virginia House of Delegates

The Honorable Thomas K. Norment, Jr.
Senate of Virginia

The Honorable Lacey E. Putney
Virginia House of Delegates

The Honorable Richard L. Saslaw
Senate of Virginia

The Honorable Walter A. Stosch
Senate of Virginia

The Honorable David J. Toscano
Virginia House of Delegates

**Senate Finance Committee member/designee to be named.*

Citizen and Business Community Leaders

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Mayor, City of Alexandria

Mr. W. Heywood Fralin
President & CEO, Medical Facilities of America, Inc.

Mr. Edward W. Gillespie
Principal & Founder, Ed Gillespie Strategies

Mr. Harris N. Miller
President & CEO, Harris Miller and Associates

The Honorable Michael J. Schewel
Partner, McGuireWoods LLP

Cabinet Members

The Honorable Richard D. Brown
Secretary of Finance

The Honorable Martin L. Kent
Chief of Staff to Governor Robert F. McDonnell

Council support provided by the Weldon Cooper Center for Public Service at the University of Virginia and the Virginia Department Planning and Budget, in cooperation with the Governor's Office.

Purpose of the Council on Virginia's Future

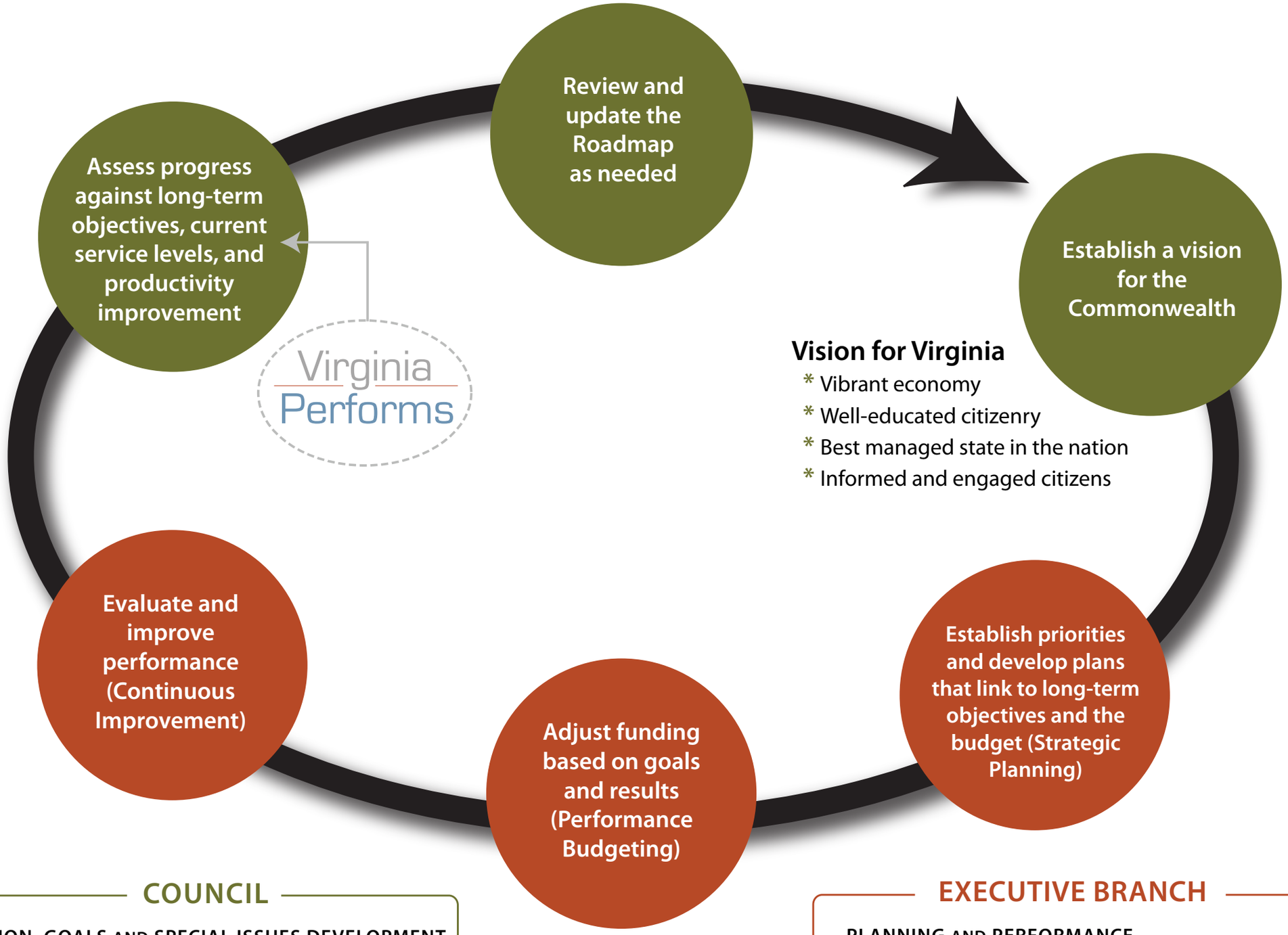
- Created in fiscal year 2003 (Code of Virginia, § 2.2-2683 et seq.), the Council serves as an advisory board to the Governor and the General Assembly, and is a forum where legislative, executive branch, and community leaders come together for work that transcends election cycles, partisanship, organizational 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.

