COUNCIL ON VIRGINIA'S FUTURE

2014

TOWARD A NEW VIRGINIA ECONOMY

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THE VIRGINIA REPORT

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INTRODUCTION

INTRODUCTION

This report was prepared pursuant to §2.2-2686 of the Code of Virginia, which requires the Council on Virginia's Future to: "develop and submit annually to the General Assembly and the Governor and publish to the public a balanced accountability scorecard containing an assessment of:

- current service performance,
- productivity improvement, and
- progress against long-term objectives."

This report presents a high-level assessment of Virginia's progress in areas that are important to its quality of life; it is based on and complements information contained in Virginia Performs. It is issued annually to help track progress over time, to highlight challenges, and to provide analytic information for leadership and decision-making.

The main report consists of four sections. The first section, **A Profile of Virginia**, provides a brief snapshot of the Commonwealth.

The next section, **How Is Virginia Doing?,** is divided into three parts**.** The first*, How is Virginia Doing? Outcome / Indicator Highlights*, examines the progress being made toward long-term goals for both Virginia and its state government by reviewing progress on the 49 indicators included in the Scorecard at a Glance.

A revised sub-section, *Are We Getting Results On Our Highest Priorities?*, discusses our expanded focus on assessment of high-priority issues and the development of issue-focused report cards. Also included are the Enterprise Strategic Priorities recently developed by Governor McAuliffe and his team. These provided input into agency strategic planning and priority setting for their 2014-2016 strategic plans.

This would normally be followed by a sub-section, *Are We Improving Government Services and Operations?*, which provides a high-level assessment of the progress being made toward state government's key objectives and productivity targets. However, due to an extended planning cycle, agency performance information was not available at the time this report was being developed. An addendum, which will include important agency performance data, will be published soon after the planning process is completed.

The third section, **A Regional Perspective**, provides a discussion of selected regional indicators and presents newly developed Scorecards at a Glance for the Council's eight regions.

The final section, **Council Areas of Emphasis**, includes a brief introduction to the Council on Virginia's Future and a summary of recent developments in the evolution of Virginia Performs.

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A PROFILE OF VIRGINIA

A PROFILE OF VIRGINIA

INTRODUCTION

This chapter provides a brief introduction to Virginia, its people, and its government.

Virginia in Brief: This high-level snapshot includes data that shows how Virginia compares to other states in the nation on certain key indicators.

Virginia's People: Virginia's population, like the nation's, is getting older and becoming more diverse. This section presents demographic and educational attainment information.

Virginia's Economy: Virginia has historically outperformed the nation on key indicators of economic progress. This section provides an overview of major economic sectors in Virginia and a brief review of the impact that federal spending cutbacks are having on the state.

Virginia's Government: Virginia's state government will spend about $96.1 billion in the 2014-2016 biennium, which runs from July 1, 2014 through June 30, 2016. Where does this money come from and how is it spent? This section provides an overview. [Note: The Governor and the General Assembly are in the process of identifying and implementing significant cuts to the current 2014-2016 Biennial Budget. However, this process was not complete at the time this document was published; information in this section is based on the original budget (Chapter 2 of the 2014 Acts of Assembly).

VIRGINIA IN BRIEF

Virginia is one of the best places in the United States to live, work, and raise a family. With the 11th largest economy, the Commonwealth enjoys the 10th highest level of per capita personal income in the nation and its business climate is regularly ranked among the top states in the country. Virginians are on average better educated and more productive than residents in most other states, and the Commonwealth has been successful in attracting and developing a high-quality workforce. In addition, Virginia has long been considered among the best managed states in the country, and its consistently sound financial footing is reflected in its AAA bond rating – the strongest possible – that it has held for more than 75 years.

Virginia's overall progress has been steady, but challenges remain and performance has not been uniform across the state. The *How Is Virginia Doing?* section discusses some of these challenges, while regional differences are explored in more detail in the section called *A Regional Perspective*.

Table 1 on the following page highlights selected key facts about Virginia.

The notes on page 14 provide a list of the sources used for compiling this Virginia profile.

Table 1

VIRGINIA IN BRIEF

Indicator	2011	2012	2013	
	Value	Value	Value	State Rank (1= Highest)
Population	8,096,604	8,185,867	8,260,405	12
Minorities as a Percentage of the Population	35.7%	36.1%	36.5%	16
Older Residents (Age 65 and Older) as a Percentage of the Population	12.5%	13.0%	13.4%	42
Foreign Born as a Percentage of the Population	11.1%	11.6%	11.5%	15
Veterans as a Percentage of Population 18 and over	12.0%	11.7%	10.9%	4
Virginians 25 Years and Older Who Have Completed a Bachelor's Degree	35.1%	35.5%	36.1%	6
Pre-K Through 12th Grade Enrollment in Public Schools	1,258,521	1,226,106	1,297,388	12
Median Age	37.6 years	37.5 years	37.6 years	29
Average Household Size	2.63	2.62	2.62	18
Armed Forces	103,197	109,390	102,432	2
Farm Earnings	$492 million	$598 million	$610 million	34
Federal Civilian and Military Non-farm Earnings (Personal Income)	$36.4 billion	$36.5 billion	$36.3 billion	2
Private Non-farm Professional, Scientific, and Technical Services Earnings	$49.4 billion	$51.1 billion	$52.0 billion	4
Land Area (Square Miles)	—	—	39,490	37

VIRGINIA'S PEOPLE

Population

In 2013, Virginia's population increased by about 0.9 percent over its 2012 level to reach 8.26 million, the 12th highest in the country. Virginia, like the nation as a whole, is becoming older and more diverse. ***Figure 1*** shows 2010 actual population for Virginia, along with projections for 2020, 2030, and 2040 by major age group.

The elderly population (65 and older) is expected to grow by almost 95 percent between 2010 and 2040 (i.e, more than 560,000), when the elderly are expected to comprise slightly more than 18 percent of the total population, up from around 12 percent in 2010.

Figure 1

VIRGINIA'S POPULATION BY MAJOR AGE GROUP
(IN MILLIONS)

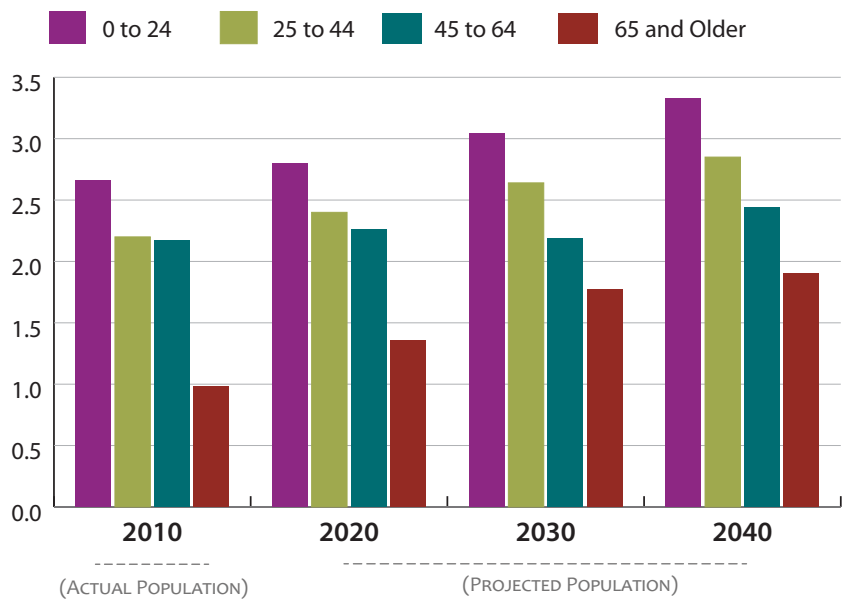
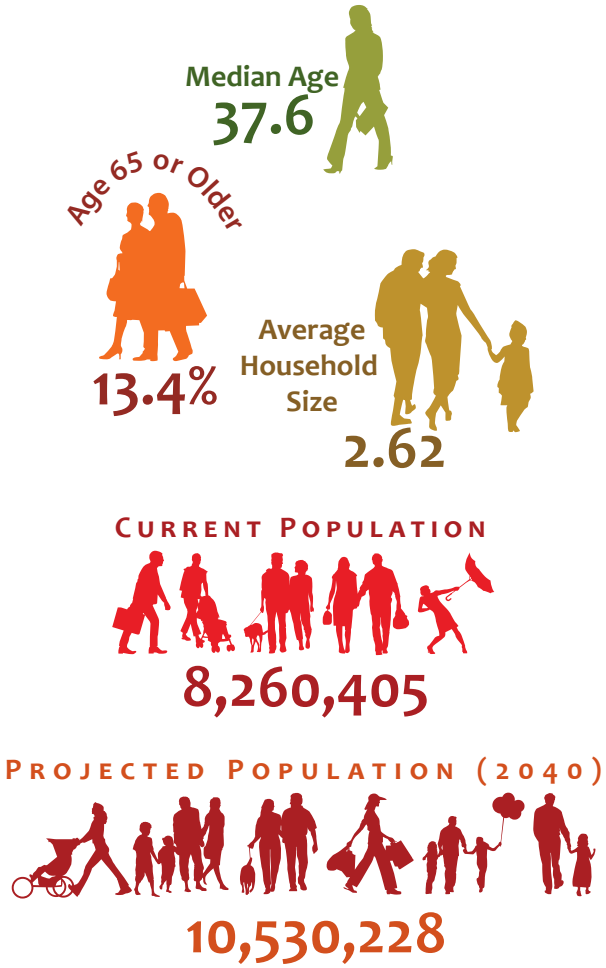


Figure 2

POPULATION HIGHLIGHTS



Another way to assess the relative impact of aging is through the age dependency ratio, which is the number of children (17 years old or younger) plus the number of elderly (65 and older) per 100 individuals ages 18 through 64. Viewed through this lens, Virginia compares relatively well with other states: In 2013, Virginia had the sixth lowest total age dependency ratio in the nation at 56.1; the seventh lowest old age dependency ratio at 20.9; and the 14th lowest child dependency ratio at 35.2.

As discussed in last year's report, Virginia is becoming more diverse, and growth in minority populations has accounted for a significant proportion of total population growth across the Commonwealth over the past decade. This is changing the racial and ethnic mix of Virginia's public elementary schools. ***Table 2*** shows the change in the racial / ethnic mix of Virginia's public elementary schools (PreK-12) between Fall 2004 and Fall 2013.

Table 2

FALL PUBLIC SCHOOL (K-12) ENROLLMENT BY RACE/ETHNICITY, 2004 AND 2013

Race / Ethnicity	Fall 2004 Enrollment	% of 2004 Total	Fall 2013 Enrollment	% of 2013 Total	Change, 2004 - 2013	
					Number	Percentage
Total	1,203,701	100.0%	1,273,210	100.0%	69,509	5.8%
White, NH	719,264	59.8%	664,369	52.2%	-54,895	-7.6%
Black, NH	321,303	26.7%	295,942	23.2%	-25,361	-7.9%
Hispanic	84,305	7.0%	166,269	13.1%	81,964	97.2%
Asian, NH	58,006	4.8%	80,689	6.3%	22,683	39.1%
Two or More, NH	N/ A	N/ A	60,072	4.7%	60,072	N/A
Other	20,823	1.7%	5,869	0.5%	-14,954	-71.8%
Economically Disadvantaged	351,609	29.2%	510,054	40.1%	158,445	45.1%
Limited English Proficiency	74,676	6.2%	125,857	9.9%	51,181	68.5%

Note: Hispanics can be of any race; NH - non-Hispanic; "Other"for 2004 includes individuals of two or more races, a designation not used in 2004. Source: Virginia Department of Education.

The table also shows that the public school system has been dealing with two growing challenges:

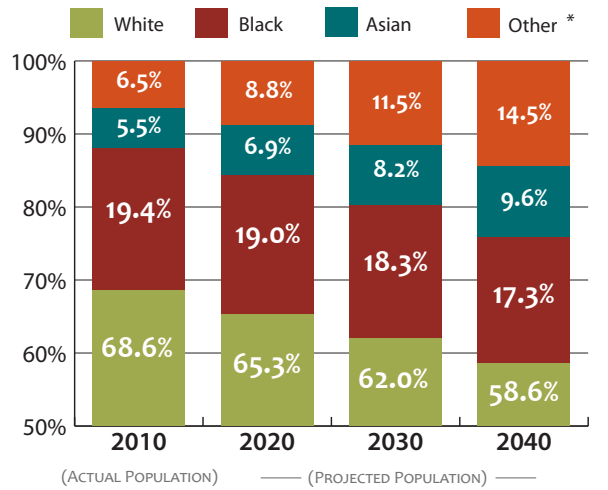
- The number of students who were identified as "economically disadvantaged" rose by more than 155,000 over the period, increasing from 29.2 percent of all students to 40.1 percent.
- The number of students who were assessed as having "limited English proficiency" (primarily students whose native language is not English) increased by more than 68 percent.

Students who were considered economically disadvantaged or of limited English proficiency were less likely to graduate on time than their peers in 2014 by eight to nine percentage points.

Figure 3 shows Virginia's population by race in 2010, along with projections for 2020, 2030, and 2040.

Figure 3

VIRGINIA'S POPULATION BY RACE



** Other includes individuals of two or more races.*

Educational Attainment

Virginia's population is also relatively well educated, as summarized in ***Figure 4***. More than 36 percent of adults age 25 years and older have a bachelor's degree or higher, which ranked sixth best in the country. In addition, 15.0 percent of adults 25 and older have an advanced degree, the fourth highest rate in the nation. As shown to the right in ***Figure 5***, educational attainment among younger women is about ten percentage points higher than males in the 25 to 34 age group and almost five percentage points higher in the 35 to 44 age group.

Figure 4

Highest Level of Educational Attainment, 2013

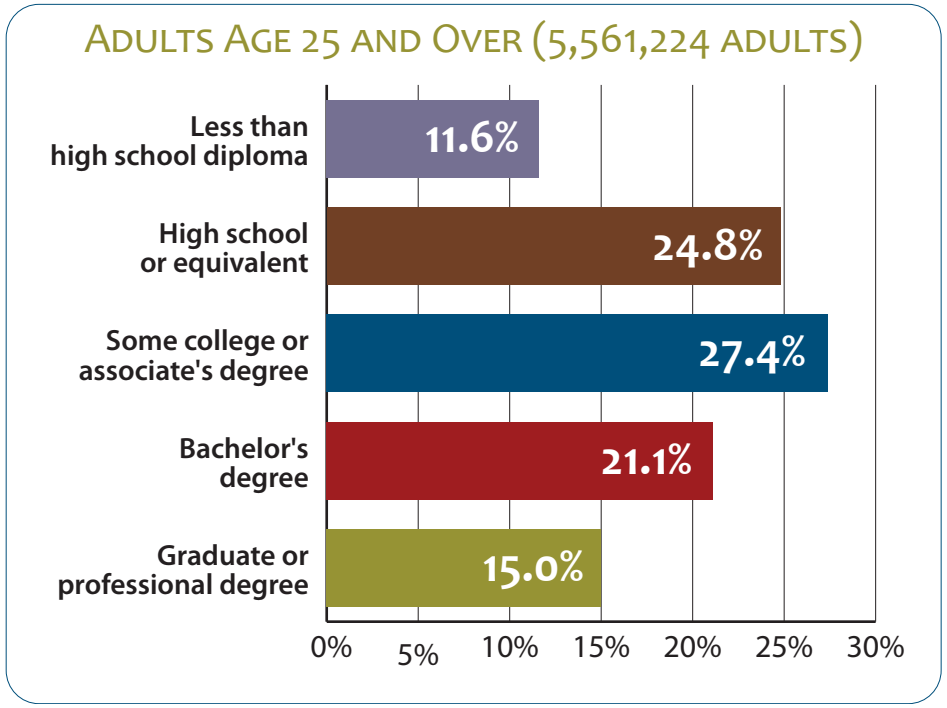
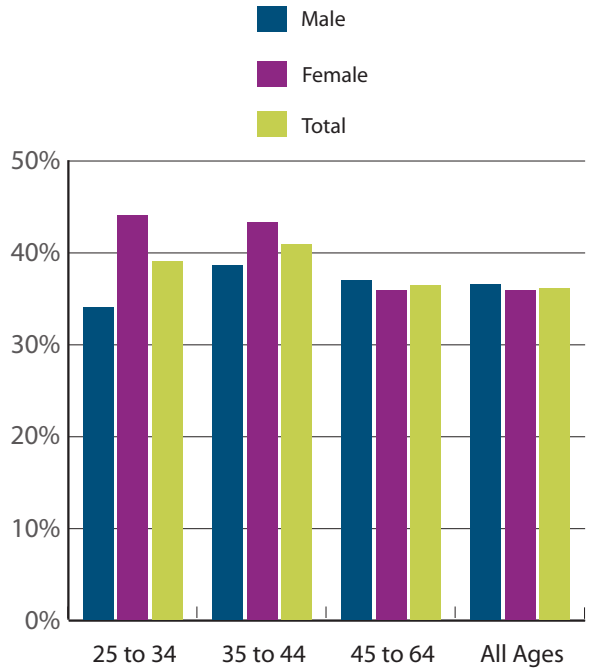


Figure 5

Bachelor's Degree or Higher, 2013



VIRGINIA'S ECONOMY

Virginia's economy relies on skilled jobs more than ever before. ***Table 3*** illustrates the significant changes that have occurred over the past five years and highlights the dramatic effect the recent recession has had on employment levels. Employment declines in certain industries reflect longer-term structural changes and a shift from goods-producing jobs to service jobs. In addition, Virginia faces unique economic headwinds: recent federal budget cuts, reductions in defense spending, and the impact of sequestration have presented pressing challenges for Virginia's economy.

The shift to high-paying professional, scientific, and technical services has been beneficial for the state as a whole but has been concentrated in the Northern region. The growing role of government is also apparent from its increasing share of employment, with the percentage of jobs in the federal, state, and local governments rising from 18.4 percent to 18.9 percent of jobs between 2008 and 2013. However, average annual employment fell between 2012 and 2013 for both of these vital sectors: professional, scientific, and technical services and management fell by more than 1,400 and government employment fell by more than 2,900 jobs. Virginia's economy continues to struggle to reach pre-recession job totals.

Table 3

EMPLOYMENT BY MAJOR INDUSTRY SECTOR, ANNUAL AVERAGES, 2008 AND 2013

	2008		2013		Avg. Annual Growth
Industry Sector	**Average Employment**	**% of Total**	**Average Employment**	**% of Total**	**Employment**
Agriculture and Related, and Mining and Related	21,349	0.6%	20,348	0.6%	-1.0%
Construction	222,897	6.1%	176,645	4.9%	-4.5%
Manufacturing	263,852	7.2%	230,718	6.3%	-2.6%
Wholesale and Retail Trade	541,119	14.8%	521,413	14.3%	-0.7%
Transportation and Warehousing, and Utilities	113,049	3.1%	109,337	3.0%	-0.7%
Information	87,781	2.4%	71,014	2.0%	-4.2%
Finance and Insurance, and Real Estate and Related	184,071	5.0%	180,429	5.0%	-0.4%
Administrative and Support and Waste Management	209,417	5.7%	208,481	5.7%	-0.1%
Professional, Scientific and Technical Services, and Management of Companies	450,899	12.3%	469,838	12.9%	0.8%
Education Services, and Health Care and Social Assistance	413,757	11.3%	461,668	12.7%	2.2%
Other Services (Except Government)	481,851	13.1%	500,473	13.8%	0.8%
Government	675,595	18.4%	689,081	18.9%	0.4%
Total	3,665,637		3,639,445		-0.1%

Source: Quarterly Census of Employment and Wages, Virginia Employment Commission, Labor Market Statistics, Covered Employment and Wages Program; http://bi.virginialmi.com/rdPage.aspx

Table 4 presents selected economic indicators for Virginia's economy. Additional information is provided in the next chapter. Virginia boasts the 11th largest state economy and a high percentage of high-technology occupations and firms. Venture capital investments rebounded from $272 million in 2012 to slightly more than $600 million in 2013, the seventh best in the nation. Exports of goods and manufactured commodities both fell slightly between 2012 and 2013.

The pie charts in ***Figure 6*** show the relative share of output (gross national product or gross state product) by industry for the U.S. and Virginia and illustrate the relatively greater shares of government and professional and business services in Virginia, both of which are heavily influenced by the presence of the federal government.