Guiding Principles

- Early in its development, the Council established a number of guiding principles:
  - Focus on research and dialogue on the drivers of high-level outcomes, not on development or implementation of specific strategies or policies.
  - Provide a forum for dialogue and assessment, not budget decision-making.
  - Share accountability, with Council concentration on the Scorecard (societal-level indicators) and Executive Branch concentration on enterprise and agency plans and measures.

ROADMAP FOR VIRGINIA'S FUTURE



COUNCIL

VISION, GOALS AND SPECIAL ISSUES DEVELOPMENT

ASSESSMENT OF PROGRESS

EXECUTIVE BRANCH

PLANNING AND PERFORMANCE

EFFICIENCY AND EFFECTIVENESS

Virginia Performs Architecture

Charting a Course for Excellence

A Focus on Long-Term Issues: Our Journey

- The Council conducted an extensive analysis of higher education attainment. This review provided the foundation for the 100,000 new undergraduate degree goal of the *Preparing for the Top Jobs of the 21st Century: The Higher Education Opportunity Act of 2011.*
- Last year, the Council began an initial assessment of Virginia's regions with a focus on how Virginia's regions have enhanced outcomes, achieved more efficient and effective service delivery, and strengthened economic growth.
- As a result of its initial work on regional collaboration, the Council is examining the drivers of state and regional economic growth.

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	↑

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	→

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	↑

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.

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

Natural Resources

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

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

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	↓

Government & Citizens

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

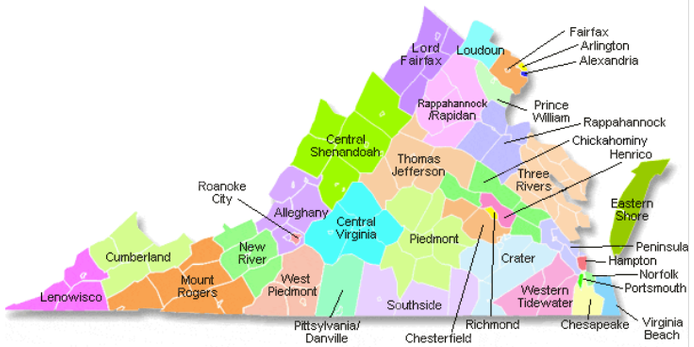
Bond Rating	↑
Civic Engagement	→
Consumer Protection	↓
Government Operations	↑
Internet Access	↑
Taxation	→
Voter Registration & Turnout	↑

Performance Trend

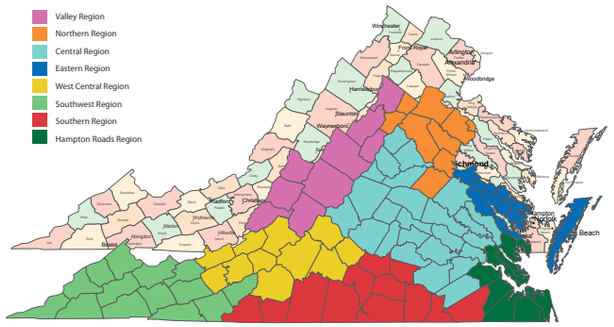
Improving	↑
Maintaining	→
Worsening	↓

Regional Divisions Vary

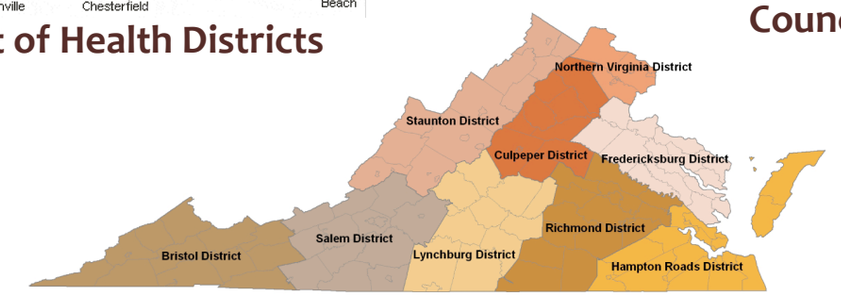
- The state provides some funding for multi-local service delivery, which includes Community Service Boards, health districts, Workforce Investment Boards, Planning District Commissions, and road building and maintenance.
- The boundaries of these systems do no align consistently with each other and can lead to a less than optimal framework within which to coordinate, evaluate, and improve outcomes and performance.
- The Council on Virginia's Future developed a regional model to enable the comparison of outcomes reflected in the Virginia Performs Scorecard.



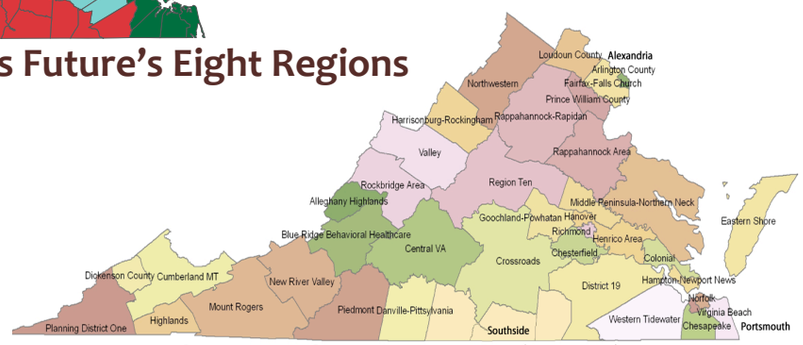
Virginia Department of Health Districts



Council on Virginia's Future's Eight Regions



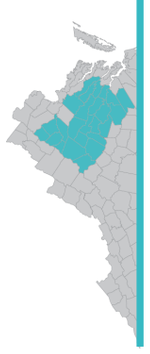
Virginia Department of Transportation Districts



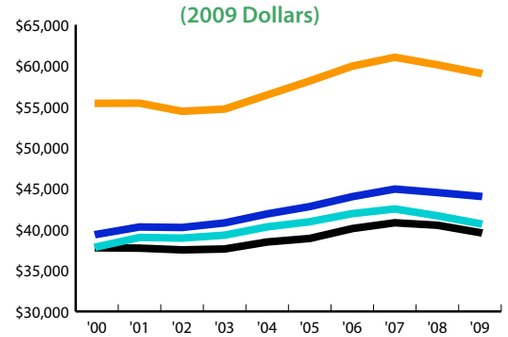
Community Services Boards (CSBs)