Figure 6

SHARE OF GROSS DOMESTIC PRODUCT BY MAJOR INDUSTRY SECTOR, 2013

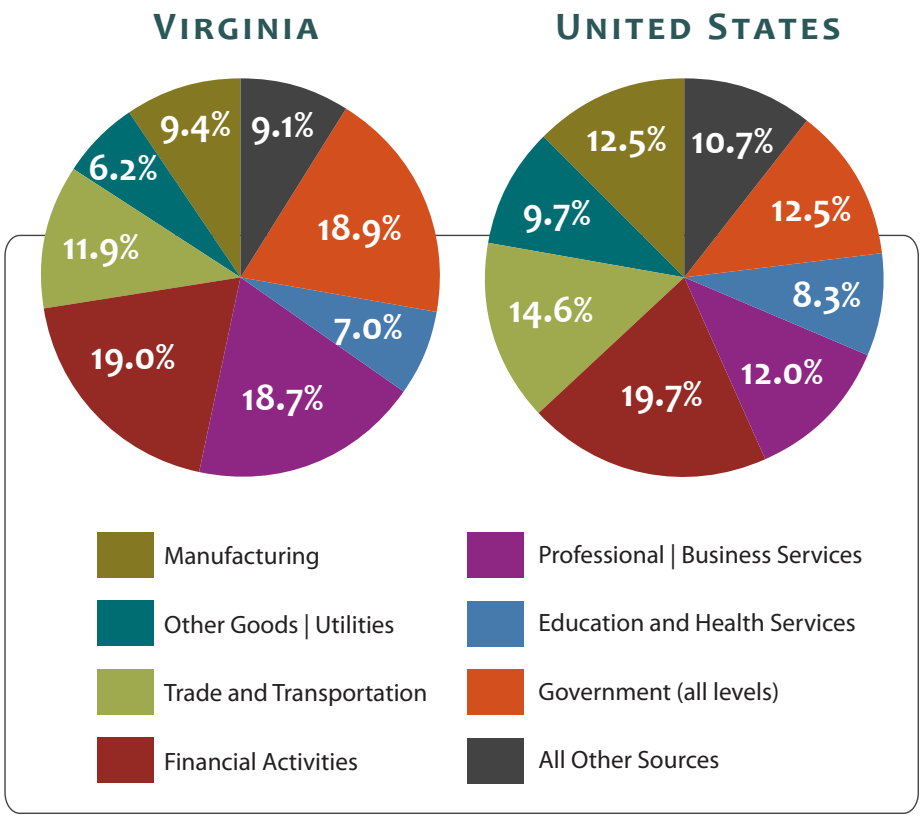


Table 4

SELECTED ECONOMIC INDICATORS

Economic Indicator	Value	State Rank
State Gross Domestic Product (2013, in billions)	$453	11
Per Capita Personal Income (2013)	$48,733	10
Percentage of the Population Living in Poverty (2013)	11.7%	9
Exports of Goods (2013, in millions)	$17,941	24
Exports of Manufactured Commodities (2013, in Millions)	$13,913	24
Worker Productivity: 2012 Output per Worker (2005 dollars)	$79,114	14
Venture Capital Investments (2013, in millions)	$600.1	7
Computer, Science, and Engineering Occupations as a Percentage of the Workforce (2013)	7.7%	4
Technology Firm Employment as a Percentage of All Employment, 2012	9.8%	1

Source for Figure 6: U.S. Department of Commerce, Bureau of Economic Analysis. See Page 14 for the sources for Table 4.

Local, state, and federal governments play a major role in Virginia's economy. Because of its proximity to Washington, D.C., and the abundance of military bases in the state, Virginia was home to more than 102,000 military personnel in 2013. In 2013, according to the U.S. Census Bureau, there were 173,683 federal civilian employees, 145,127 state employees, and another 370,271 local government jobs in the Commonwealth.

In particular, Virginia's economy is heavily dependent on federal spending:

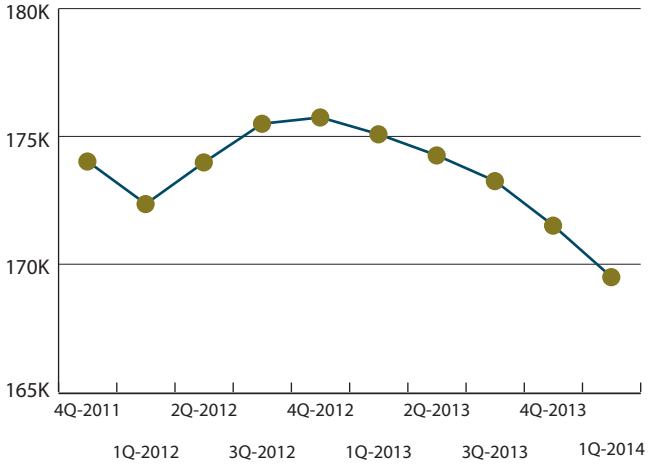
- Virginia is second among the states in terms of both federal employment and spending.
- The federal civilian and military sectors accounted directly for 10.6 percent of Virginia GDP in 2012, down from 11.0 percent in 2010. A recent study by Virginia's Joint Legislative Audit and Review Committee (JLARC) found that the federal government accounts for about 20 percent of Virginia's economy, with at least 40 percent of that total coming from defense-related spending.
- Direct federal civilian and military wages and salaries totaled $25.4 billion in 2013 or 11.9 percent of the Virginia total.
- Department of Defense prime contract awards in Virginia totaled $33.5 billion in 2013, or more than 36.7 percent of all federal awards in Virginia (awards include contracts, grants, assistance, loans and guarantees, and other).

The recent impacts of sequestration and other federal spending changes are illustrated in the following three charts:

- ***Figure 7*** shows the recent decline in federal civilian personnel. After reaching a peak in the fourth quarter of 2012, employment fell by 6,248 into the first quarter of 2014. In addition, Virginia lost more than 7,000 uniformed service jobs between 2012 and 2013.
- ***Figure 8*** shows the recent decline in inflation-adjusted federal civilian and military wages and salaries, which fell from $27.12 billion in 2010 to $25.35 billion in 2013, a drop of about $1.8 billion. The gains between 2008 and 2010 included increases in federal stimulus-related spending.
- ***Figure 9*** (page 10) shows the recent decline in total and Department of Defense prime contract awards in Virginia. Defense Department prime contract awards in Virginia declined by more than $10 billion between federal fiscal years 2011 and 2013.

Figure 7

Federal Civilian Employment in Virginia

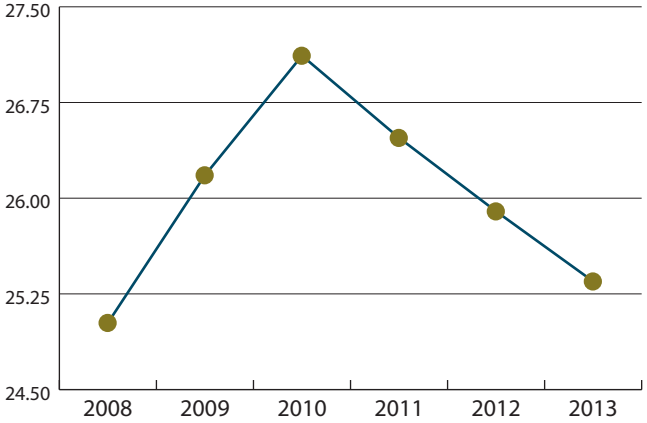


Source: Quarterly Census of Employment and Wages, U.S. Census Bureau via the Virginia Employment Commission.

Figure 8

Total Federal Civilian and Military Wages in Virginia

(in Billions, 2013 Dollars)



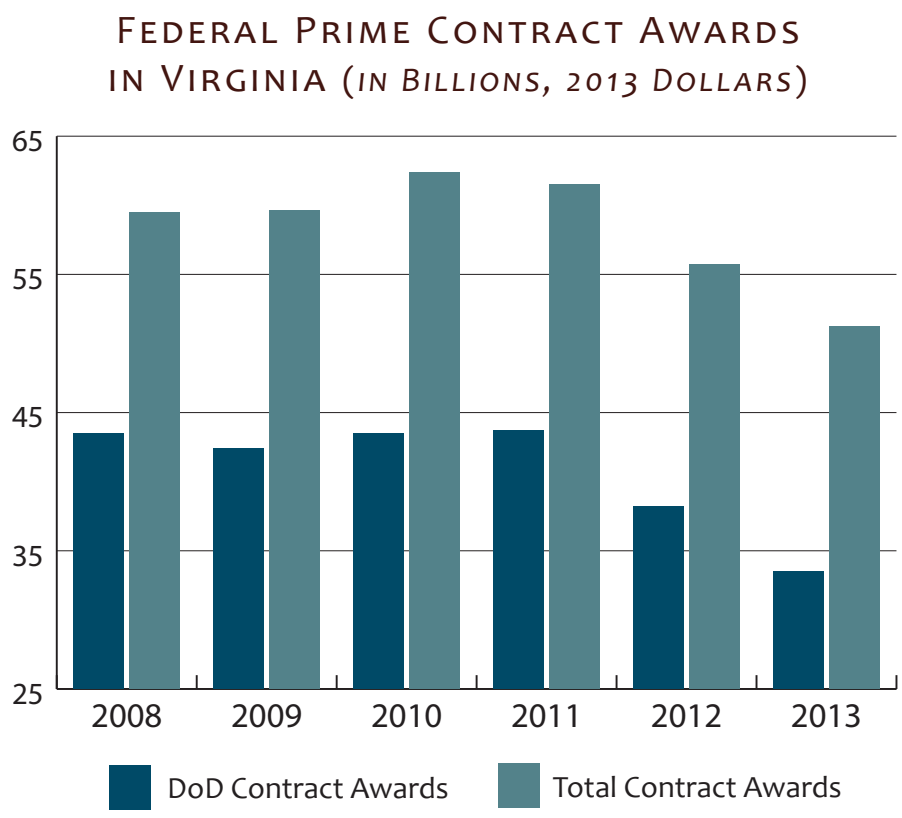
Source: Bureau of Economic Analysis, SA07N, Wages and Salaries by Industry.

Unfortunately, the future outlook for federal spending in Virginia remains muted. The economic impact of the ongoing budget sequestration cuts called for in the American Taxpayer Relief Act of 2012 will continue for years to come.

Dr. Steven Fuller [1], in an update to an earlier study, estimates that the $84.7 billion in cuts to DOD and non-DOD agencies for federal fiscal year 2013 (which ended September 30, 2013) will cost Virginia more than 150,000 jobs and more than $15.4 billion of gross state product. Dr. Fuller notes that actual federal agency job totals will decline by less than expected because of agencies' preference of using furloughs to reduce spending amounts. However, he estimates that Virginia will lose the "workforce-wage-equivalent" of the 150,000 jobs (for example, five employees losing 20 percent of their wages through furloughs would be the equivalent of one job loss).

The nominal growth in discretionary appropriations (defense, education, infrastructure, R&D, environmental protection, etc.) will slow as mandatory programs (primarily for non-discretionary spending for the Medicaid, Medicare, and Social Security programs, along with net interest payments) continue to claim larger shares of the total federal budget. The President's 2015 budget, for instance, includes a $6 billion decline in defense appropriations ($20 billion below FY 2013) and a decline of $19 billion in non-DOD discretionary spending. The projected 16.2 percent growth in defense spending between 2013 and 2020 will track the rate of projected inflation (1.8 % to 2.0% per year). Spending for non-DOD discretionary programs is projected to decline in inflation-adjusted terms.

Figure 9



Source:: www.usaspending.gov.

1 Dr. Stephen S. Fuller, The Economic Impact of Sequestration Budget Cuts to DOD and Non-DOD Agencies as Modified by the American Taxpayer Relief Act of 2012, Center of Regional Analysis, George Mason University, March 2013.

VIRGINIA'S GOVERNMENT

Virginia has a biennial budget system, which means it adopts a two-year budget. The biennial budget is enacted into law in even-numbered years, and amendments are enacted in odd-numbered years. The original budget (2014 Appropriations Act, Chapter 2, Special Session I) for the current biennium, which began July 1, 2014, was enacted by the 2014 General Assembly in June of 2014. However, since that time large actual and forecasted revenue declines – about $1.9 billion in general fund revenue shortfalls for the current biennium – forced the Governor and General Assembly to propose significant spending cutbacks from the original budget. However, specific revisions in spending and revenue for the complete biennium are still being developed and were unavailable at the time that this report was prepared. The data presented in this section is from the original 2014 Appropriations Act passed in June.

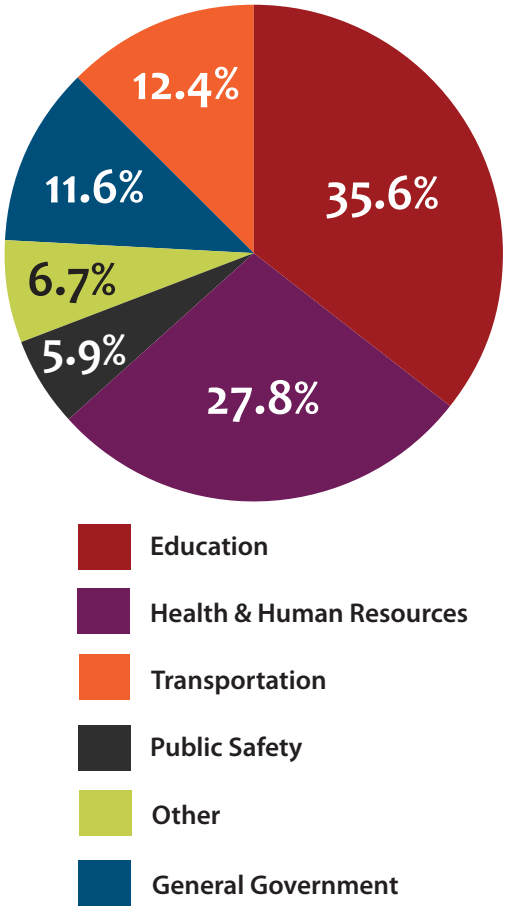
Where Does the Money Go?

Virginia's state government budget is divided into an operating budget and a capital budget. The operating budget includes expenses to run the daily activities of government. The capital budget includes the one-time costs of building, improving, or repairing government facilities. The budget of the Commonwealth for the 2014-2016 biennium includes $96.1 billion for operating expenses and $951.3 million in capital outlay expenses. Looking at total operating funds from all sources (***Figure 10***), the majority of the money goes to education (35.6%), health and human resources (27.8%), transportation (12.4%), and general government (11.6%).

Considering only the general fund, which can be used at the discretion of the Governor and General Assembly, the majority of the operating budget goes to education (39.3%), health and human resources (29.5%), general government (14.3%), and public safety (9.6%). Considering only nongeneral funds, which are receipts set aside for specific purposes, the largest spending categories are education (33.1%), health and human resources (26.7%), and transportation (20.4%).

Figure 10

2014-2016 Biennium Budget
Total Operating Budget
$96.1 Billion *



* Chapter 2 of the June 2014 Acts of Assembly, before the spending reduction of September 2014. (See text for explanation.)

Where Does the Money Come From?

State government revenues and other resources available for spending can be grouped into several categories: taxes, grants, fees, sales, earnings, transfers, and balances. For the 2014-2016 biennium, total state revenues and other resources available for appropriation are projected to equal $99.6 billion, including year-end balances, transfers, lottery proceeds, internal service funds, and bond proceeds.

Tax revenues include $25.3 billion from individual income taxes, $6.5 billion in sales tax revenue, $1.6 billion in corporate income tax, and $8.7 billion from nongeneral fund taxes such as motor vehicle and highway taxes. Other large revenue sources for the biennium include $19.1 billion in federal grants and $14.0 billion in institutional revenue, primarily fees collected at colleges and universities, medical and mental hospitals, and correctional facilities.

For budgeting purposes, state revenues are divided into two broad types: the general fund and nongeneral funds. Considerably more than half of state revenues (61.9%) are nongeneral funds, or receipts set aside for specific purposes. For example: motor vehicle and gasoline taxes are primarily earmarked by law for transportation programs; student tuition and fees must support higher education; and federal grants are designated for specific activities such as Medicaid and special education.

GENERAL FUND REVENUES

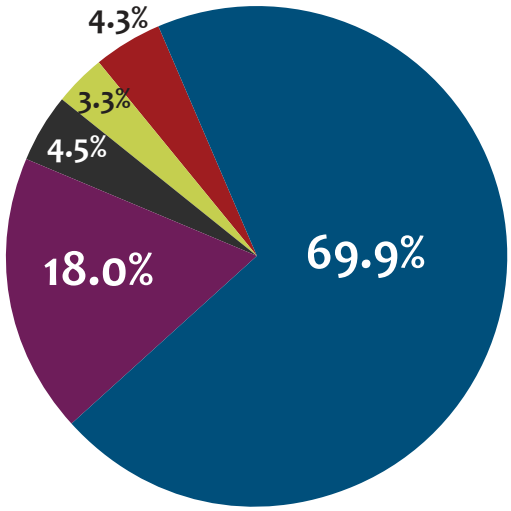
General fund revenues are expected to total $36.2 billion for the biennium, excluding balances and transfers of $1.8 billion. They are mostly derived from direct general taxes paid by citizens and businesses (***Figure 11***). Because general fund revenue can be used for a variety of government programs, these are the funds over which the Governor and the General Assembly have the most discretionary control.

NONGENERAL FUND REVENUES

The majority of revenue in the state budget is comprised of nongeneral funds, generally earmarked by law for specific purposes. For the biennium, nongeneral fund revenues total $52.9 billion (***Figure 12***, page 13). This excludes other resources available for appropriation, including balances ($4.7 billion), proceeds from bond sales ($737.1 million), and internal service funds ($3.2 billion).

Figure 11

2014-2016 Biennium Budget
Total General Fund
Revenues
$36.2 Billion *



- Individual Income Tax
- Sales & Use Tax
- Corporate Income Tax
- Other Taxes & Revenue
- Insurance Premiums & Property-related Fees

* excludes balances and transfers of $1.77 billion

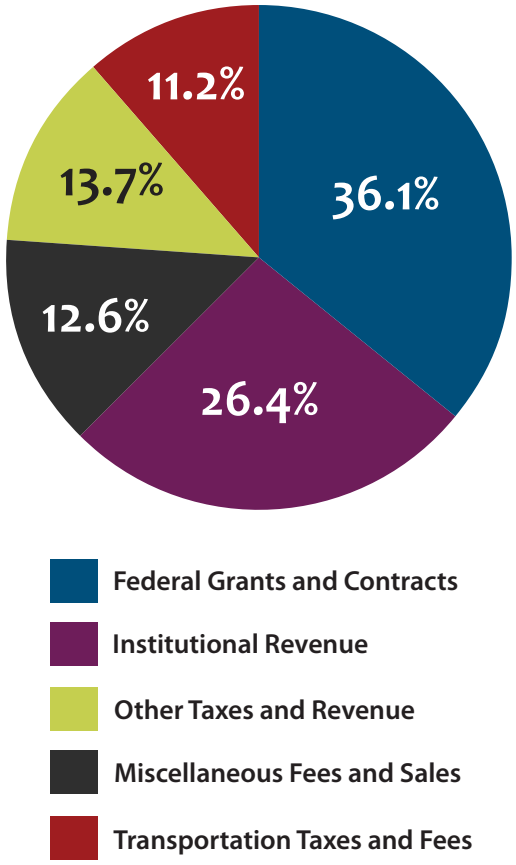
Federal grants are the largest source of nongeneral fund revenue ($19.1 billion for the biennium). Frequently these grants do not come to the state as simple cash transfers and often include many program requirements, including state matching funds. Entitlement programs such as Medicaid and Aid to Families with Dependent Children are examples of programs that require a state contribution.

The second largest source of nongeneral fund revenue is institutional revenue ($14.0 billion for the biennium), which includes patient fees at teaching hospitals and mental health institutions and tuition and fees paid by students at institutions of higher education.

The next largest source of revenue is major nongeneral fund taxes ($8.7 billion) and other nongeneral fund revenues ($3.7 billion). State transportation revenue ($5.9 billion) comes from several sources, including the motor vehicle fuels tax, the motor vehicle sales and use tax, road taxes, vehicle license fees, state sales tax, interest earnings, and other miscellaneous taxes and fees. Other large nongeneral fund sources include the Unemployment Insurance Fund ($1.4 billion), sales of alcoholic beverages ($1.4 billion), and the Lottery Proceeds Fund ($1.0 billion).

Figure 12

2014-2016 Biennium Budget Total Nongeneral Fund Revenues: $52.9 Billion



* Excludes balances ($4.7 billion), bond sales ($0.74 billion), and internal service funds ($3.2 billion)

Notes on the Data

The data used for this chapter is derived from prominent national sources, as summarized here.

TABLE 1 AND FIGURE 2 SOURCES

Most of the data elements in Table 1 come from the U.S. Census Bureau, particularly the 2013 American Community Survey (ACS) 1-Year Estimates (population; percentage of the population that are minorities, elderly, foreign born, or veterans; median age; average household size; educational attainment; school age population; and armed forces). Data is available at www.factfinder2.census.gov. Earnings figures are from the Bureau of Economic Analysis, Table SA05N; www.bea.gov/regional/index.htm. Land area is from the U.S. Census Bureau, www.census.gov/prod/cen2000/phc3-us-pt1.pdf.

FIGURES 1 AND 3 SOURCES

Population projections are from the Demographic Research Group, Weldon Cooper Center for Public Service, University of Virginia, retrieved from http://www.coopercenter.org/demographics/population-data. Population data for 2010 is from the U.S. Census Bureau.

TABLE 4 SOURCES

- State Gross Domestic Product (2013), Per Capita Personal Income (2013), and Worker Productivity (2012): Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce; www.bea.gov/regional/index.htm.
- Exports of Goods (2013) and Manufactured Goods (2013): U.S. Census Bureau, Foreign Trade Statistics, by origin of movement, North American Industry Classification System-based product groups, not seasonally adjusted; www.census.gov/foreign-trade/statistics/state/origin_movement/index.html.
- Percentage of the Population Living in Poverty: U.S. Census Bureau, 2013 America Community Survey, S1701; www.factfinder2.census.gov.
- Venture Capital (2013): PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report, Data by Thomson Reuters.
- Computer, Science, and Engineering Occupations as a Percentage of the Workforce, U.S. Census Bureau, American Community Survey, 2013 (Table B24010).
- Technology Firm Employment as a Percentage of All Employment, CyberStates2013, TechAmerica Foundation.