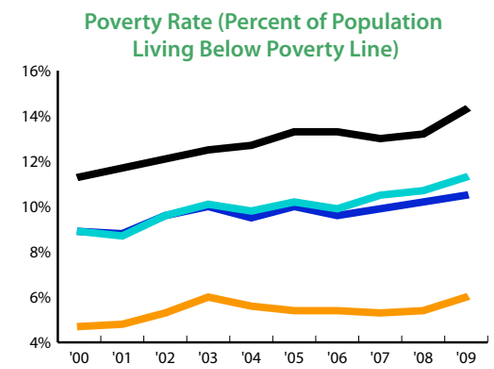
Trends Over Time: A Regional View

Central Region

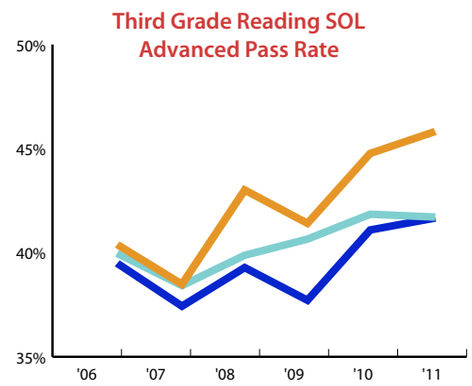


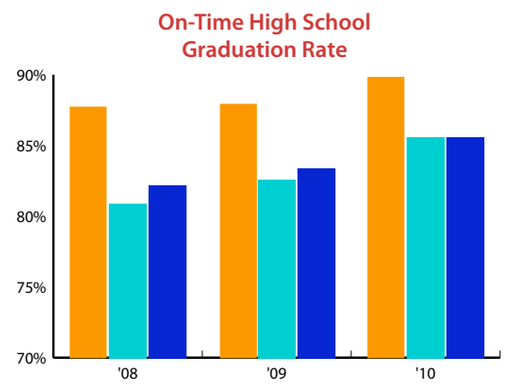
Economy

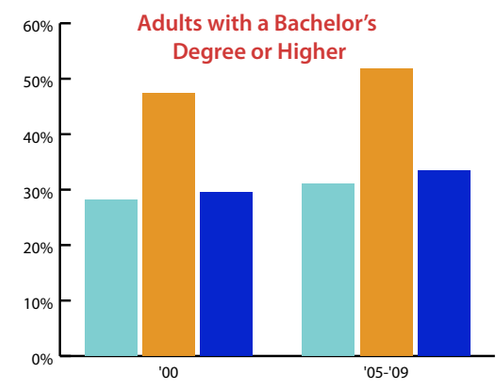




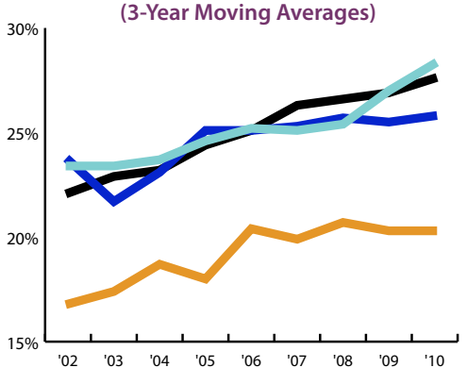
Education



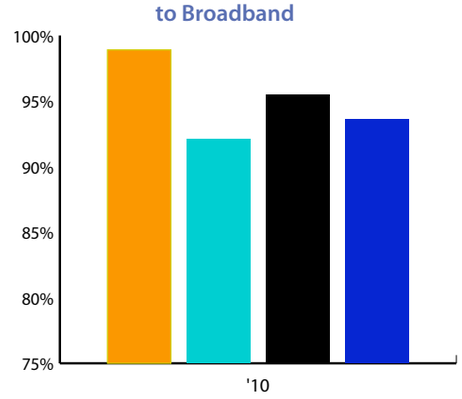




Health and Family



Government & Citizens

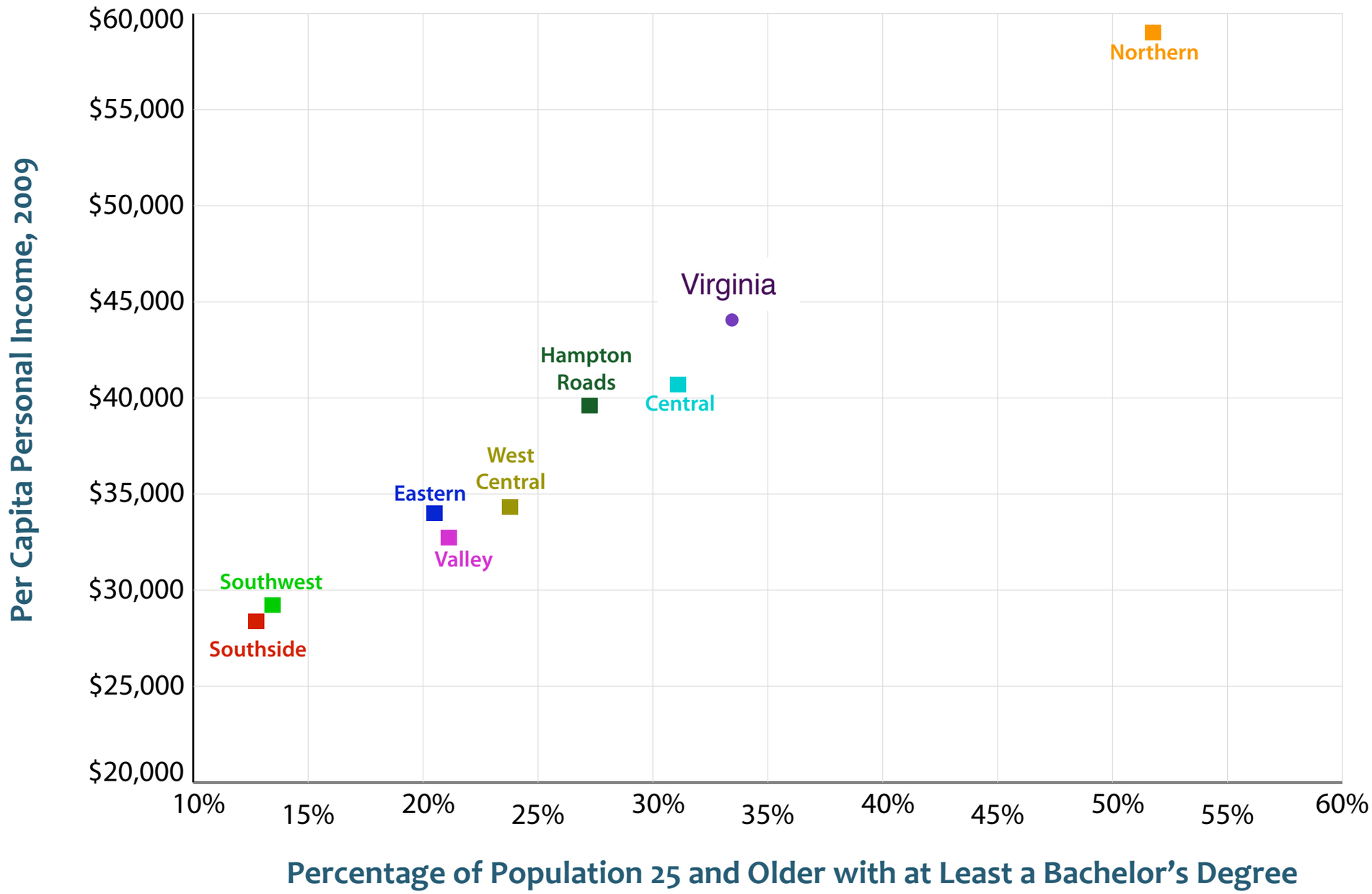


Regions Key

- Central
- Virginia
- Northern (Leading Region)
- National
- Eastern (Leading Region for Employment Growth)

See The 2011 Virginia Report for other regional profiles at future.virginia.gov

Outcomes Vary Among Virginia's Regions



Source: Educational Attainment - U.S. Census Bureau; 2009 Per Capita Personal Income - Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce.

Initial Assessment of Virginia's Regions

- The objectives of this initial assessment were to:
  - Develop a high-level assessment of the current state including Virginia's past efforts to promote regional collaboration along with exploring intergovernmental funding flows and service delivery relationships.
  - Identify successes and best practices in the areas of efficiency, effectiveness, and economic growth.
  - Clarify the issues and validate the opportunities for further study.
- The goals were accomplished through the following major tasks:
  - More than 40 interviews and discussions with local and state government executives, economic development and regional officials, legislative leaders, national experts, and business leaders.
  - Analysis of government funding flows and service responsibilities.
  - Literature reviews and phone interviews with thought leaders and experts in the areas of intergovernmental relations, regional collaboration, and economic growth.

Virginia's History of Regional Collaboration

1967

Virginia Metropolitan Areas Study Commission (Hahn Commission) recommends the creation of a Commission on Local Government, a system of planning district commissions, and service districts.

1968

A system of planning district commissions is created by the passage of the Virginia Area Development Act.

1975

The Commission on City-County Relationships (Stuart Commission) recommends the creation of the Commission on Local Government, state aid to localities that relinquish the right to annex, and regional growth sharing.

1977

An executive order creates the Local Government Advisory Council (LGAC) to provide a forum where state and local leaders could discuss issues of mutual concern.

1978

The Commission on State Aid to Localities and Joint Subcommittee on Local Government (Michie Committee) make similar recommendations to those of the Stuart Commission.

1979

The Commission on Local Government is created. State aid is provided to localities that relinquish annexation rights. County annexation immunity in certain cases is provided with the passage of HB599, HB602, HB603.

1987

A moratorium on city-initiated annexation is established.

1989

The LGAC is reorganized into the Advisory Commission on Intergovernmental Relations (ACIR) that continued to serve as a forum for inter-jurisdictional dialogue.

1990

The Commission on Local Government Structures and Relationships (Grayson Commission) recommends an end to involuntary annexation and the provision of state incentives for consolidation.

1993

The Urban Partnership is founded as a statewide partnership between government, business, and civic leaders to enhance regional economic competitiveness.

1996

The Regional Competitiveness Program is created by the Regional Competitiveness Act (proposed by the Urban Partnership) to encourage multi-jurisdictional efforts through the provision of state incentives.

2000

The Commission on Virginia's State and Local Tax Structure for the 21st Century recommends a regional economic development mechanism, among other items.

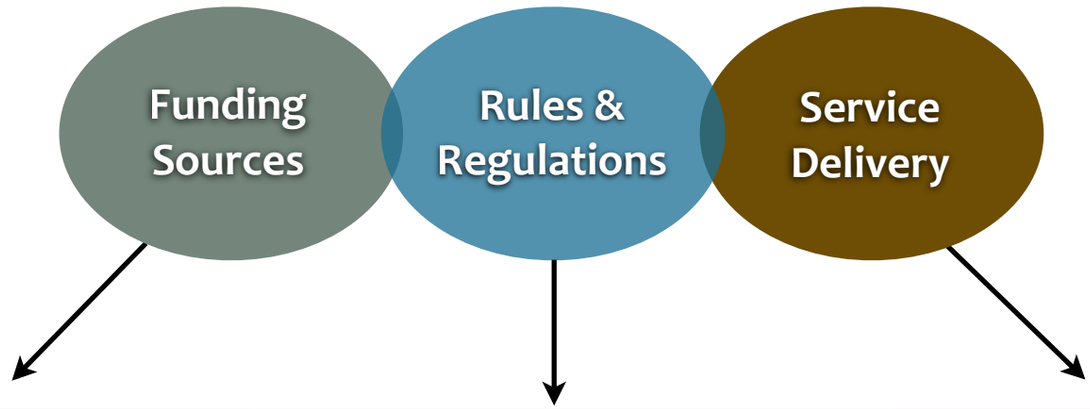
2002

The last year the Regional Competitiveness Program receives funding due to a state financial shortage and economic downturn.

2004

ACIR is abolished due to an economic downturn and state financial shortages.