FIGURES 10, 11 AND 12

- State Government Revenue and Spending Information (Figures 10, 11, and 12): Official revenue forecasts and expenditure data provided by the Department of Planning and Budget.

HOW IS VIRGINIA DOING?

HOW IS VIRGINIA DOING?

INTRODUCTION

This section of the report highlights important aspects of the Commonwealth's progress over the past year. The analysis is based on, and complements, the data from key indicators tracked through Virginia Performs (VaPerforms.virginia.gov).

Scorecard at a Glance: This section includes a high-level scorecard based on the 49 high-level indicators measured in Virginia Performs. These indicators provide a snapshot of how Virginia is doing on numerous quality-of-life issues (e.g., water quality and educational attainment).

How Is Virginia Doing? Key Outcome / Indicator Highlights: This section summarizes changes made to the Scorecard at a Glance during 2014. This is followed by a brief review of selected indicators that are representative of the Commonwealth's performance over the past year or so. This year's report contains an expanded look at the Commonwealth's progress in improving Educational Attainment and Workforce Quality outcomes.

Are We Getting Results on Our Highest Priorities?: This section of The Virginia Report is broken into two parts that include information on the state's progress toward its most important goals:

- **Priority-focused Report Cards**: Report Cards are the initial output of a long-term initiative to accelerate progress on high-priority issues by improving the assessment of key outcomes, including the key drivers of those outcomes. This section highlights progress on the Workforce System, Innovation and Entrepreneurship, and Government Operations Report Cards, all built on the Scorecard at a Glance model.
- **Enterprise Strategic Priorities**: These high-level priorities represent an important development in the ongoing evolution of Virginia Performs. Capturing these highest priorities ensures their integration into agency-level planning and budgeting processes and provides a baseline for assessing progress toward enterprise-level goals and priorities.

Are We Improving Government Services and Operations?: This section of the report normally includes tables that provide a high-level assessment of the progress being made toward state agencies' key objectives and productivity targets. However, due to an extended planning cycle, detailed agency performance information was not available at the time this report was being developed. An addendum will published when the performance information is available via Virginia Performs.

SCORECARD AT A GLANCE

The quality of life indicators presented in Virginia Performs help assess the state's progress toward the seven high-level goals for Virginia that were established by the Council on Virginia's Future (see page 64, Council Areas of Emphasis, for more information on the Council). Overall, the indicators paint a relatively positive picture for Virginia.

Figure 13 on the following page is the Scorecard at a Glance, which arranges these indicators by goal area and shows performance trends based on available data. Of the total 49 indicators, Virginia's performance is improving in 29, maintaining in 17, and worsening in three.

Table 5 (page 18) summarizes current performance trends from the Scorecard at a Glance.

Figure 13

09.2014

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.

Personal Income	→
Employment Growth	→
Poverty	↓
Unemployment	↑
Business Climate	↑
Workforce Quality	↑
Innovation/Entrepreneurship	↑

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	↑

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	→
Multimodal Transportation	→
Traffic Congestion	↓

Government and 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	↓

Table 5

INDICATOR PERFORMANCE TRENDS

	Improving		Maintaining	Worsening
Economy	Business Climate Business Startups	Unemployment Workforce Quality	Personal Income Employment Growth	Poverty
Education	High School Dropout High School Graduation	Educational Attainment	Fourth Grade Reading and Math School Readiness Third Grade Reading College Graduation	
Health & Family	Adoption Cancer Cardiovascular Disease Child Abuse and Neglect	Foster Care Immunization Infant Mortality Life Expectancy Teen Pregnancy	Health Insurance Obesity Smoking Suicide	
Public Safety	Crime Emergency Preparedness Juvenile Intakes		Recidivism Traffic Fatalities	
Natural Resources	Air Quality Energy Land Preservation	Solid Waste and Recycling Water Quality	Historic Resources	
Transportation	Infrastructure Condition		Land Use Multimodal Transportation	Traffic Congestion
Government & Citizens	Bond Rating Government Operations Internet Access Taxation		Civic Engagement Voter Registration and Turnout	Consumer Protection

Table 6 presents Virginia's national ranking where comparable state data exist. For these 35 indicators, Virginia ranks in the top ten states for 12 indicators, ranks 11–20 among the states for 12 indicators, ranks 21–30 for four indicators, and 31–50 for seven indicators.

Overall, the data describes a relatively positive picture of how Virginia compares with other states. More information is available on the Virginia Performs website at VaPerforms.virginia.gov, including discussions of trends, factors that influence each indicator, and the state's role in affecting the outcomes measured by each indicator.

Table 6: Virginia National Rankings (1=Best)

INDICATOR RANK	1-10	11-20	21-30	31-40	41-50
ECONOMY					
Personal Income	●				
Employment Growth					●
Poverty	●				
Unemployment		●			
Business Climate	●				
Workforce Quality	●				
Business Startups		●			
HEALTH & FAMILY					
Cancer Deaths			●		
Cardiovascular Disease			●		
Health Insurance		●			
Immunization (Children)				●	
Infant Mortality				●	
Obesity		●			
Smoking			●		
Suicide		●			
Teen Pregnancy		●			
NATURAL RESOURCES					
Energy		●			
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	●				
Charitable Giving		●			
Consumer Protection (ID Theft)				●	
Internet Access (Broadband Access)				●	
Taxation (State and Local)		●			
Voter Turnout (2012)	●				

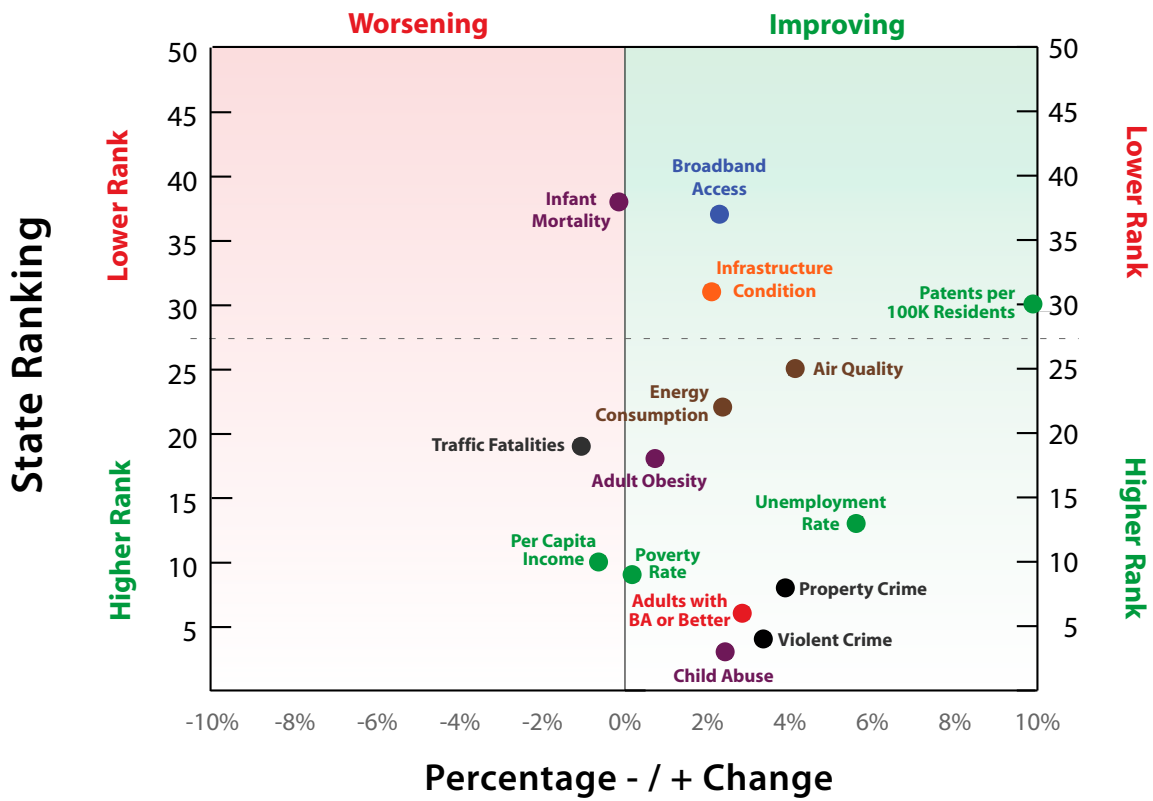
Figure 14 complements the Scorecard at a Glance with another view of progress for key indicators. The chart presents the most recently available year-over-year percentage change in the value of an indicator against Virginia's most current ranking among the states for that indicator. A positive percentage means that the indicator is improving – for instance, the positive change portrayed for Child Abuse means that the indicator improved because the rate of substantiated cases of child abuse per 1,000 children fell by more than two percent in 2013.

The chart shows that Virginia improved recently in some areas where it is already relatively highly ranked: crime, child abuse, and unemployment – along with areas such as broadband access and patent production, where it has not previously been highly ranked.

Figure 14

Virginia National Rankings, by Indicator

(Based on latest data compared to previous year)



HOW IS VIRGINIA DOING?: KEY OUTCOME / INDICATOR HIGHLIGHTS

Nine indicator trends were changed in 2014:

MAINTAINING TO IMPROVING

- **Infrastructure Condition**: The condition of Virginia's interstate and primary roads — as measured by the percentage of miles rated in fair or better condition — has been improving since 2010. The percentage of bridge structures rated obsolete or structurally deficient declined to 26.1 percent in 2013, an improvement from 26.7 percent in 2012.

FROM WORSENING TO MAINTAINING

- **Health Insurance**: The uninsured rate improved for the second year in a row, decreasing slightly from 14.2 percent in 2012 to 14.0 percent in 2013.
- **Obesity:** Virginia experienced a decline in its adult obesity rate in 2013, falling from 27.4 percent in 2012 and 29.2 percent in 2011.

FROM IMPROVING TO MAINTAINING

- **Per Capita Personal Income**: Statewide inflation-adjusted per capita personal income declined slightly in 2013 and is essentially unchanged from 2011.
- **Employment Growth**: While Virginia continues to add jobs, it is doing so at slow rate; total employment grew by about 0.6 percent between 2012 and 2013.
- **School Readiness**: While the overall pass rate for the Phonological Awareness Literacy Screening for Kindergarten (PALS-K) — a widely used assessment of kindergarten-level literacy fundamentals — increased slightly to 87.5 percent in 2013, up from 87.1 percent in 2012, it remains below the 2011 rate of 87.6 percent.
- **College Graduation**: The six-year graduation rate for bachelor's degrees has been flat for the 2008-2011 period, with rates of 63.0, 63.2, 62.8, and 62.9 percent, respectively. Virginia has now been out of the top ten for two years – 12th in 2010 and 11th in 2011; the three-year graduation rate for associate's degrees peaked in 2009 (29.6%) and fell slightly in 2010 (29.5%) and 2011 (27.3%).
- **Recidivism**: Most measures of juvenile recidivism have been flat over the past three years, and, while there have been minor improvements in adult rearrests, reconviction and reincarceration rates have remained relatively steady.
- **Traffic Fatalities**: The traffic fatality rate per 100,000 population has been flat for four years: 2009 – 9.6; 2010 – 9.2; 2011 - 9.4; 2012 – 9.5.

We also make regular updates and enhancements to ensure that Virginia Performs stays fresh and relevant. In addition to the trend changes listed above, a new high-level indicator — Innovation and Entrepreneurship (I&E) — was added to reflect the strategic importance of these two drivers of competitiveness and economic vitality. The Business Startups indicator was wrapped into the new I&E indicator, which also includes information on research and development, patents, venture capital investments, high-tech employment, and university spin-offs. Improvements were also made to the College Graduation indicator by adding data on per capita degree production by region. The Consumer Protection indicator was improved by adding new information from the Virginia Office of Attorney General.

The remainder of this section presents a somewhat more detailed picture of Virginia's progress in core goal areas: economy, education, health and family, transportation, public safety, natural resources, and government and citizens. The selected indicators illustrate a few of the strengths and challenges inherent in a relatively prosperous and diverse Virginia. Each included graph presents information on Virginia, the national average, the leading state for that indicator, and a set of neighboring states – Maryland, North Carolina, and Tennessee – to provide a relevant benchmark to help assess Virginia's progress.

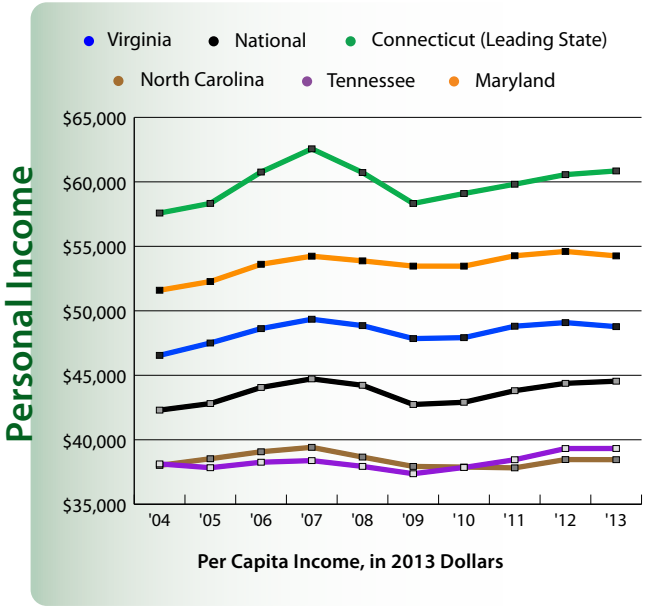
Selected Indicator Highlights

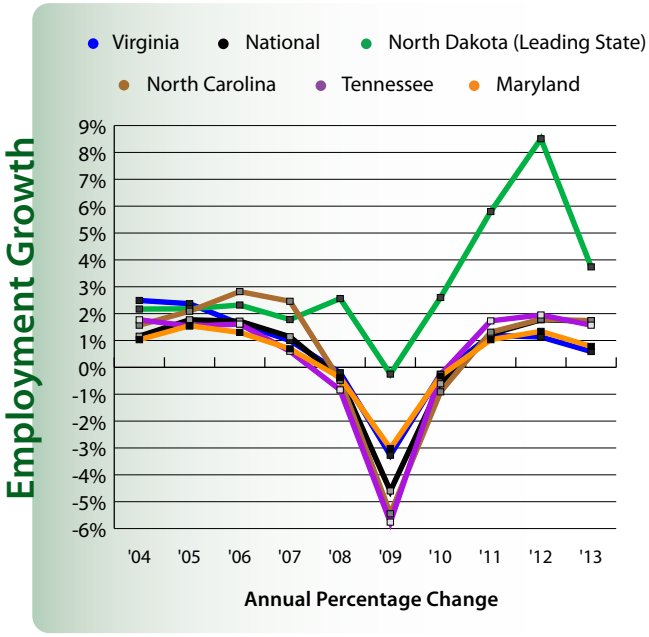
ECONOMY

Virginia continues to struggle to fully emerge from the recent recession. As mentioned in the Profile section, Virginia is facing economic headwinds as federal spending declines and the prospects for slower future growth affect federal civilian and defense employment levels, along with Department of Defense contract awards. However Virginia's economy remains the 11th largest among the states and unemployment remains below the national average. Virginia's talented workforce, excellent academic and technology resources, and a strategic mid-Atlantic location provide a solid foundation for a stronger future recovery.

Per Capita Personal Income: The recent recession and the continued slow recovery of labor markets have had a significant impact on personal incomes in Virginia. Per capita personal income (PCPI), adjusted for inflation (2013 dollars), fell slightly in 2013 to $48,773, down from $49,086 in 2012 and still below the inflation-adjusted pre-recession peak in 2007 of $49,347. Virginia's PCPI ranked 10th in the country and was above the national average but below peer state Maryland ($54,259) and Connecticut, the leading state at $60,847.

Employment Growth: As the nation entered recession in 2008, the employment growth rate turned negative in Virginia, as it did in most states, although its rate of decline was less severe (-3.27% in 2009 and -0.25% in 2010) than in the nation as a whole (-4.60% and -0.61%). In positive territory again since 2011, job growth in the Commonwealth has lagged behind both overall U.S. growth and that found in our peer states. In 2013, employment growth in the Commonwealth was, at 0.59 percent, below the U.S. average of 1.72 percent and rates for Maryland, Tennessee, and North Carolina at 0.78, 1.57, and 1.74 percent, respectively.





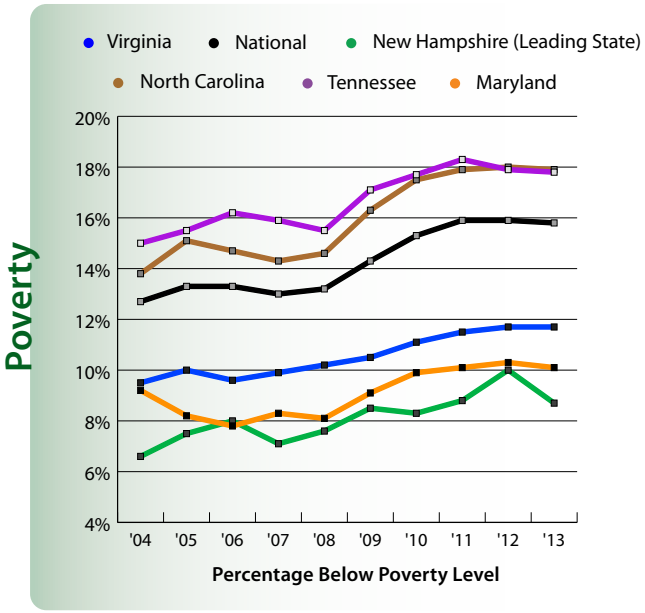
Poverty: Poverty rates remained steady in Virginia in 2013 at 11.7 percent, slightly above the 11.5 percent rate in 2011 and ninth lowest in the country. Given that inflation-adjusted per capita personal income has changed little over the past three years and that employment growth remains relatively slow, it is likely that the poverty rate will remain at above-typical levels for some time.

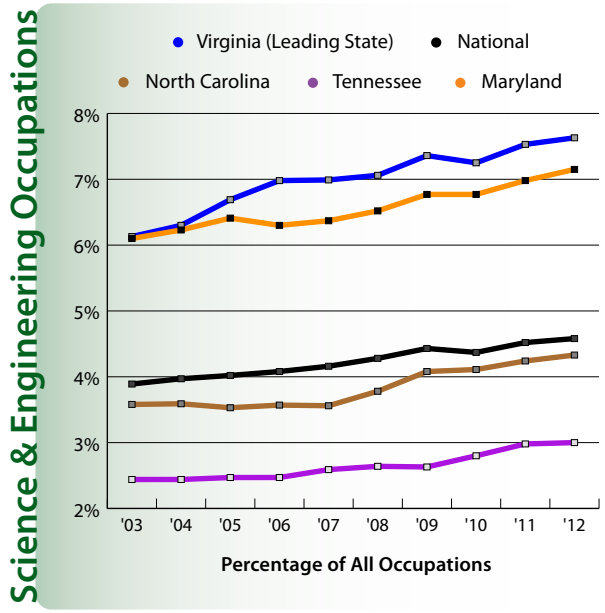
Workforce Quality: Virginia's overall workforce quality, especially as measured by the educational attainment of its adult workers, is considered one of the best in the nation. For instance, Virginia leads the nation with about 7.7 percent of its workforce in science and engineering occupations. On the less positive side, Virginia experienced declines in inflation-adjusted output per worker (worker productivity) in 2011 and 2012. Virginia's output per worker, at $79,114 in 2012, was the 14th largest among the states, down from 11th in 2011. Virginia was one of 19 states that had lower inflation-adjusted output per worker in 2012 than in 2010.

A discussion later in this report (Priority-focused Report Cards, page 37) elaborates on the Council's partnership with government, business, workforce leaders, and institutions of higher education to establish new, more meaningful workforce priorities while also improving the way we assess our progress toward key workforce-related outcomes.

Recent analysis from Dr. Stephen Fuller with George Mason University's Center for Regional Analysis estimates Virginia will need to fill 1.4 million new and replacement jobs by 2023 and about 100,000 science, technology, engineering, math and healthcare-related (STEM-H) jobs by 2018. More importantly, a majority of these jobs will not require a college degree, but specialized training that leads to a workforce credential. Therefore, the goal of increasing workforce credentials has become more important as workplace skills demand continues to rise. In response, Governor McAuliffe recently announced *The New Virginia Economy Workforce Initiative* and an aggressive target of adding 50,000 new workforce credentials by the end of his administration.

At the same time, the Council was working with its partners to identify a longer-term target for credential attainment that would complement the Governor's four-year goal. Based on the work of the partnership and an analysis completed by the National Center for Higher Education Management Systems, updated state targets for both new higher education degrees and for what are called "high-value" workforce credentials were identified.





These credentials, including certificates issued by accredited institutions, industry-based certifications and licensures, and registered apprenticeship programs, have been shown to provide recipients with significant employment and wage gains. The new targets – delivering 168,628 new higher education degrees by 2030 and increasing the percentage of Virginians with a high-value credential to 10 percent, or 461,800 individuals, up from 165,000 (3.7%) in 2012 – would establish Virginia as a world leader in workforce quality. The challenge for the education and workforce communities will be less about producing more credentials – that process is underway – but producing the right credentials, ones that are important to employers and that generate value in terms of higher wages and job opportunities for those earning them.