Optimizing Government Service Delivery: Strategic Challenges



Funding flows from various sources	A variety of rules and regulations impact outcomes	Multiple jurisdictions and agencies deliver services
• State general fund • State nongeneral fund • Federal government • Industry and federal grants	• State laws, regulations • Federal laws • Grant provisions • Local regulations	• State agency • Locality • Not-for-profit on behalf of the state • Industry and federal grants

- Both private and public forces affect societal outcomes.
- Government, by its nature, is multi-layered and complex, with responsibility for key outcomes shared among agencies and levels of government.
- About 54 percent of the state's general spending for fiscal year 2009 was aid to localities.
- Accountability systems sometimes operate at a different level than rules, regulations, and funding.
- Accountability for outcomes is often weakened and diffused when the service or program has multiple funding sources, and the links between performance and funding are sometimes limited.

Funding Flows

Government Spending by Functional Area, 2009 (in billions unless otherwise specified)

Federal Government — Total Spending: $3.5 trillion

Total Health & Social Services 30.9% $1,067.5

Income Security	Social Services	Medicare	Other Health	Medicaid	Defense	Debt Service	Econ. Affairs	Other	Educ-ation	Gen'l Gov.
28.4%	5.5%	14.5%	3.7%	7.1%	19.3%	7.5%	4.4%	3.3%	3.1%	3.1%
$980.5	$191.2	$502.3	$127.0	$247.0	$668.0	$251.9	$153.2	$113.5	$108.6	$107.2

Commonwealth of Virginia — Total Spending: $38.8 billion

(includes $8.3 of federal support for state & local governments)

Total Education 34.8% $13.5

Total Health & Social Services 27.8% $10.8

K-12 Education	Higher Ed & Other	Medicaid	Other Health	Social Services	Transportation	General Gov.	Public Safety & Judicial	Other	Income Security	Debt Svc.
18.6%	16.2%	15.7%	6.4%	5.6%	10.6%	9.3%	6.8%	6.5%	3.2%	1.2%
$7.2	$6.3	$6.1	$2.5	$2.2	$4.1	$3.6	$2.6	$2.5	$1.2	$0.4

Virginia's Local Governments — Total Spending: $32.1 billion

(includes $1.9 of federal support & $8.9 of state general fund support)