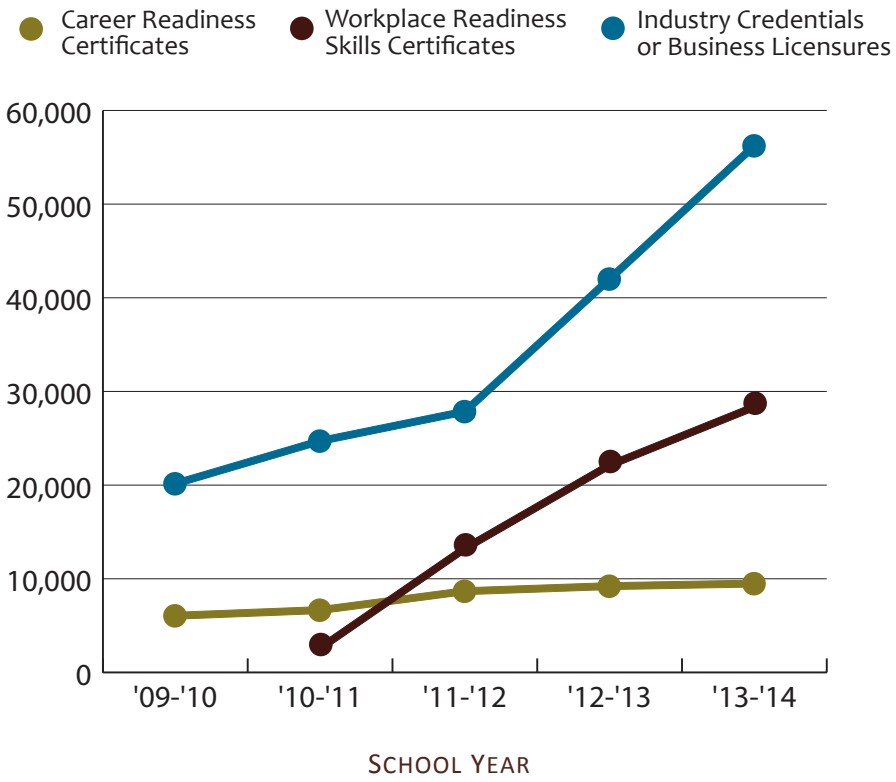
The Virginia Department of Education (VDOE) and Virginia's workforce partners have been working to increase the number of students earning valuable workforce credentials for several years. For instance, the Virginia Board of Education now requires every student, beginning with freshman entering high school in the 2013-2014 term, to earn at least one board-approved workforce credential, usually an industry certification or business licensure, in order to earn a Standard diploma.

In addition, extensive research was conducted on employer needs (1997 and 2009) that led to all career and technical courses incorporating workplace readiness skills instruction. Beginning in the 2011, high school students taking a companion career and technical education course could take Virginia's new Workplace Readiness Skills Assessment and earn a "student-selected" credit, which would also meet the requirement for the workforce credential needed for a standard diploma. Another credential, the Career Readiness Certificate, also assesses students' workplace readiness in general categories such as communication, problem solving, and teamwork skills. This certificate is also available to adults.

Figure 15 shows the recent growth in these credentials, together with the total number of students earning an industry certification or business licensure during the school year (some students are likely to have earned more than one of these credentials).

Figure 15

Workforce Credentials



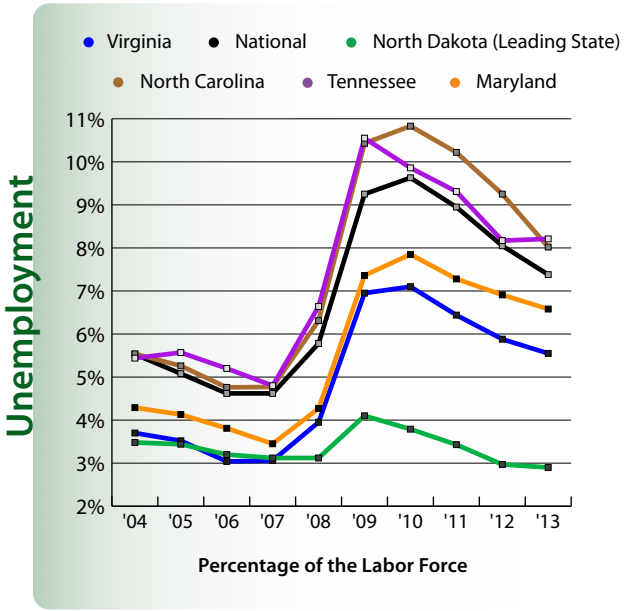
Sources: Industry Credentials/Business Licensures and Workplace Readiness Skills data is from the Virginia Department of Education. Career Readiness Certificates is from the Career Readiness Certificate website: www.crc.virginia.gov.

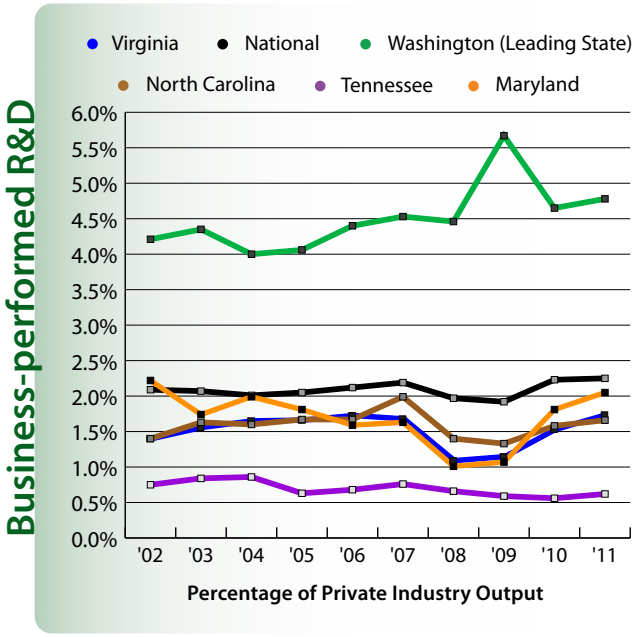
Business Climate: Virginia's business climate was again nationally recognized with top accolades, including Forbes' rating of the Commonwealth as best in the nation for business.

Unemployment: Virginia's unemployment rate, along with that of the nation, rose dramatically from 2007 into 2009, increasing to 7.1 percent in 2010. The unemployment rate fell to 5.6 percent in Virginia for 2013, below the national average of 7.4 percent, as well as the averages for Maryland (6.6%), North Carolina (8.0%), and Tennessee (8.2%).

Innovation and Entrepreneurship: Innovation fosters economic growth by boosting competitiveness and creating markets for new products and services, which in turn support growth in supplier and support industries. Innovation often leads to higher worker productivity as well, which is needed to support higher wages and salaries. Entrepreneurs bring new investment and innovation into the marketplace. Key measures include:

- **Research and Development (R&D):** Virginia ranked 21st on R&D expenditures as a percentage of gross state domestic product in 2010, and, at 2.4 percent of state GDP, was below the U.S. average of 2.6 percent. When R&D expenditures are restricted to those made by private business, Virginia dropped to 24th highest in 2011, at 1.6 percent of private industry output. While this rate is almost 80 percent higher than that of 2008 (0.9%), it lags behind the national average of 2.3 percent, as well as peer states Maryland (2.1%) and North Carolina (1.7%); Tennessee was at 0.6% in 2011. Washington had the highest private-sector R&D expenditures, at 4.8 percent of private industry output.
- **Patents:** Patents provide another measure of innovation levels. Virginia's rate of patent formation has been steadily improving and in 2013 was 22.8 patents per 100,000 residents, still well below the U.S. average of 42.2.
- **Venture Capital (VC):** VC investment is an important source of capital for entrepreneurs. VC dropped significantly across the U.S. during the last recession, but has since resumed growth with the gradually improving economy. In 2013, Virginia was ranked ninth in venture capital spending as a percentage of state GDP (0.13%); although that represents a doubling of VC spending rate over 2012, Virginia's rate was still lower than the national average of 0.18 percent.



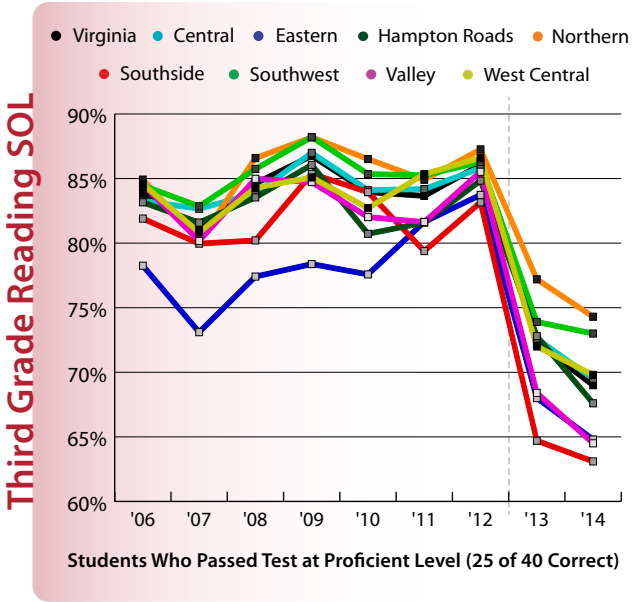


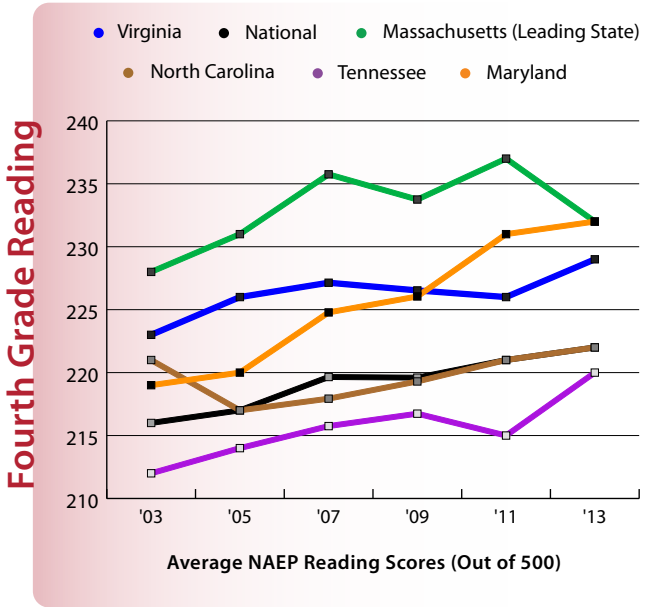
EDUCATION

Virginia's K-16 education system and the educational attainment of its working age adults have been among Virginia's strongest assets, and the Commonwealth's long-standing commitment to improving educational outcomes has been evident in the performance of a number of key indicators. Yet challenges remain. Shifting demographics, fiscal challenges, and the rapid improvement of top competitors are putting pressure on Virginia to continue to improve.

Third Grade Reading: Researchers have found that success in reading at the third-grade level is a good indicator of future educational progress. Virginia students take the Standards of Learning (SOL) assessments for the first time in the third grade. Performance on the SOL third grade reading test declined significantly for the 2012-13 school year as a consequence of the introduction of rigorous new tests. The overall pass rate declined again for the 2013-14 school year and, at 69.0 percent, was below the 72.3 percent rate for 2012-13, which itself was about 13.7 percentage points below the 2011-12 pass rate of 86.1 percent. The advanced pass rate (meaning students who passed at least 35 of 40 items) also declined again, falling from 19.0 percent in 2012-13 to 16.5 percent for the 2013-14 school year.

Fourth Grade Reading and Math: The first consistent national assessment of educational progress is conducted via the fourth grade National Assessment of Educational Progress (NAEP) test, often called the "nation's report card." In 2013, Virginia ranked sixth in reading and 12th in math on the fourth grade NAEP tests. Virginia's scores continue to exceed the national averages, which in 2013 were 222 for reading and 242 for math (out of a possible 500). Virginia's 2013 reading score (229) was an improvement over its 2011 performance (226) – and better than North Carolina's (222) and Tennessee's (220); Maryland's score was 232. Virginia's score in math in 2013 was 246 – better than Tennessee (240), North Carolina (245), and Maryland (245).



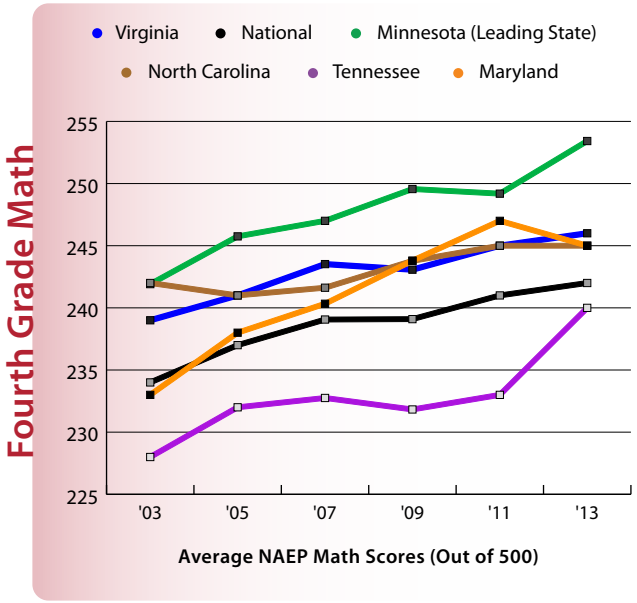


High School Graduation: Virginia's 2013-14 On-time Cohort Graduation Rate was 89.9 percent, up from 89.2 percent for the 2012-13 school year. This marks the sixth straight year of improvement. The on-time graduation rate for females, at 92.2 percent, was 4.5 percentage points higher than male students at 87.7 percent. The graduation rates for white, black, and hispanic students all improved, increasing to 92.4 percent, 85.4 percent, and 83.4 percent, respectively.

Educational Attainment: The Commonwealth's workforce has an impressively high percentage of highly educated workers. In 2013, Virginia ranked fourth in the nation for most master's degrees (11.1%), sixth for doctorates (1.7%), and seventh for the most professional degrees (2.3%) as a percentage of the adult population 25 and over. Recently released Census data reveal that Virginia ranked sixth among the states in the percentage (36.1%) of its adult population 25 and older with a bachelor's degree or higher in 2013. On the other hand, while continuing to improve, too many of Virginia adults (11.6 percent of adults) in 2013 were without a high school diploma (or its equivalent).

Industry leaders believe that current levels of educational achievement may not be sufficient to accelerate the state's economic vitality and standard of living in an increasingly competitive world economy. Also, research has shown that additional education or training beyond high school has become essential for ensuring individual success and regional prosperity.

While Virginia has done well in attracting highly educated workers, many workforce and industry leaders believe that Virginia needs to generate more of its own exceptional talent base to support future growth. The Commonwealth has set an ambitious goal to generate a significant number of new higher education degrees by 2030 from its public and private institutions. This objective of generating more than 168,600 new degrees, together with ambitious target of generating significant numbers of new workforce credentials, would be enough to help Virginia boast the best workforce in the nation. Plans to strengthen higher education also include special incentives to produce more STEM-H (science, technology, engineering, math, and health) degrees, thought to be particularly valuable in a highly competitive international marketplace. ***Figure 16*** (page 28) presents the recent positive trend in STEM-H and total degrees awarded.



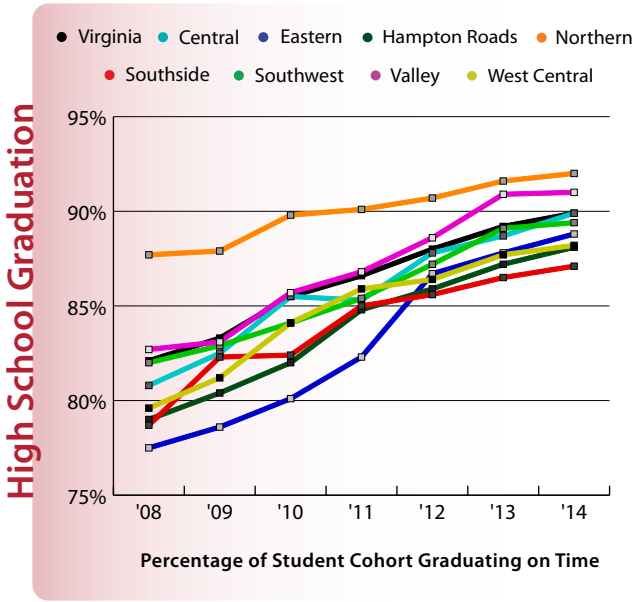
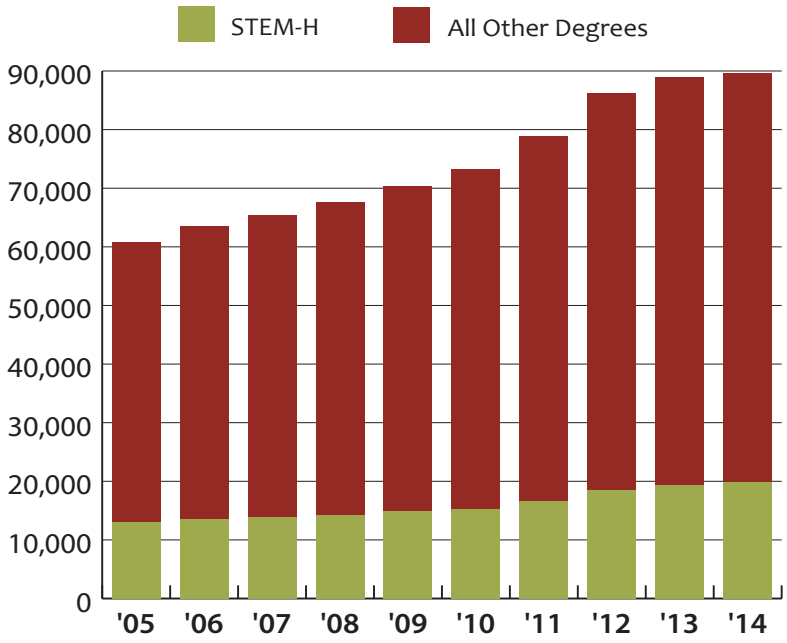


Figure 16

STEM-H AND OTHER DEGREES *



* Includes 2- and 4-year degrees from all reporting public and private schools

Figure 16 source: State Council of Higher Education for Virginia, Report C07: Trends in STEM-H Production, http://research.schev.edu/completions/stem_trends.asp.

Virginia has been emphasizing getting students career and college ready for many years. The discussion about Workforce Quality noted the increasing focus on helping students earn value-added workforce credentials. Virginia has also been working to help more students get college ready. Research based on data from Virginia's relatively new Longitudinal Data System (VLDS) is helping policy makers and education leaders isolate the keys to postsecondary academic achievement.

In a recent presentation at the VLDS INSIGHTS Conference, Marshal Garland (Gibson Consulting) and Deborah Jonas (Research & Analytic Insights) presented early findings from the Commonwealth's College and Career Readiness Project. Their findings were clear: Taking the right courses, as represented by earning an Advanced Studies diploma, is the most important factor in predicting the likelihood of high school graduates' college enrollment, persistence, and completion. Participation in college-level coursework was also associated with college enrollment and success, but not as strongly as diploma type.

Students who earned an Advanced Studies diploma were:

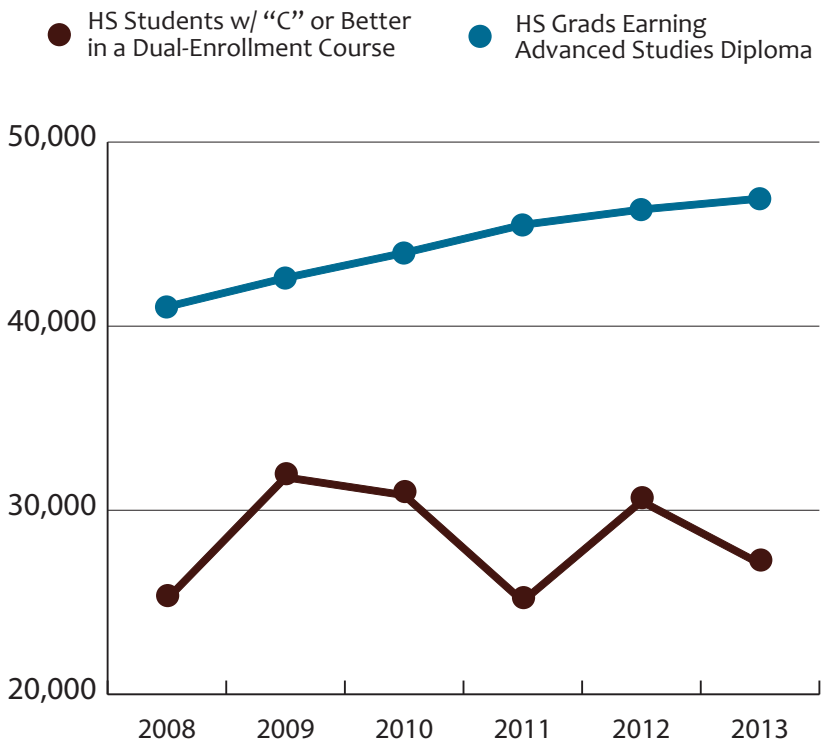
- more than twice as likely as Standard diploma earners to enroll in a two-year college;
- more than 7.5 times more likely to enroll in a four-year college;
- two to three times more likely to persist in college for at least four years; and
- four times more likely to earn a bachelor's degree within four years.