Total Education 43.9% $14.1

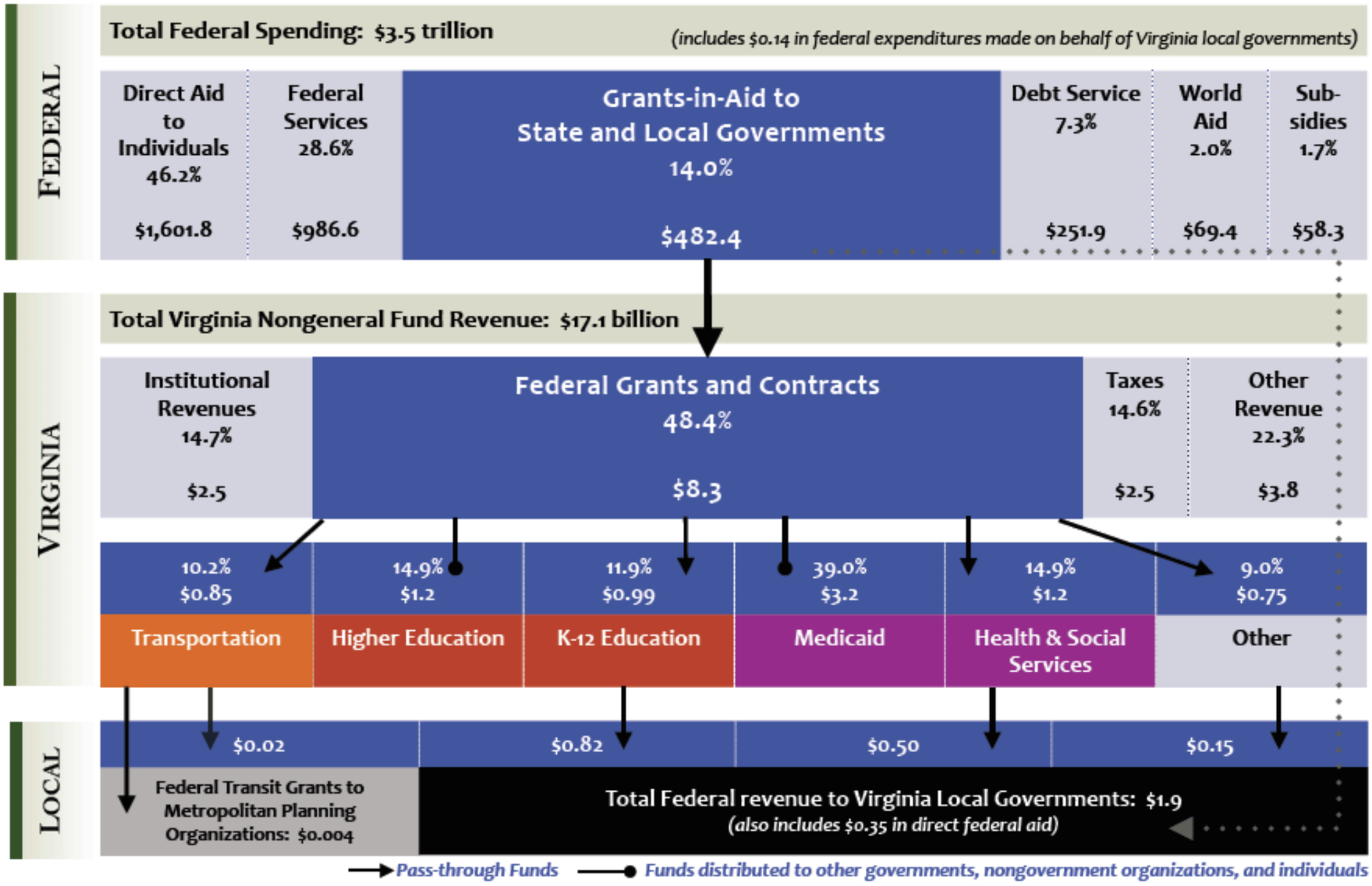
Total 8.8% | $2.8

K-12 Education	Other Ed.	Social Services	Health	Public Safety & Judicial	Capital Outlay	Debt Service	General Gov.	Housing & Comm. Dev.	Parks & Rec.	Trans-porta-tion
43.1%	0.8%	5.2%	3.4%	13.8%	12.2%	8.4%	6.1%	2.9%	2.0%	1.8%
$13.8	$0.3	$1.7	$1.2	$4.4	$3.9	$2.7	$1.9	$0.9	$0.6	$0.6

Note: For a complete list of data sources used for this chart, please see the Council's Issue Insight 7, which is available at http://future.virginia.gov/reportsdocs.php

Funding Flows

Federal Spending as Revenue for Virginia and its Local Governments, 2009 (in billions)



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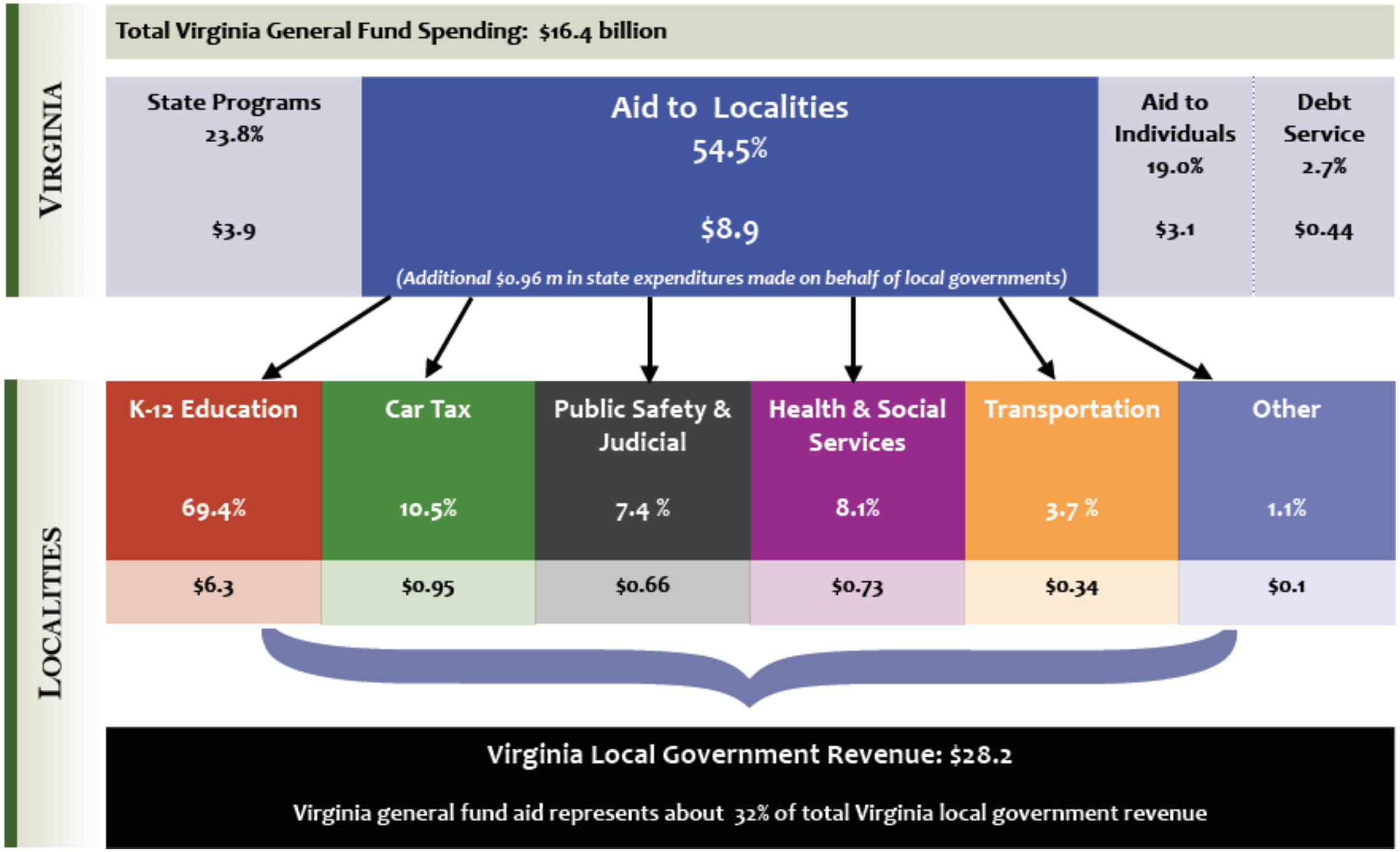
Funding Flows