Figure 17 (page 29) shows the number of public high school students who earned an Advanced Studies diploma over the past five years and the number of public secondary students who earned at least a "C" on a dual-enrollment course (college-level coursework). The number of students earning a "C" or better on a dual-enrollment course remained flat over the period, while the number of students earning an Advanced Studies diploma increased by about 14 percent between 2008 and 2013.

NOTE: Data provided to us for the original release of this report indicated that the percentage of diploma students earning an Advanced Studies diploma fell by six percentage points for the 2010-11 school year. This is incorrect. The percentage of diploma students earning an Advanced Studies diploma has increased steadily since at least the 2007-08 school year, rising from 50.1 percent to 54.0 percent for the 2012-13 school year.

Figure 17

Measures of College Readiness



Source: Advanced Studies Diplomas - Virginia Department of Education; Dual Enrollment Credits - State Council of Higher Education for Virginia.

College Graduation: Virginia's rate of graduation for bachelor's degrees within six years was 11th best in the nation in 2011 at 62.9 percent. The baccalaureate graduation rate in Virginia (and many other states) has generally been flat since 2005, and although lower than Maryland's rate of 64.2 percent, it was higher than both North Carolina (58.8%) and Tennessee (50.9%). Virginia's three-year graduation rate for students seeking an associate's degree stood at 27.3 percent in 2011 (a drop from 29.5% in 2010), ranking Virginia 28th nationally and below the national average of 31.3 percent. Virginia's rate is above North Carolina (21.3%) and Maryland (23.1%), but lower than Tennessee (30.9%).

Another way to gauge college attainment is to look at the rate of degrees earned at Virginia colleges by region of student origin. Measured as degrees per 100,000 residents, these rates have generally increased since 2004. On average, associate's degrees issued went up from 130 in 2004 to 222 in 2013. Bachelor's degrees increased from 331 in 2004 to 417 in 2013.

In 2013 students from the Southside region earned the most associate's degrees (337) and the Central region had the fewest (165). Conversely, the West Central region earned the most bachelor's degrees per 100,000 residents (476), while the Southwest region had the fewest (188).

Other Indicators in Education:

- **School Readiness**: While no uniform single "readiness" assessment is widely used for all aspects of development, Virginia does use a screening tool to identify students who are at risk for reading difficulties. The Phonological Awareness Literacy Screening for Kindergarten (PALS-K) assessment is used to identify students who are below kindergarten-level expectations in important literacy fundamentals. The Virginia average of kindergartners who met or exceeded the PALS-K benchmark in 2013 was 87.5 percent, an improvement from 87.1 percent in 2012.
- **High School Dropout**: The dropout rate is a measure of the success of our elementary and secondary educational systems. Moreover, because high school dropouts are at higher risk of unemployment and other social ills, dropout rates are a leading indicator of potential future problems. The statewide cohort dropout rate for 2013-14, at 5.4 percent, was below the 5.9 percent rate of 2012-13.

HEALTH AND FAMILY

Recent progress on key health and family indicators has been positive, although some challenges remain.

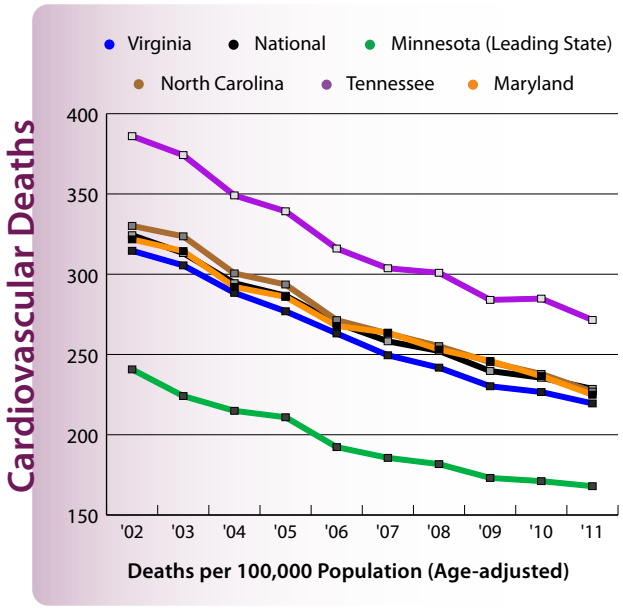
Cardiovascular Disease: Heart disease remains the leading cause of death in the United States, and stroke is still the fourth most common cause. Nearly 600,000 Americans die of cardiovascular diseases each year. The economic impact of cardiovascular diseases on our nation's health care system continues to grow as the population ages. High blood pressure and high blood cholesterol are the two main risk factors for cardiovascular disease. Other risk factors include diabetes, tobacco use, physical inactivity, poor nutrition, and obesity.

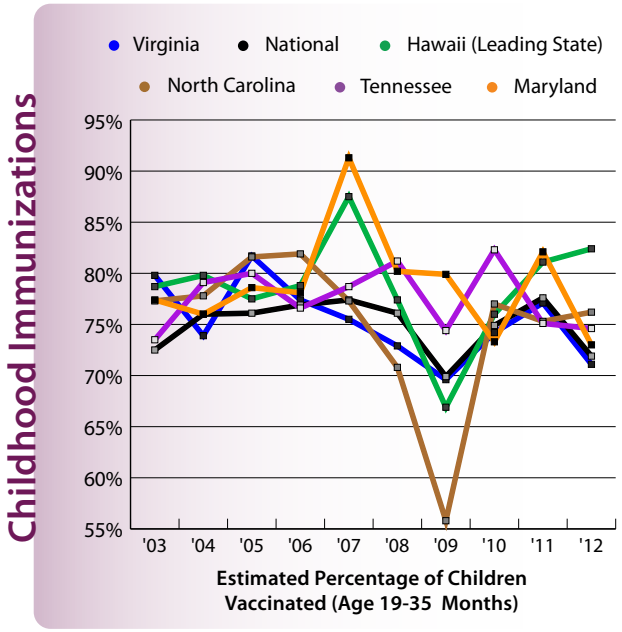
Virginia's death rate from diseases of the circulatory system has fallen every year since at least 2002. After adjusting for differences in age, in 2011 there were 220 deaths per 100,000 people in Virginia and 229 in the nation, giving Virginia the 27th lowest rate in the country. Cardiovascular death rates also continue to fall across much of the state. In 2012, the Northern, Hampton Roads, and Central regions of Virginia had the lowest age-adjusted death rate for major cardiovascular disease, with 156, 216, and 218 deaths per 100,000 people, respectively. The Southside region again had the highest rate in 2012, with 285 deaths per 100,000 people. (State-level data is more current than national-level data.)

Child Immunization Rates: Vaccines are given early in life because many vaccine-preventable diseases are more common and more deadly among infants and small children; childhood immunization also helps prevent wider outbreaks of such diseases. Virginia's child vaccination rate dropped from 77.1 percent in 2011 to 71.1 percent in 2012; this rate ranked Virginia 31st in the nation. The decline in 2012 followed two years of improvement.

Successful child immunization is defined by the percent of children ages 19 to 35 months who have received:

- four or more doses of DTP,
- three or more doses of poliovirus vaccine,
- one or more doses of measles-containing vaccine,
- three or more doses of HIB,
- three or more doses of HepB vaccine, and
- one or more doses of varicella vaccine.



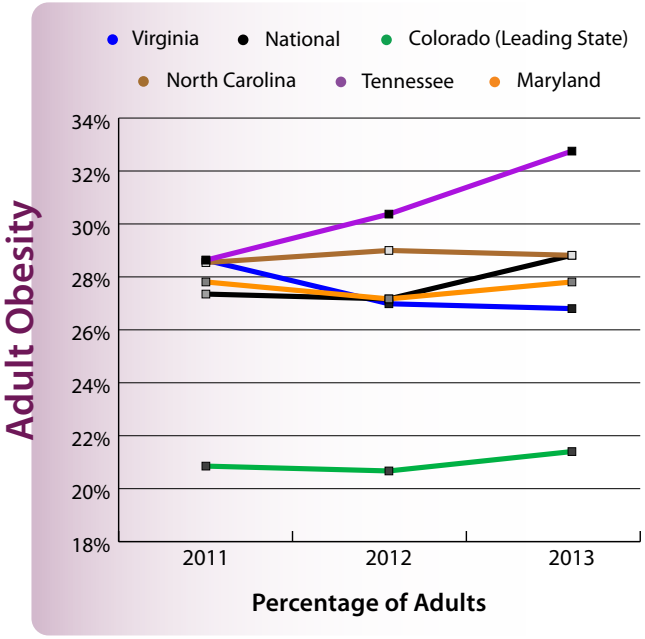


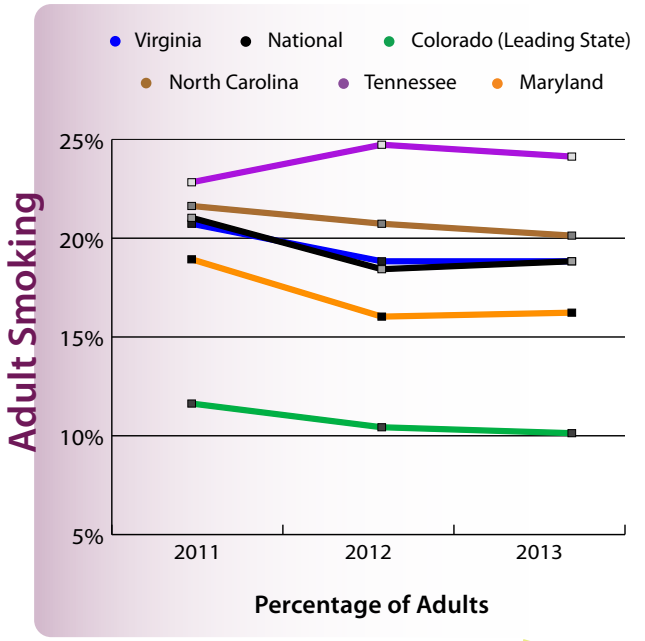
Obesity: Obesity and smoking are considered two significant risk factors for critical illnesses such as heart disease and cancer. Obesity often results in lost workdays, lower productivity, and negative health outcomes, including diabetes and depression. The state's 2013 obesity rate of 27.2 percent is lower than the national average (29.4%) and our peer states: Tennessee (33.7%), North Carolina (29.4%), and Maryland (28.3%). Virginia's average adult obesity rate fell from 29.2 percent in 2012 and gave Virginia the 18th lowest rate among the states.

Smoking: Smoking can result in a number of health problems, including cancer, cardiovascular disease, reproductive troubles, and increased infant mortality. According to a 2008 report from the Centers for Disease Control and Prevention, each year in the United States nearly 450,000 people die of a smoking-related illness. The percentage of adults who smoke in Virginia was 19.0 percent in 2013, unchanged from 2012 and the same as the national rate. Virginia's rate was above that of Maryland (16.4%), but below the rates in North Carolina (20.3%) and Tennessee (24.3%).

Other indicators in Health and Family:

- **Adoption:** Virginia's public adoptions increased from 525 to 639 between 2004 and 2012, an increase of more than 21 percent. Still, despite the growth in the number of adoptions, in 2012 Virginia had the second lowest rate of public agency adoption in the nation (34.4 adopted per 100,000 children). The national average in 2012 was 70.6.
- **Child Abuse and Neglect**: Virginia continues to maintain a low rate of child abuse and neglect; its rate of 3.2 substantiated cases per 1,000 children in 2012 was the third lowest in the nation.
- **Cancer**: Death rates from cancer continue to decline.
- **Foster Care:** Foster care refers to a variety of living situations in which a child may be placed outside of the home because the family living situation is unsafe. Virginia's placement rate of children into foster care continues to decline; its rate of 2.5 per 1,000 children ages 17 and under is best in the nation. However, Virginia also has the worst rate among the states for the percentage of youth (32%) who age out of foster care. But Virginia has been gradually improving the percentage of children who are placed with families while in foster care, increasing from 70.6 percent in 2005 to 83.0 percent in 2013.
- **Health Insurance**: The percentage of Virginians (under 65 years of age) without health insurance fell to 14.0 percent in 2013, down slightly from 14.2 percent in 2012. The national rate was 14.5 percent.
- **Suicide**: Relative to other states, Virginia in 2011 (the last year for which data is available) had the 17th lowest age-adjusted suicide rate, with 12.5 deaths per 100,000 people. This was an increase from the 2010 rate of 11.6 and was higher than the national average rate of 12.3. Tennessee (14.4) had a higher rate, while Maryland (9.1) and North Carolina (12.3) had lower rates.





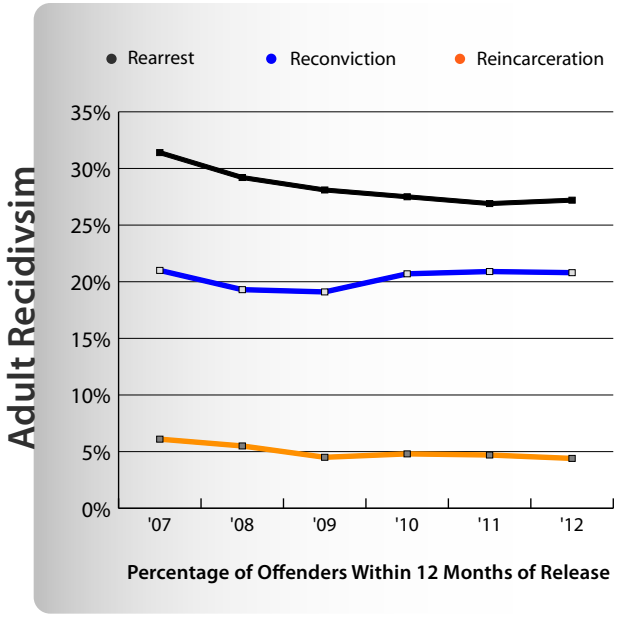
PUBLIC SAFETY

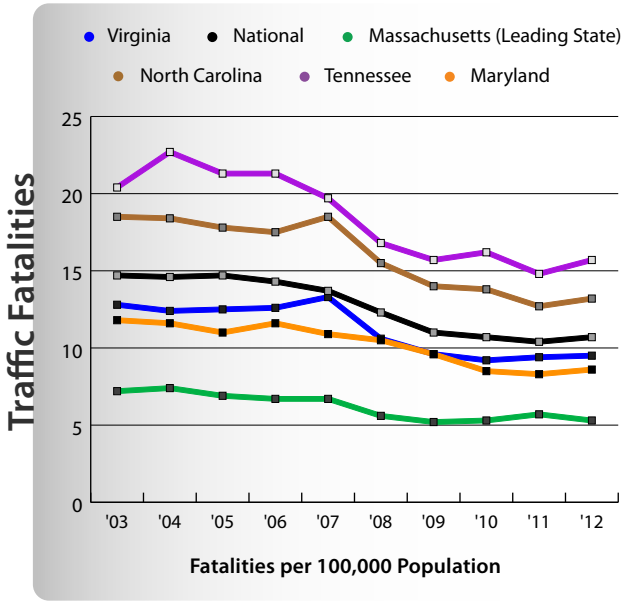
Adult Recidivism: Recidivism is a key indicator for determining whether criminal justice interventions, from diversion through incarceration, are making a difference in turning offenders away from crime. Since 2007, adult rearrest rates have largely declined, with 27.2 percent of offenders rearrested within 12 months of release from state incarceration in 2012, compared to 31.3 percent in 2007. Reconviction and reincarceration rates after 12 months have held fairly steady: 20.8 percent reconvicted and 4.4 percent actually reincarcerated in 2012.

Traffic Fatalities: Traffic fatalities are a leading cause of death, especially for young people between the ages of four and 34. The years of life lost as a result of these terrible events make their social costs particularly high, especially since many of these losses could have been prevented. Virginia's 2012 rate of 9.5 fatalities per 100,000 population was lower than the national average of 10.7, and gives Virginia the 19th lowest fatality rate in the nation. This rate was also lower than two peer states, North Carolina (13.2) and Tennessee (15.7), though higher than Maryland (8.6).

Other indicators in Public Safety:

- **Crime:** Crime rates measure the incidence of serious crimes that are reported to law enforcement agencies. A high crime rate suggests an unsafe community and may deter improvements or investment and degrade the residential desirability of an area. Virginia's violent crime rate was 190 per 100,000 people in 2012, the fourth lowest in the nation. In 2012, North Carolina saw a rate of 353, Tennessee was at 644, and Maryland posted a rate of 477. Property crime rates are also relatively low in Virginia. Virginia's rate of 2,162 property crimes per 100,000 population was eighth lowest among the states.
- **Juvenile Intakes**: Juvenile intakes provide a measure of problem behaviors among adolescents in a community, but intakes should not be interpreted as equaling the amount or seriousness of juvenile crime. In 2011, Virginia's juvenile property crime arrest rate was 753 per 100,000 population aged 10-17. The national average was 1,001. All peer states -- Maryland (1,370), North Carolina (1,090), and Tennessee (1,004) -- also saw higher arrest rates for juvenile property crimes than Virginia.
- **Juvenile Recidivism**: The Virginia Department of Juvenile Justice tracks rearrest, reconviction and reincarceration for 12 months after release from a juvenile correctional center. In 2012, rearrest occurred within one year for 48.1 percent of juveniles released from a correctional center. This rate was up from the previous year, but below the previous 4-year average. In 2011 (the last year for which data is available), reconviction occurred for 37.4 percent and reincarceration for 18.2 percent of juveniles who had previously been incarcerated. In 2012, rearrest occurred for 36.8 percent of juveniles within one year of release from a probation placement, up from 35.3 percent in 2011.





NATURAL RESOURCES

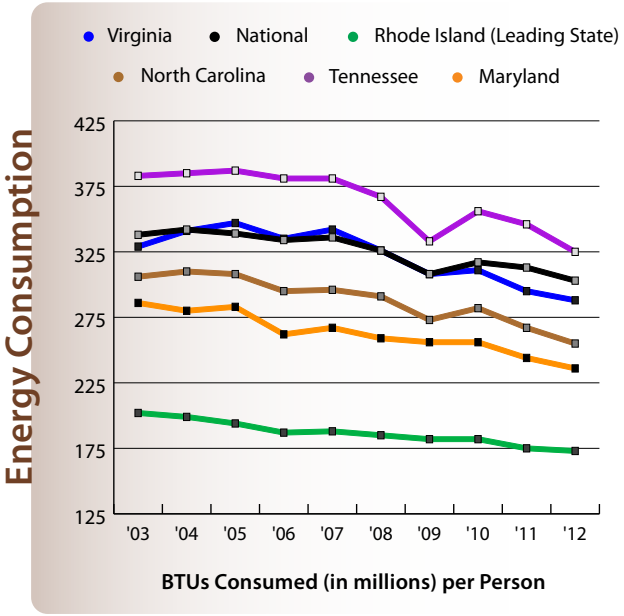
Energy: Virginia depends on reliable, safe, and economical sources of energy to power its growing transportation, residential, commercial, and industrial needs. But continued reliance on energy imports and mounting concerns over carbon-based fossil fuels present new challenges.

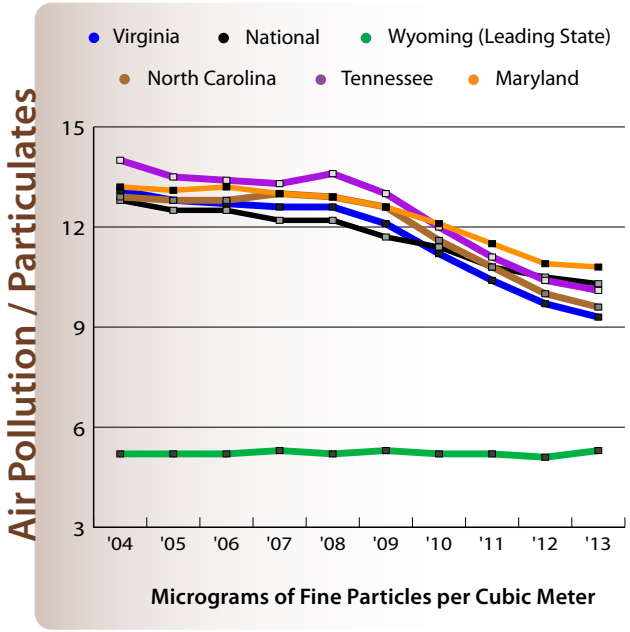
Virginia consumed over 2,356 trillion BTUs of energy in 2012, a decrease from levels earlier in the decade. Virginia's energy use fell from an annual 347 million BTUs per person in 2005 to 288 BTUs per person in 2012. This rate is lower than the national average of 303 million BTUs and ranked Virginia 22nd among U.S. states for energy consumption. Renewable energy production represented 4.8 percent of all electric generation in 2012, the lowest rate in a decade and down from 5.1 percent of all electric generation in 2011. Virginia's rate of renewable power generation was lower than its peer states and the national average.

Air Quality: Virginia's air quality has improved markedly in recent years; the number of micrograms of fine particles per cubic meter of air dropped to 9.3 in 2013, down from the 2012 rate of 9.7 and almost 30 percent below 2004 levels. However, instances of recorded ozone concentrations higher than 75 parts per billion rose to an average 74.7 for the three-year period of 2010-2012, up from 52.0 for the 2009-2011 period. There were 72.0 average incidences for the the period 2008 through 2010.

Other indicators in Natural Resources:

- **Water Quality**: Virginia has made a significant commitment to improve water quality by substantially reducing its contribution to the nitrogen, phosphorous, and sediment loads in the Chesapeake Bay by 2025 through strategies outlined in the 2014 Chesapeake Bay Watershed Agreement. Already, nitrogen pollution from Virginia has fallen from a total of 68.1 million pounds in 2009 to 60.9 million pounds in 2013; discharges of phosphorus have also dropped – from 8.7 million pounds in 2009 to 7.7 million pounds in 2013.
- **Land Preservation**: Since 2001, Virginia has been making a concerted effort to increase the amount of land kept free from development. More than 336,000 acres were preserved from 2009 through 2013.
- **Historic Resources**: Virginia ranks first in the nation for historic district registrations.





TRANSPORTATION

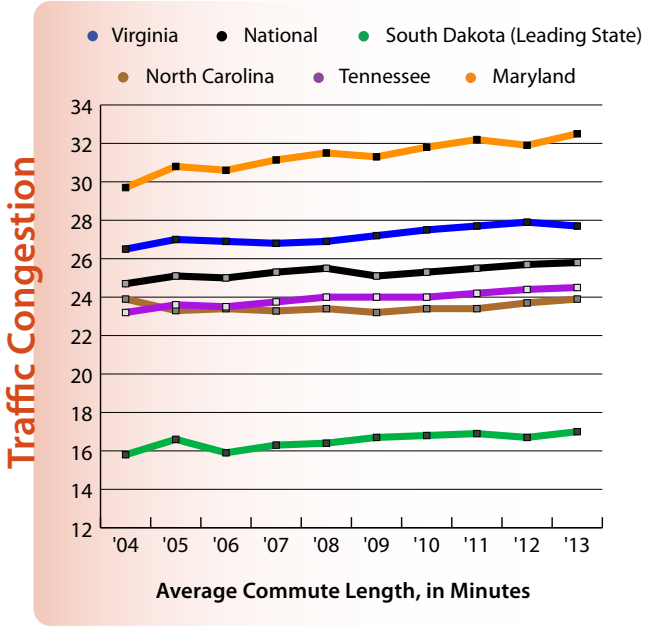
Traffic Congestion: Traffic congestion presents more than a headache for commuters; it has a negative impact on the delivery of goods and services and the general well-being of citizens. Virginia's average commute time to work in 2013 was 27.7 minutes, the seventh highest in the nation. While higher than North Carolina (23.9 minutes) and Tennessee (24.5 minutes), this average was lower than Maryland's 32.5 minutes. The national average was 25.8 minutes. The Washington, D.C., metropolitan area was yet again the highest in the nation for average hours (67) of delay per traveler in 2011. The Hampton Roads area also experiences high levels of congestion, with about 43 hours of average delay per traveler per year.

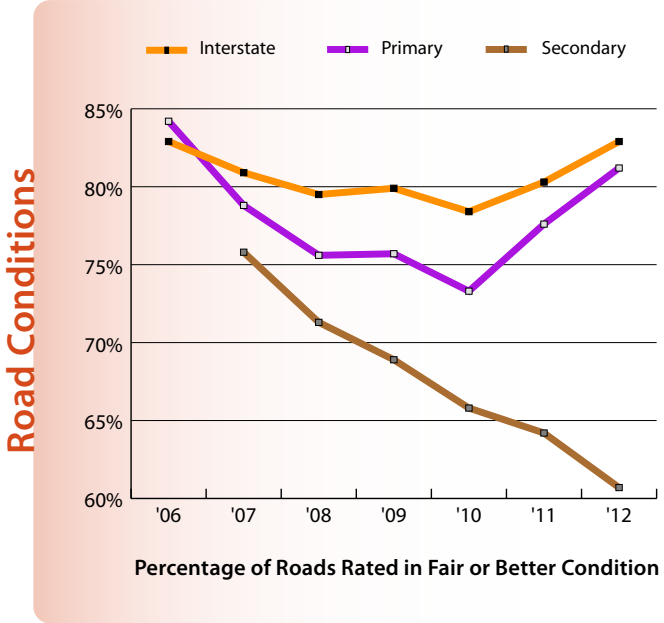
Infrastructure: Maintaining Virginia's transportation infrastructure remains a challenge. Infrastructure not properly maintained can lead to increased congestion and safety risks. Overall, interstate and primary road pavement conditions have improved in recent years, while secondary roads have continued to deteriorate. Nearly 83 percent of interstate roads in 2006 were rated fair or better, and primary roads were at 84.2 percent. After several years' decline, interstate highways (84.0%) in 2013 were above 2006 levels, and 83.3 percent of primary roads were again in fair or better condition. However, secondary roads continued to decline from 75.8 percent fair or better in 2007 (no 2006 data is available) to only 59.6 percent in 2013.

In 2013, 26.1 percent of Virginia's bridges were functionally obsolete or structurally deficient, ranking the state the 31st nationally. This was the lowest rate in a decade. It should be noted that functionally obsolete or structurally deficient bridges are not necessarily unsafe.

Other indicators in Transportation:

- **Multimodal Transportation**: Multimodal transportation refers to the network of airports, seaports, roads, rails, transit systems, and walkways that are integrated to form a seamless system for moving people and freight from point to point. Typically, the more viable options there are for movement – and the better these modes support and interconnect with each other – the less congestion and stress there will be on all systems. Between 2012 and 2013, Virginia saw a slight drop in the percentage of workers reporting they commuted to work by means that place a lower burden on roads: car pool, public transit, walking, bicycling, or avoiding travel altogether by working from home. Virginia's 21.3 percent use of these alternate means was lower than the national average of 22.3 percent and ranked the state 19th best in the nation.





GOVERNMENT AND CITIZENS

Virginia's goal is to be recognized as the best managed state in the nation. The challenge for all governments, large or small, is to serve the public trust with honesty, responsiveness, and good stewardship. With a 2014-2016 biennial operating budget of over $96 billion and more than 120,000 salaried and wage employees who serve a population of more than 8.26 million people, Virginia's state government is necessarily complex.

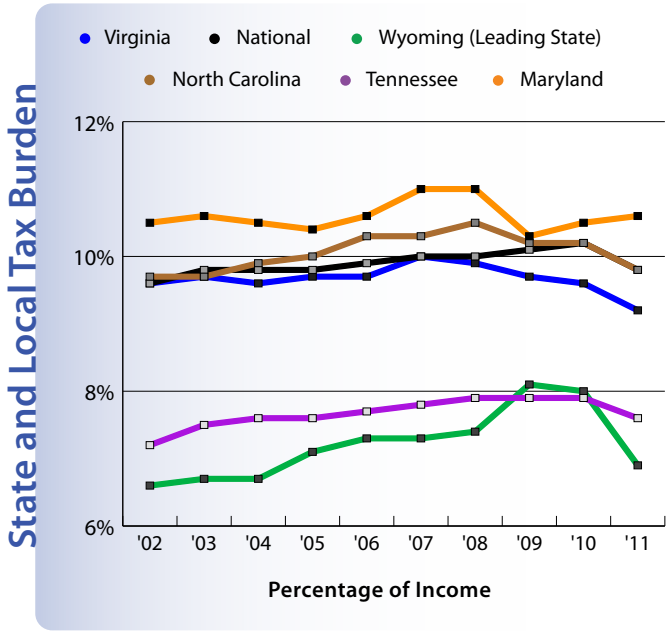
Bond Rating: A strong state bond rating reduces the cost of borrowing and serves as a good measure of a state's financial and administrative status. Virginia's AAA bond rating, the best rating possible, is a reflection of the confidence placed in the Commonwealth's fiscal health. Virginia is only one of nine so-called "triple-triple-A" states (i.e., receiving a "triple A" rating from the three key rating agencies: S&P, Moody's, and Fitch) and has held an AAA bond rating for more than 75 years, longer than any other state.

Broadband Access: According to the national broadband map created by the National Telecommunications and Information Administration (NTIA), Virginia ranks 37th in the percentage of residents in proximity to access points with broadband speeds of 3 mbps or greater, up from 41st in 2012. With 98.2 percent access, Virginia ranks lower than all its peer states (Maryland at 99.9%, North Carolina at 98.5%, and Tennessee at 98.3%) -- and lower than the national average of 99 percent.

Consumer Protection: Virginia saw minor improvements with consumer protection issues in 2013. But the state still has the eleventh highest rate of consumer fraud in the country (498 per 100,000 population) and the 16th highest identity theft rate (73 per 100,000 population). The Commonwealth also had the 22nd highest rate of disciplinary actions taken against physicians for 2011, at 3.1 per 1,000 doctors.

Government Operations: Virginia is one of the best-managed states in the nation, as evidenced by its long-standing AAA bond rating and its accolades from numerous leading national organizations. The Government Operations Report Card, discussed later in this chapter, enhances our view of government efficiency and effectiveness at the enterprise level.

Taxation: Tax burden measures the taxes collected by state and local governments as a percentage of income earned by individuals and businesses in that state. According to the Tax Foundation, in 2011 Virginia's tax burden declined for the fourth year and was the 20th lowest in the country at 9.2 percent of income, which was below the national average of 9.8 percent.



ARE WE GETTING RESULTS ON OUR HIGHEST PRIORITIES?

Introduction

This section of The Virginia Report presents information the state's progress toward its most important goals.

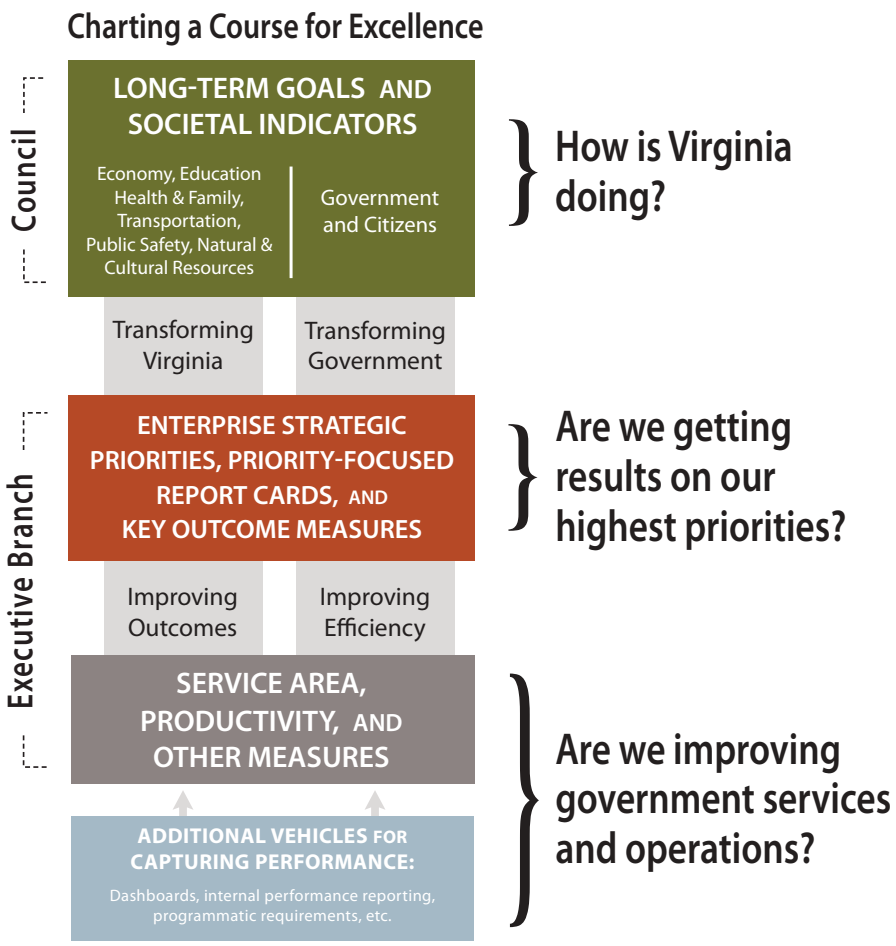
Since its inception in 2004, Virginia Performs has served as the Commonwealth's performance leadership and accountability system to help ensure that state government is both efficient and effective in improving outcomes and the quality of life for Virginians. The architecture of Virginia Performs has evolved over time, starting with the development of the Commonwealth's highest level, long-term goals and societal-level indicators established by the Council on Virginia's Future. Agency-level strategic plans, key objectives, and associated performance metrics were then incorporated into Virginia Performs and were followed by the development of agency productivity metrics and the reporting of agency performance results.

The next major step in the development of the overall system was capturing higher-level priorities and performance information associated with issues and initiatives broader than the agency level. These higher-level strategies and targets help strengthen the linkages between top-level goals and agency priorities, objectives, and performance targets. ***Figure 18*** provides a view of the architecture of Virginia Performs

The following section summarizes recent and ongoing developments for the three existing Priority-focused Reports cards: Workforce System, Innovation and Entrepreneurship, and Government Operations. Following that discussion, Governor McAuliffe's Enterprise Strategic Priorities are presented. As noted in the introduction, this would normally be followed by tables summarizing progress on agency priorities and productivity efforts. However, due to an extended planning cycle, performance information was not available when this report was developed. An addendum will published when the performance information is available via Virginia Performs.

Figure 18

VIRGINIA PERFORMS ARCHITECTURE



Priority-focused Report Cards

Developing a clear picture of where we are today and what matters most for driving change are the cornerstones of good planning and decision-making about our future.

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 and is complemented by an extensive array of more detailed, agency-level performance data via the agency section of Virginia Performs.

The challenge has been to integrate these levels of information in a way that significantly deepens our understanding of progress on broad issues such as workforce quality or economic competitiveness. To address this need and to better promote strategic thinking and wider collaboration, the Council has begun a long-term initiative to develop priority-focused report cards based on the Virginia Performs model. The first three Report Cards – Workforce System, Innovation and Entrepreneurship, and Government Operations – are briefly reviewed here.

WORKFORCE SYSTEM REPORT CARD

When the Council sponsored a business climate survey several years ago, workforce quality topped the list of concerns that the business community recognized as being a major driver of business health throughout the Commonwealth. Workforce quality is also getting a renewed focus from state leaders, with several important initiatives underway to make Virginia, already boasting a strong workforce, the national leader in workforce quality (see the discussions on Workforce Quality, page 23, and Educational Attainment, page 27).

However, one of the challenges facing the Commonwealth's workforce improvement efforts has been limitations on how well we identify and track the factors critical to strengthening workforce quality. Assessing workforce quality had traditionally been focused on measures of educational attainment such as student achievement, high school graduation rates, and college degree awards, which alone do not adequately track progress, for instance, on how well our education and workforce resources are responding to evolving industry and workplace skill requirements. In addition, the Commonwealth's workforce development system is multi-layered and involves several agencies and levels of government, as well as many partners, both public and private. Council staff has been working intensively over the past two years with workforce and industry leaders on ways to improve workforce-related assessment and planning efforts.

Virginia's Workforce System Report Card (***Figure 19***, page 38) was created in 2012 to track important indicators of progress for the overall workforce development system. Each indicator on the Report Card presents a high-level view of key workforce measures that transcend specific state agency and private workforce programs. While the report card continues to rely heavily on educational attainment data, it continues to evolve as more and better workforce data becomes available.

The Report Card was collaboratively developed by the Council on Virginia's Future, the Governor's Office, the Virginia Board of Workforce Development, and Virginia's Career Pathways Workgroup, which represents eight state agencies responsible for Virginia's major education and training programs.

Figure 19

Virginia Performs

Measuring what matters to Virginians

Virginia's Workforce System Report Card

STEM-H Pipeline

GOAL: Increase the number of students with science, technology, engineering, math, and healthcare skills.

STEM-H enrollments	↑
STEM-H credentials and degrees	↑
STEM-H dual enrollment credits	↓
STEM-H Advanced Placement exam	→

Secondary Educational Attainment

GOAL: Enable all students, including at-risk students, to complete high school and prepare for college.

High school graduation	↑
Advanced studies diplomas	↑
Adult secondary credentials	↓

Postsecondary Educational Attainment

GOAL: Increase the number of students entering college and earning degrees, certifications, licenses, and apprenticeships.

Postsecondary enrollments	→
Postsecondary credentials and degrees	↑
Industry certifications or state licensures	↑
Apprenticeship credentials	↑

Career & College Readiness

GOAL: Increase student readiness for both postsecondary education and the workplace.

Workplace Readiness Skills Credentials	↑
Career Readiness Certificates	↑
Certificates and degrees before high school graduation	↑
Dual enrollment credits	↓
Advanced Placement exams	→
Algebra II	↑

Employment & Business Development

GOAL: Reduce unemployment and increase both employment and income.

Labor force participation	↓
Wages	→
Unemployment rate	↑
Weeks on unemployment	→
Employment	↑
Establishments	↑
Demand-focused workforce solutions	△

Emerging Workforce in Manufacturing

GOAL: Increase credentials and enrollments in manufacturing-related programs; improve the reach of manufacturing instruction and overall employment.

Dual enrollments	↑
Project-based competitive events	↑
Career and technical education	↑
Community college internship programs	↑
State-registered apprentices	↑
Industry certification	↑
Credentials and degrees	↑
Annual new hires	→
Shared assets (labs, equipment, instructors)	-
Shared manufacturing curriculum programs	-

Performance Trend

Improving	↑
Maintaining	→
Worsening	↓
Trend data not yet available	–
In development	△

Performance is tracked from 2008 to the latest year data is available.

January 2014

Since 2012, the report card has undergone one major update with the addition of indicators on science, technology, engineering, math, and health (STEM-H) dual enrollment credits, Advanced Placement (AP) exams, and Algebra II advanced pass rates. The process of improvement continues; three new developments are planned over the next several months, including:

- Accessible Performance Data: Council staff is working with Virginia Community College staff to make the detailed performance data behind the Workforce Report Card available via the Internet. This should be completed in early in 2015.
- Version "3.0": The Council is working closely with the Virginia Board of Workforce Development's Performance and Accountability Committee of the Board to identify new workforce measures for the health field, to refine existing metrics for Virginia's emerging workforce for manufacturing, and to finalize a method for assessing regional demand-focused workforce solutions. The next major revision to the Report Card, including the first set of healthcare and life sciences workforce indicators, is scheduled for release in early 2015.
- Demand-focused Workforce Solutions: Producing more degrees and workforce credentials alone will not meet Virginia's long-term workforce needs – those degrees and workforce credentials must be in the skill areas most in demand by Virginia employers. This is particularly true for regional labor markets. Unfortunately, Virginia's approach to regional, industry-focused workforce development has largely been ad hoc, with little formal tracking to document partnerships designed to align workforce supply with demand. To help address this challenge, Council staff is working with the Virginia Board of Workforce Development and other workforce partners around the state to establish an approach to assessing industry-sector approaches to workforce development. A new report card indicator – Demand-Focused Workforce Solutions – will then capture regional progress in developing sustainable, collaborative approaches to workforce development for in-demand occupations in key industry sectors. ***Table 7*** presents the proposed stages to evaluate the maturity of regionally-driven workforce solutions. The first assessment using this vehicle should be available in the spring of 2015.

Table 7: Proposed Stages of Regional Business-Driven Workforce Solutions

Stage	Definition
Pre: Minimal	There is minimal effort in the region to develop a partnership with the business community to close workforce skill gaps for a key industry sector.
Stage 1: Convening	A workforce intermediary (convener) takes the first step in engaging a stakeholder group that includes economic developers, business leaders, educators, and workforce trainers around workforce issues for a key regional industry.
Stage 2: Under-standing	The regional partnership is conducting a gap analysis of timely and accurate labor market information and other data to identify occupations with the greatest demand. Additionally, the regional consortium or partnership is engaging the business community and education and training providers to identify the gaps between available training and employer identified competencies for occupations.
Stage 3: Planning	The regional consortium or partnership is developing an approach to address gaps by identifying the strategies, including the partners and funding resources, needed to create new or revise existing programs and curricula. The resulting plan has a clear, business-driven vision.
Stage 4: Implementing	The regional consortium or partnership is working together to implement the approach to address employer demand by redesigning curricula, aligning programs, and redirecting resources.
Stage 5: Ongoing	The regional consortium or partnership continues to meet with representatives of the business community, to revise demand assessments periodically, to adjust strategies based on performance outcomes, and to collaboratively contribute resources to the work of the partnership. Based on lessons learned from the initial sector approach, the region could initiate a similar approach for another industry sector, creating a systemic change in the region's approach to workforce.

INNOVATION AND ENTREPRENEURSHIP REPORT CARD

Innovation and entrepreneurship drive economic competitiveness and figure prominently in economic development strategic planning. At the behest of the 2013 General Assembly, the Center for Innovative Technology began developing a new Innovation and Entrepreneurship Measurement System (IEMS) to assist lawmakers, industry leaders, and other stakeholders in gauging the state's entrepreneurial environment and determining public-private investment priorities. The Council provided input into the development of the system's measures, which now track the state's performance in activities such as research and development, access to capital, commercialization, business dynamics, and the talent pipeline.