State General Fund Spending as Revenue for its Local Governments, 2009 (in billions)



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Funding Flows

Revenue Sources for Virginia's Local Governments by Functional Area, 2009 (in billions)

Virginia's Local Governments — **Total Spending: $28.2 billion**

(includes $1.9 of federal and $8.9 of state general fund support)

Education 50.0 % $14.1			Public Safety & Judicial Administration 15.8 % $4.4		
Local 49.0% | $6.9	State 44.4% | $6.3	Federal 6.6% | $0.93	Local 81.5% | $3.6	State 14.9% | $0.66	Federal 3.6% | $0.16

Health & Social Services 10.0% $2.8			Debt Service 9.6% $2.7		General Government 6.9% $1.9		
Local 54.7% | $1.5	State 25.9% | $0.73	Federal 19.4% | $0.55	Local 99.7% | $2.7	State & Federal 0.3% | $0.008	Local 96.5% | $1.9	State 3.1% | $0.06	Federal 0.4% | $0.007

Housing & Community Development 3.3% $0.94			Parks & Recreation 2.3% $0.65			Transportation 2.1 % $0.58		
Local 77.7% | $0.73	State 3.7% | $0.03	Federal 18.6% | $0.18	Local 99.3% | $0.64	State 0.2% | $0.001	Federal 0.6% | $0.004	Local 38.2% | $0.22	State 57.9% | $0.34	Federal 3.9% | $0.02

Note: For a complete list of data sources used for this chart, please see the Council's Issue Insight *7*, which is available at http://future.virginia.gov/reportsdocs.php

Regional Collaboration Takes Place Throughout the Commonwealth

- While barriers exist in the current state (rules and regulations, funding flows, and multiple service areas), the Council's initial assessment of Virginia's regions revealed numerous examples of regional collaboration.
- The projects most sited as success stories were:
  - Water and sewer projects,
  - Economic development projects,
  - Regional jails,
  - Solid waste programs,
  - Tourism projects,
  - Juvenile detention facilities, and
  - Regional organizations.
- Most of the successful regional projects discussed as a part of this assessment came together in an ad hoc fashion around an emerging issue with drivers such as cost avoidance (e.g. water and sewer projects), increased efficiency (e.g. regional jails), and increased effectiveness (e.g. emergency preparedness).

Regional Leadership Is Critical

- Among other factors, leadership was cited frequently as a critical ingredient to regional collaboration.
- Leaders came from multiple organizations (planning districts, economic development organizations, local governments, private sector, etc.).
- In the success stories highlighted during this initial assessment, the project champions were usually self-identified, had a clear vision, and strong relationships with other project stakeholders.
- Given that the landscape of funding flows (state-to-local) is unlikely to change, how can we strengthen regional leadership throughout the state?

Strengthening Opportunities for Enhanced Regional Collaboration

- The initial assessment of Virginia's regions revealed that:
  - Building a stronger platform for regional leadership could help facilitate a culture of trust and collaboration (an element identified as being essential to successful collaborative projects) among relevant stakeholders.
  - Greater regional collaboration is leveraged with seed money or other incentives, such as performance-based management systems.

A Stronger Focus on Economic Growth

- The Council's initial assessment showed that collaboration is a frequent occurrence across the Commonwealth. In each region, partnerships are being formed to meet regional needs.
- Based on this initial review and the Council's long-term objectives, the Council will continue to focus on outcomes and explore the opportunities to strengthen regional collaboration, especially on the question of regional leadership.
- For the Council, a closer examination of Virginia's regions through the lens of economic growth provides the highest leverage point in the near term to strengthen regions.
  - The foundations of economic growth (business environment, quality of life, workforce, innovation, infrastructure, educational attainment, and research and development) transcend governments, institutions, and organizations and lend themselves more readily to a broader framework that will meet the needs of Virginia's unique regions.
  - The main objective of the Council's current focus on economic growth is to thoroughly understand how Virginia's regions are seeking to drive economic growth and create jobs. This will be accomplished through developing regional case studies on the Hampton Roads, Lynchburg, and Richmond regions.

Sites of Interest

Virginia Performs:
VaPerforms.virginia.gov

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

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