The IEMS is now live (www.cit.org/initiatives/iems/measurement-system/) and an Innovation and Entrepreneurship indicator was added to the Virginia Performs Scorecard at a Glance. ***Figure 20*** (page 41) presents the Innovation and Entrepreneurship Report Card. Selected indicator data (R&D spending, Patents, and Venture Capital) from Virginia Performs is provided on page 25. Additional key points from Virginia Performs include:

- A significant portion of innovation occurs in high technology firms. In 2012, Virginia again led the nation in the percentage of establishments – 7.6 percent – that are high tech. The national average was 4.5 percent. Among Virginia's regions, the Northern region has by far the highest percentage of high tech establishments at 13.9 percent, followed by the Hampton Roads (4.7%) and Central (4.6%) regions.
- The number of business startups is another good measure of entrepreneurship, as well as of the quality of an area's business climate and its long-term prospects for growth. In 2010, Virginia's national rank for business startups dropped to 20th (from 13th in 2009), with a growth rate for new employer establishments of 9.3 percent. The national average was 9.6 percent. Within Virginia, the Southside region had the highest rate per 10,000 residents in 2012 with 18.4, while the Hampton Roads region had the least, with 9.4 business startups per 10,000 residents.

GOVERNMENT OPERATIONS REPORT CARD

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. In addition, a significant share of the work of government and delivery of its services is accomplished through local governments and other public and private third-party partners. Given this scope and complexity, it is important to develop a high-level view of government operations.

The Government Operations Report Card complements and builds on the information contained in the current Government Operations indicator in the Government and Citizens section of the Scorecard at a Glance. This high-level card provides an overview of the overall efficiency and effectiveness of state government. Performance information covers financial stewardship, customer service, human resource development, and management practices. ***Figure 21*** (page 42) presents the Government Operations Report Card. Council staff will continue to work with agencies to improve the report card, but we have identified key gaps in our ability to assess progress in certain areas:

- **Customer Satisfaction**: While many agencies have made notable efforts to improve their customer service, we have discovered that assessment of customer service is neither consistent nor readily available across the enterprise.
- **Facilities Construction and Maintenance**: The state maintains an extensive portfolio of lands and buildings totaling more than 129 million square feet and more than 425,000 acres of land. We found that the Commonwealth does not maintain a single, integrated database of its capital assets; lacks a consistent method of determining appropriate reserves for deferred maintenance; and cannot readily produce on-time and on-budget status reports for facilities maintenance and construction projects.
- **Leadership Development and Succession Planning**: In recent strategic planning reports, many agencies identified "an aging workforce" as an important issue. As a result, agencies are investing more in developing the talent needed to replace retiring skilled personnel. However, we lack useful enterprise-level information to track our performance in this critical area.

Figure 20

Virginia Performs

Measuring what matters to Virginians

Innovation & Entrepreneurship Report Card

NOTE: Data provided by the Center for Innovative Technology

Talent Pipeline

Goal: Expand and enhance Virginia's high-quality, highly skilled workforce.

Entrepreneurship Training	♻
High-tech Employment	→
Knowledge Worker Migration	↓
STEM Degrees	↑
Virginia FIRST Participation	↑

Commercialization

Goal: Accelerate the introduction and growth of new technologies and products derived from research in Virginia.

University Licensing	↓
University Startups	↑

STEM: Science, Technology, Engineering, and Math
FIRST: For Inspiration and Recognition of Science and Technology (programs to introduce six to 18-year-olds to science and technology)
SBIR: Federal Small Business Innovation Research grants
STTR: Federal Small Business Technology Transfer programs
IPOs: Initial public stock offerings

Research and Development

Goal: Increase support for the research and development activities that provide a foundation for high-tech growth.

Corporate R&D Intensity	↑
Federal R&D Spending in Virginia	↓
Patents Filed	↑
Patents Awarded	↑
SBIR and STTR Awards	↓
State R&D Intensity	↑

Business Dynamics

Goal: Enhance Virginia's business climate for entrepreneurs and high-growth technology enterprises.

Broadband Access	↑
Entrepreneurial Activity	↑
Establishment Churn	↓
Fast Growing Firms	↑
IPOs, Mergers, and Acquisitions	↑
Startups	→

Access to Capital

Goal: Improve access to capital for new and expanding high-tech enterprises.

Private Investment	↓
Public Sector Investment	→
R&D Tax Credits	↑

Outputs

Goal: Accelerate technology-based capital investment and job growth.

High-tech Export Share	↓
High-tech Job Creation Share	↓
High-tech Output Share	↑
High-tech Wages	→
Hypergrowth Share	→
Market Trends	↑
Workforce Educational Level	→

Performance Trend

Improving	↑
Maintaining	→
Worsening	↓
Under Development	♻

December 2013

Figure 21

Virginia Performs

Measuring what matters to Virginians

State Government Operations Report Card

Customer Service

Goal: To improve the quality and responsiveness of government services across the enterprise.

Customer Satisfaction	→
Customer Service Management Practices	↑
Digital Government	↑
Service Quality	→

Accountability

Goal: To protect the health and safety of Virginians while using resources in a fair, accountable, and transparent way.

Consumer Protection	→
Diversity and Fairness	→
Fraud and Waste Control	↑
Regulatory Framework	↑
Transparency	↑

Performance Assessment and Improvement

Goal: To continually improve the efficiency and effectiveness of government operations.

Key Process Performance	↑
Performance Management and Reporting	↑
Process Improvement Practices	↑
Strategy and Internal Communications	↑

Infrastructure Stewardship

Goal: To protect and enhance the returns on the Commonwealth's investments in its infrastructure.

Cyber Security	→
Emergency Preparedness	↑
Energy and Environmental Management	↑
Facilities Maintenance and Construction	↓
Information Technology	→
Roads, Rail, and Other Infrastructure	→

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Financial Management

Goal: To wisely manage and optimize the resources entrusted to state government.

Audit and Internal Controls	↑
Bond Rating	↑
Debt Burden	↓
Financial Asset Management	↑
Grants and Contract Management	↑
Rainy Day Fund	↑
Revenue Forecasting	→
Self-insurance Liabilities	↓
Tax Burden	↑

Human Resource Development

Goal: To wisely manage, support, and develop the human resources needed to carry out the functions of government in the most efficient and effective way possible.

Development and Assessment	→
Employee Health and Workplace Safety	↑
Employee Relations	↑
Leadership Development	♲
Turnover	↑

Performance Trend

Improving	↑
Maintaining	→
Worsening	↓
Under Development	♲

Enterprise Strategic Priorities

Enterprise-level strategic priorities, established by Governor McAuliffe and his team, help bridge the gap between long-term goals and agency key objectives. These priorities span agency and Secretariat boundaries, provide important input into agency planning processes, and establish a baseline for assessing progress toward the highest priorities of government. ***Table 8*** (page 44) provides a list of current priorities.

These policy priorities, developed for the first time at the beginning of an administration's four-year term, are being used by agencies as they finalize their strategic plans and performance targets for the 2014-2016 biennium. Agencies will, where appropriate, identify specific strategies and performance targets that support achievement of the relevant policy priorities.

The priorities reflect Governor McAuliffe's commitment to "Building a New Virginia Economy" and are organized into nine overarching categories:

- **Economy**: Growing and diversifying the economy, increasing international trade, and strengthening energy supplies.
- **Education**: Improving teaching and student achievement, particularly in high-poverty communities; strengthening pathways to high-demand degrees and work credentials; and promoting access to higher education.
- **Health and Family**: Embracing innovative models of care to improve health outcomes while lowering costs and increasing accessibility to high-quality services and care for more Virginians.
- **Government and Citizens**: Managing public resources efficiently and effectively, improving citizens' access to data and decision-making processes, ensuring supplier diversity, and improving customer service.
- **Natural Resources**: Restoring the Chesapeake Bay, conserving land wisely, and preparing the Commonwealth for the effects of climate change.
- **Public Safety and Homeland Security**: Protecting citizens, building safe communities, targeting gun violence, ensuring emergency preparedness, and reducing sexual and domestic violence.
- **Transportation**: Ensuring the optimal allocation of transportation resources, expanding the role of non-highway modes of transportation, and engaging local governments and citizens in transportation decision-making.
- **Veterans and Families**: Ensuring that Virginia remains the preeminent state for military personnel, their families, and veterans.
- **Workforce**: Aligning Virginia's workforce to meet current and anticipated employer demands, increasing the production of workforce credentials, and building the skills needed for a 21st century workforce.

ARE WE IMPROVING GOVERNMENT SERVICES AND OPERATIONS?

As noted in the introduction, these strategic priorities would normally be followed by tables summarizing progress on agency priorities and productivity efforts. However, due to an extended planning cycle, performance information was not available when this report was developed. An addendum will published when the performance information is available via Virginia Performs.

Table 8

2014 ENTERPRISE STRATEGIC PRIORITIES

Economy

Business Climate and Economic Development: Promote Virginia's competitive business climate to maintain the designation as the best state for business.

Poverty: Develop a clear and consistent anti-poverty policy.

Diversification: Attract businesses to the Commonwealth that operate in new and growing fields in the 21st century economy. Targeted areas include cyber security and biosciences.

Exports: Enhance Virginia's trading relationship with international partners.

Energy: Promote a diverse and reliable energy supply.

Education

Achievement Gap: Improve educational success in struggling schools in high poverty communities and expand access to quality early education for all children

K12 Education: Promote great teaching and learning through accountability reform, emphasize creativity and critical thinking skills, and strengthen support for teachers and educational leaders

Pathways to the 21st Century Workforce: Strengthen pathways in K-12, community colleges, and throughout higher education, increasing affordable completion of high-demand degrees and credentials

Higher Education Access and Affordability: Continue to strengthen Virginia's system of community colleges and four-year institutions and promote greater access and affordability for all Virginians.

Health and Family

Healthcare Accessibility: Advance access to high-quality health care for more Virginians.

Behavioral Health: Strengthen Virginia's behavioral health system in partnership with hospitals, law enforcement, free clinics and community health centers, private providers, consumers, family members and advocates.

Nutritional Divide: Promote strategies to improve nutritious options for Virginians in at-risk circumstances.

Healthcare Innovation: Embrace innovative models of care and new technologies to improve health outcomes and lower costs.

Women's Health: Protect women's rights to make their own healthcare decisions.

Children and Families: Promote strategies that encourage a culture of health through stable housing, access to high-quality health care and proper nutrition.

Government and Citizens

Transparency: Collaborate across secretariats to improve citizens' access to government data and decision-making processes.

Supplier Diversity: Ensure that small, women, and minority-owned businesses are afforded representative access to government procurement.

Restoration of Rights: Maximize restoration of voting rights for individuals who qualify.

Innovation: Explore and pursue innovative strategies to increase government efficiency or to reduce government costs for needed services.

Fiscal Stewardship: Manage public resources efficiently and effectively in challenging economic conditions.

Cyber Security and Upgraded Technology: Enhance current technology platforms and infrastructure while protecting all data.

State Workforce Succession: Improve recruitment, retention, and succession planning for the state workforce.

Customer Service: Deliver high quality products and services to customers in a timely manner.

Accessibility: Encourage user-friendly online services for all citizens.

Table 8 (continued)

2014 ENTERPRISE STRATEGIC PRIORITIES

Natural Resources

Chesapeake Bay Restoration: Protect and improve the health of the Chesapeake Bay, by making every effort to meet the goals for nutrient reduction outlined in the federal government's cleanup plan.

Land Conservation: Implement a targeted, strategic land conservation plan that protects Virginia's biodiversity and public access.

Climate Change: Prepare the Commonwealth for the effects of climate change and reduce the state's contribution to its causes.

Public Safety and Homeland Security

Public Safety: Protect our citizens and ensure everyone lives in a safe community.

Homeland Security and Emergency Preparedness: Ensure Virginia is prepared to address threats to the safety and security of the Commonwealth and to respond rapidly and efficiently to emergencies.

Gun Violence: Pursue strategies to ensure all gun owners undergo a background check when purchasing a firearm.

Sexual and Domestic Violence: Aggressively target sexual and domestic violence for prevention and enforcement.

Smart Sentencing: Promote improvements to the sentencing process to recognize and treat the root causes of crime thereby reducing recidivism.

Transportation

Prioritization: Develop a transparent, data-driven prioritization model to help determine allocations of transportation funding and ensure ongoing accountability.

Multi-Modality: Expand the role of non-highway modes of transportation in the Commonwealth's transportation network.

Engagement: Guarantee that local governments and citizens play a meaningful role in transportation decision-making.

Veterans and Military Families

Workforce: Create seamless transitions for Virginia's veterans with high quality education and workforce services that accelerate career opportunities.

Homeless: Increase affordable housing opportunities and veterans support programs.

BRAC: Retain and reinforce Virginia's military installations and defense activities.

Family Support: Ensure that Virginia remains the preeminent state for military personnel, their families and veterans.

Workforce

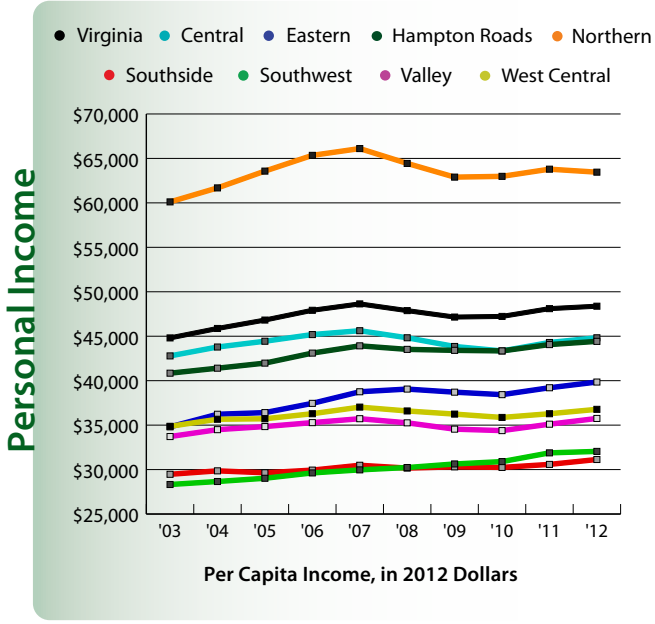
Supply and Demand: Align Virginia's workforce to meet current and anticipated employer demands with career pathways and training solutions for dislocated, underemployed, and future workers.

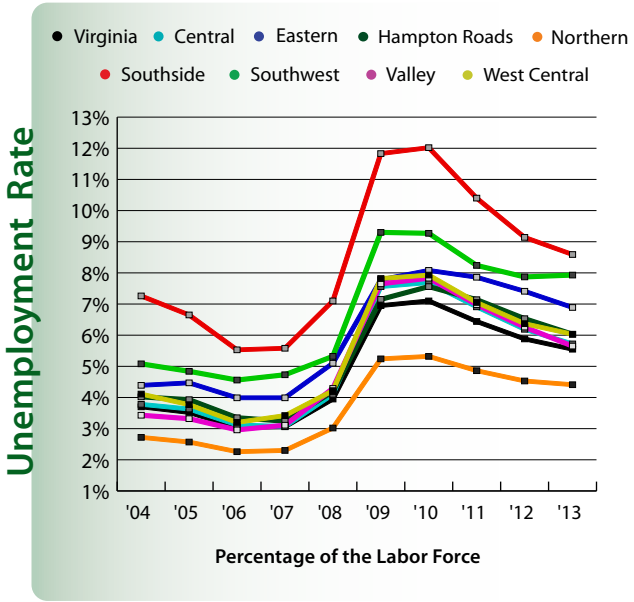
Credentialing: Establish annual goals and identify ways to increase statewide credentials that align with employer current and future needs.

New skills: Facilitate in-demand skills sets for Virginia's new economy, while fostering private sector innovation and entrepreneurship.

A REGIONAL PERSPECTIVE

A REGIONAL PERSPECTIVE





KEY OUTCOME / INDICATOR HIGHLIGHTS

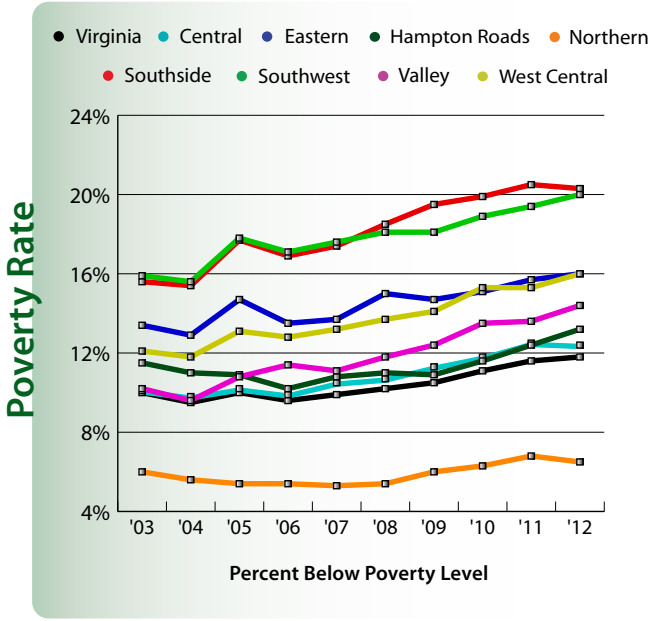
This section of The Virginia Report is based on and complements data presented on the Virginia Performs website. The information here focuses on regional outcomes; the eight regions that the Council uses for analytical purposes are presented on page 53. This is followed by a table presenting selected information for each region and a set of recently updated regional Scorecards at a Glance.

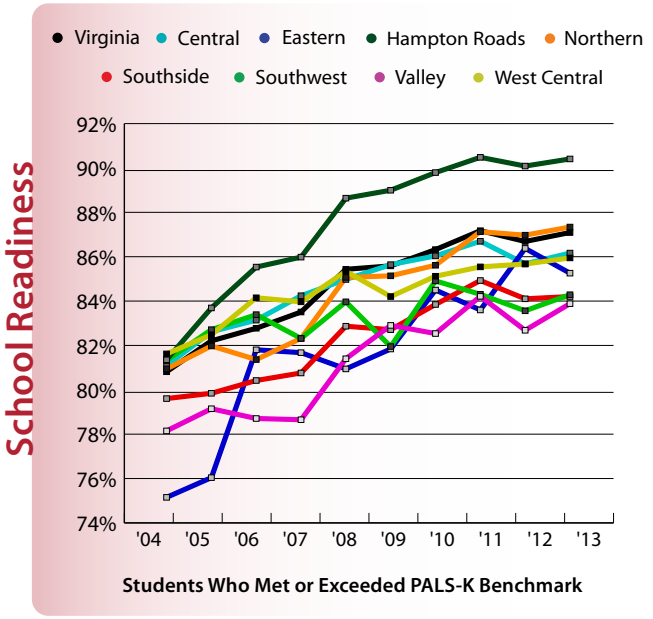
Virginia is a diverse state and this diversity often manifests itself most clearly in economic terms; statewide averages can obscure significant differences in regional outcomes. These differences are not unusual in states, like Virginia, with growing urban and slower growing or declining rural areas. A few indicators are presented here to highlight some of these important differences.

ECONOMY

Personal Income: The gap between inflation-adjusted per capita personal income (PCPI) levels in the Northern region and the rest of the state is large. The Northern region had the highest income in 2012, which at $63,454 was about 31 percent higher than the state average and almost 42 percent higher than the Central region, which at $44,824 was second highest. The Southside and Southwest regions had the lowest PCPI at $31,133 and $32,044, respectively. PCPI levels in the Northern (-$2,653), Central (-$795), and West Central (-$250) regions for 2012 were below peaks in 2007. The Eastern (1.8%), Southwestern (1.4%), and Hampton Roads (1.3%) had the highest average annual PCPI increases between 2007 and 2012.

Unemployment: Unemployment rates declined across Virginia in 2013, except for the Southwest region, where the rate ticked up by less than 1.0 percent. Unemployment at the state level went from a ten-year high of 7.1 percent in 2010 to 5.6 percent in 2013. The unemployment rate varied in 2013 from a high of 8.6 percent in the Southside region to a low of 4.4 percent in the Northern region. The Southwest region was second highest with 7.9 percent. Unemployment in other regions ranged from 5.7 percent in the Central region to 6.9 percent in the Eastern region.





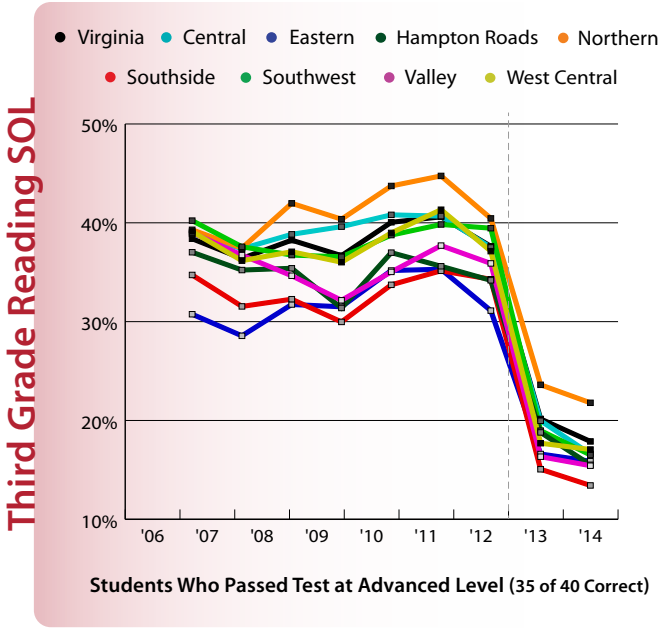
Virginia, like most states, continues to struggle to generate robust job growth. Regional employment growth data for 2013 indicates that employment grew most in the Central (1.3%) region, while declining the most in the Southwest region (-3.1%). Employment grew by less than 0.3 percent in the Northern region, and the Southside region saw a 0.2 percent decline in employment between 2012 and 2013.

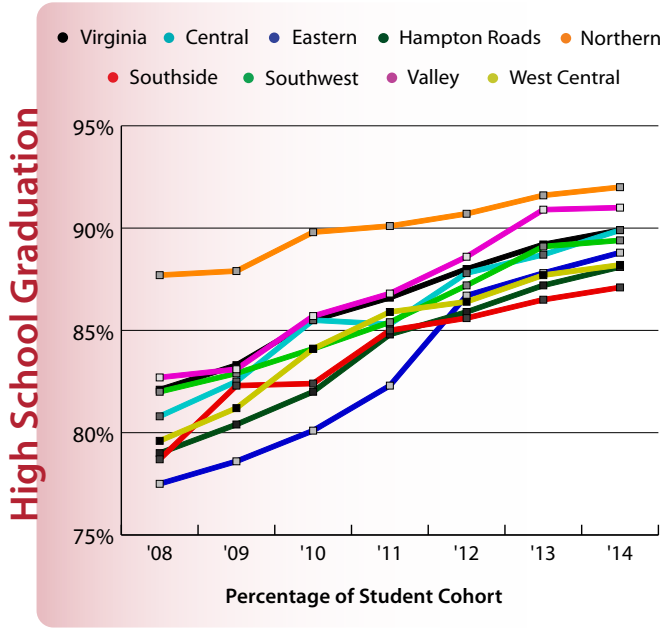
Poverty: In 2012, the Southside region had the highest percentage (20.3%) of individuals living below the poverty level of any region in the state, followed by the Southwest (20.0%) and Eastern (16.0%) regions. At the other end of the scale, the Northern region (6.5%) had the lowest percentage of individuals living below the poverty level, followed by the Central (12.4%) and Hampton Roads (13.2%) regions.

EDUCATION

School Readiness: In order to fully benefit from the instruction provided in kindergarten, children must come to school with many fundamental skills already established. While no uniform single "readiness" assessment is widely used for all aspects of development, Virginia does use a screening tool to identify students who are at risk for reading difficulties. The Phonological Awareness Literacy Screening for Kindergarten (PALS-K) assessment helps identify students who are below kindergarten-level expectations in important literacy fundamentals; these children are then provided with additional instruction through Virginia's Early Intervention Reading Initiative.

Because the initial screening with PALS-K is conducted in the fall of each school year, the results reflect how well-prepared children come to school in terms of literacy fundamentals. In the fall of 2013, 87.5 percent of Virginia kindergartners assessed using PALS-K met or exceeded the benchmark, while 12.5 percent were identified as needing additional instruction. This was a slight decrease from 12.9 percent in 2012. The Hampton Roads region again led the state with 91.1 percent at or above the benchmark, followed by the Northern region at 87.8 percent. The Valley region's rate of 84.0 percent, while up from 82.7 percent in 2012, was the lowest. Only the Eastern region saw a decline in 2013.



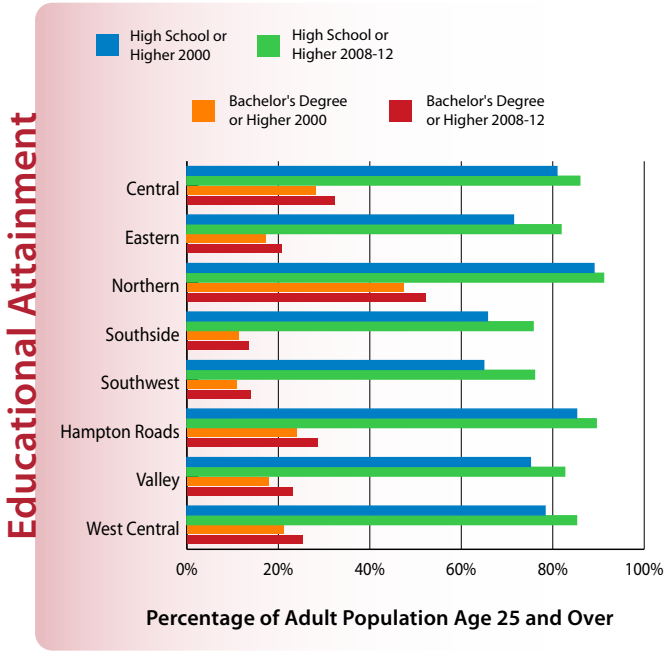


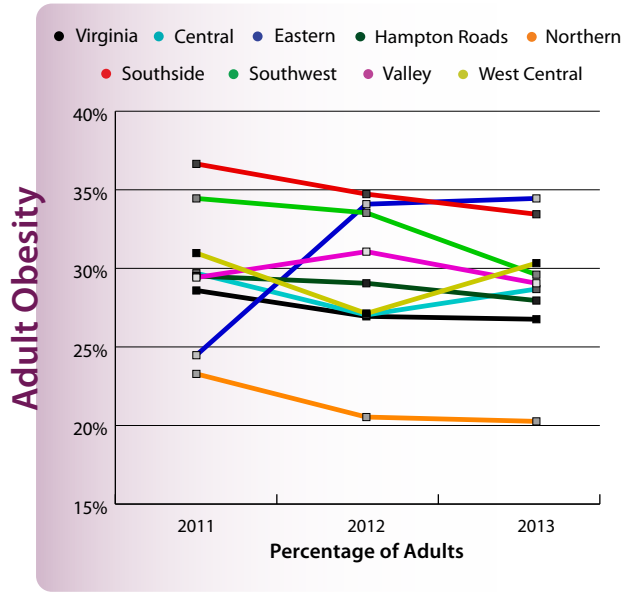
Third Grade Reading: Performance on the SOL third grade reading test declined significantly for the 2012-13 school year as a consequence of the introduction of rigorous new tests. The overall pass rate declined again for the 2013-14 school year and, at 69.0 percent, was below the 72.3 percent rate for 2012-13, which itself was about 13.7 percentage points below the 2011-12 pass rate of 86.1 percent. The Northern region (74.3%) had the highest pass rate, followed by the Southwest (73.0%), West Central (69.8%), and Central (69.5%) regions. The lowest pass rates were in the Southside (63.1%) and Valley (64.5%) regions.

The advanced pass rate (meaning students who passed at least 35 of 40 items) also declined again, falling from 19.0 percent in 2012-13 to 16.5 percent for the 2013-14 school year. The highest advanced pass rate was in the Northern region (20.8%) followed by the West Central region (15.6%). Southside had the lowest pass rate at 11.6 percent.

High School Graduation: The high school graduation rate is a good indicator of the health of Virginia's school system and of the future success of its young citizens. On-time high school graduation rates improved for each of Virginia's regions in 2013-14 school year; the statewide average increased from 89.2 percent to 89.9 percent. The Northern (92.0%) and Valley (91.0%) regions had rates that exceeded the statewide average. The Central (89.9%) matched the statewide rate while the Southwest (89.4%), Eastern (88.8%), West Central (88.2%), Hampton Roads (88.1%), and Southside (87.1%) regions had graduation rates that were below the statewide average.

High School Dropout: The high school dropout rate is another measure of the success of our elementary and secondary educational systems. Moreover, because high school dropouts are at higher risk of unemployment and other social ills, dropout rates are a leading indicator of potential future problems. The statewide cohort dropout rate for the 2013-14 school year, at 5.4 percent, was below the 5.9 percent rate of 2012-13. The Hampton Roads (4.7%), Valley (5.0%), and Northern (5.0%) regions had dropout rates below the statewide average. Those showing dropout rates above the statewide average were the Eastern (5.7%), Southwest (5.8%), Central (5.9%), West Central (6.2%), and Southside (6.8%) regions. The Valley region was the only region to experience an increase in its dropout rate between 2012-13 (4.4%) and 2013-14 (5.0%).





Educational Attainment: Workforce quality is closely tied to labor productivity, making it a key determinant of economic growth and wages. Educational attainment, in turn, is considered a major determinant of workforce quality and is often an indicator of a region's ability to attract and develop high-skilled, high-paying jobs. One measure of educational attainment is the percentage of the adult population with at least a bachelor's degree.

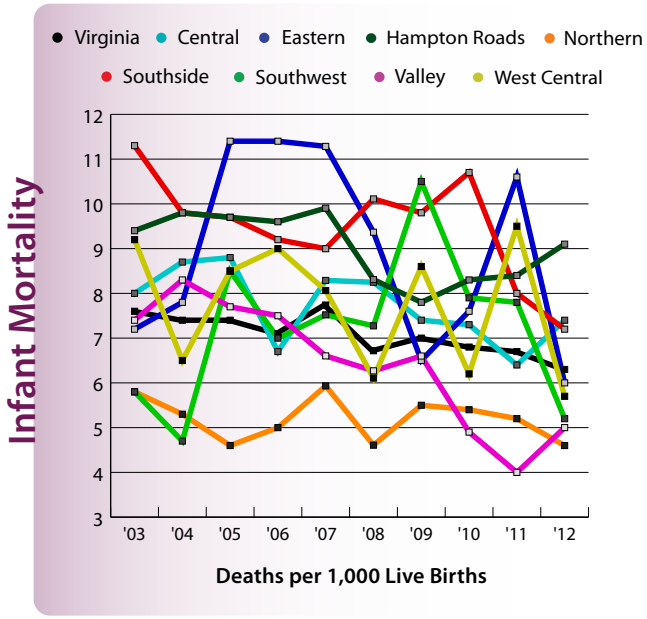
Attainment rates for bachelor's degrees varied significantly among the regions in the 2008-2012 period, ranging from 52.1 percent in the Northern region to 13.5 percent and 13.9 percent in the Southside and Southwest regions, respectively. The second and third best regions – Central at 32.3 percent and Hampton Roads at 28.5 percent – were below the statewide average, again indicating the impact of the Northern region on statewide averages. The percentage of adults (25 and over) without a high school diploma or its equivalent also varied by region, ranging from about 24 percent of the adult population in the Southside and Southwest regions, to a low of 8.9 percent in the Northern region. (Data is from the American Community Survey from the U.S. Census Bureau. A five-year survey period – in this case from 2008 to 2012 – provides more accurate information for smaller localities.)

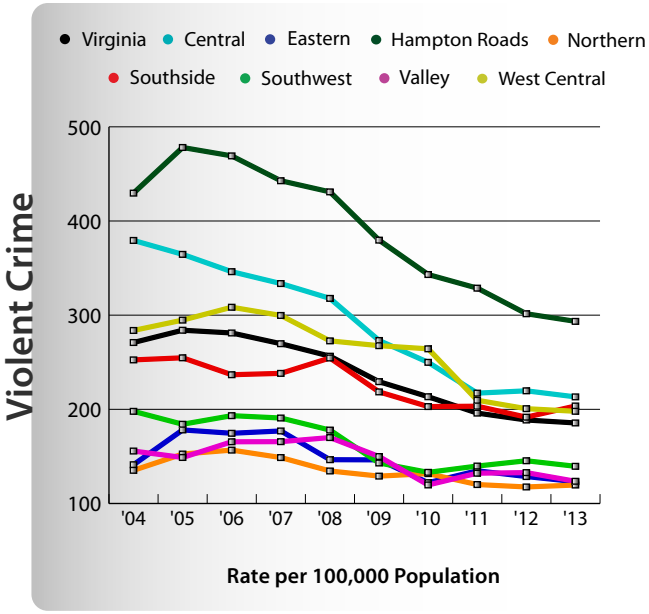
HEALTH AND FAMILY

Differences among the regions are also evident across a range of health issues, as many health-related outcomes are correlated with educational attainment and incomes.

Obesity: Often linked to a number of chronic diseases, obesity rates vary significantly by region. Obesity often results in lost workdays, lower productivity, and negative health outcomes, including diabetes and depression. The state's 2013 obesity rate of 27.2 percent is lower than the national average (29.4%) and our peer states.

The Eastern region had the highest obesity rate at 35.6 percent in 2013, up from 35.2 percent in 2012. It was followed by the Southside (34.5%) and West Central (31.1%) regions. The Northern region had the lowest rate of obesity at 20.1 percent, with the Hampton Roads region second at 28.5 percent. The West Central region (up by 3.5 percentage points) and the Central region (up by 1.8 percentage points) had the largest increases in the percentage of adults that were obese.





Infant Mortality: Infant mortality is defined by the number of infant deaths (before age one) per 1,000 live births and is an indication of the quality and accessibility of prenatal care for pregnant women and the overall health and welfare of the state. Over the past few years, the Virginia Department of Health (VDH) has been working intensively with local health districts and community health leaders to combat infant mortality in especially vulnerable areas of the state. That approach appears to be yielding results, as VDH's figures for 2012 show the infant mortality rate had dropped from 6.7 to 6.3 infant deaths per 1,000 live births. The Northern region had the lowest rate of infant deaths at 4.6, while the Hampton Roads region had the highest rate at 9.1 deaths.

PUBLIC SAFETY

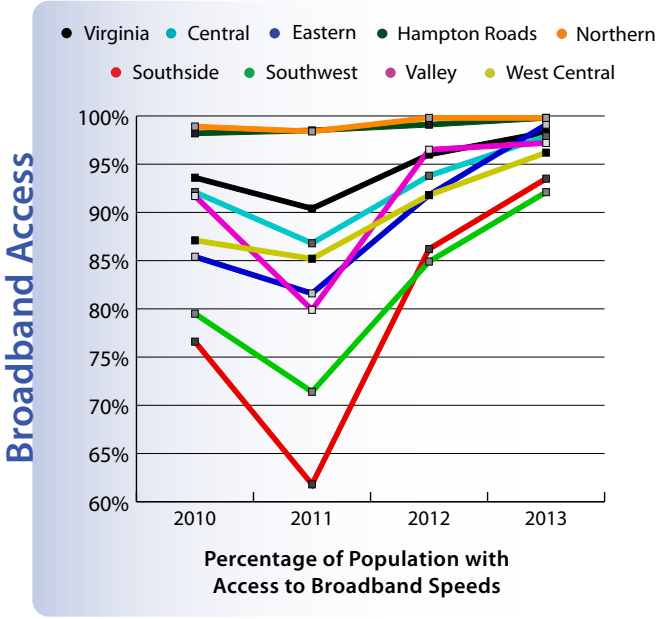
Crime: Virginia's violent crime rate was 186 per 100,000 people in 2013. This rate has generally decreased since 2005, when the violent crime rate was 284. Virginia's rate of 190 in 2012 (the last year for which national data is available) was the 4th lowest in the nation. Virginia's highest crime rates in 2013 were again in the Hampton Roads region, which saw rates of 2,994 property crimes and 293 violent crimes per 100,000 people. However, these rates have dropped since recent peaks in 2005. The Central region had the second highest rates of violent and property crime – 213 and 2,129, respectively – in 2013.

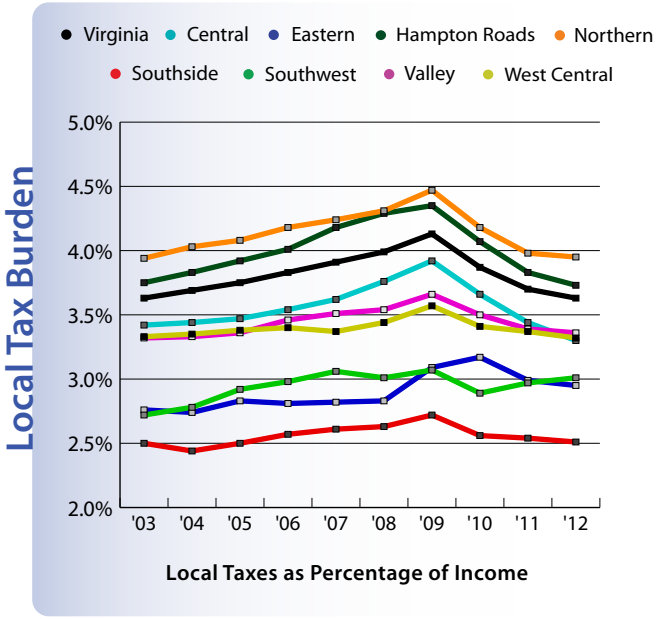
The lowest violent crime rate occurred in the Northern region, with 120 crimes per 100,000 people, up slightly from 2012. The Eastern (123 per 100,000), Valley (124), and Southwest (140) regions also had violent crime rates significantly below the state average.

The lowest property crime rate was again in the Eastern region, at 1,339 property crimes per 100,000 population. The Northern (1,481 per 100,000) and Valley (1,645) regions also had rates well below the state average of 2,020.

GOVERNMENT AND CITIZENS

Broadband Access: According to the national broadband map created by the National Telecommunications and Information Administration (NTIA), Virginia ranks 37th in the percentage of residents in proximity to access points with broadband speeds of 3 mbps or greater, up from 41st in 2012, but at 98.2 percent it was lower than the national average of 99.0 percent.





There tend to be significant regional differences in broadband access within Virginia. Nearly 100 percent of the Northern and Hampton Roads regions have reliable access to broadband. Interestingly, the Eastern region also boasts a high percentage of its population – 99.1 percent – with access to broadband services. Broadband access is lowest in the heavily rural regions of Southside and Southwest; although broadband access greatly improved from 2012 (86.2% and 84.9%, respectively), rates in Southside (93.5%) and Southwest (92.1%) for 2013 are still well below Virginia's other regions.

Local Tax Burden: Tax burden measures the taxes collected by state and local governments as a percent of income earned by individuals and businesses in that state. The average 2012 tax burden in Virginia, which is measured as local taxes collected relative to personal income, was 3.6 percent. As is common in larger metropolitan areas with diverse demands for services, the Northern (4.0%) and Hampton Roads (3.7%) regions had the highest taxes as a percentage of income (though interestingly, at 3.3%, the Central region was 5th lowest in the state). The Southwest, Eastern, and Southside regions had tax burdens ranging from 3.0 percent to 2.5 percent.

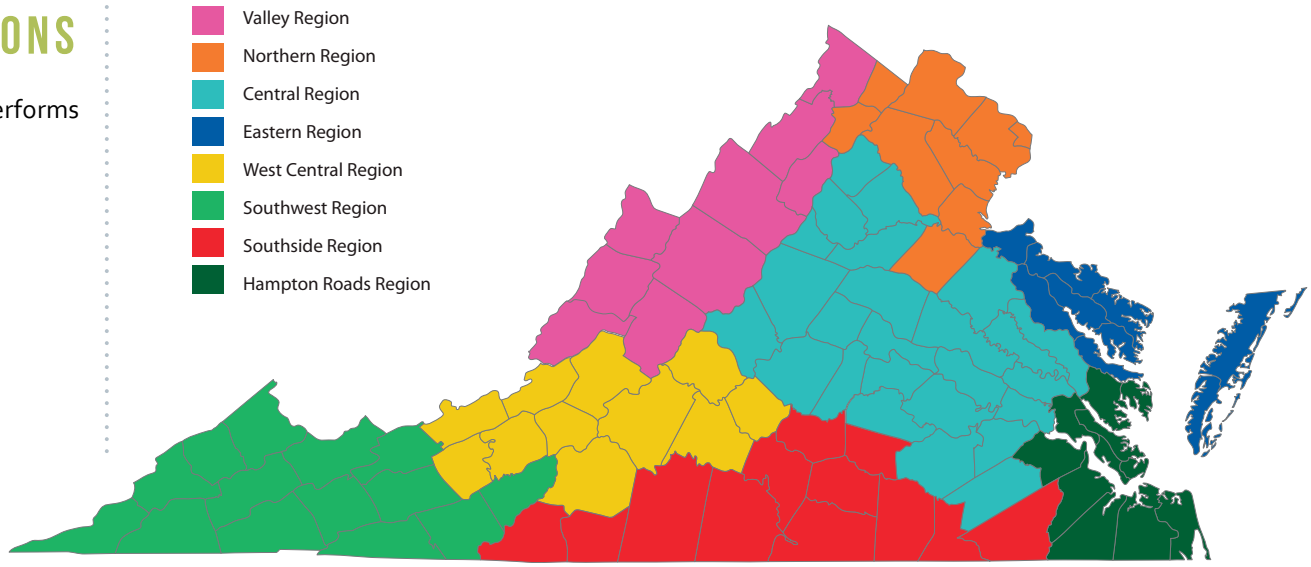
OTHER INDICATORS

- **Child Abuse and Neglect**: Data from the Virginia Department of Social Services (DSS) shows that 52,675 Virginia children were reported as possible victims of abuse and neglect in 2012. 6,365 of these were founded reports, meaning that a review of the facts gathered during an investigation met the standard of evidence required in Virginia. The Central region had the lowest rate of child maltreatment in 2013 at 1.7 substantiated cases per 1,000 children. The Southwest and Valley regions had the highest rates, with 7.6 and 6.3 cases, respectively. The average Virginia rate in 2013 was 3.0.
- **Juvenile Intake**s: The rate at which youths are brought to a Court Service Unit has been declining for many regions across the state. Virginia's average juvenile intake rate has decreased from 75.1 per 1,000 youth in 2008 to 52.8 in 2013. The lowest rate in 2013 was in the Northern region (36.8), followed by the Valley region, with 56.6 intakes per 1,000 youth ages 10 to 17. The highest rate was in the Eastern region, with 72.4 intakes per 1,000 youth.
- **Traffic Fatalities**: The rate of crash-related traffic fatalities reversed a three-year decline and rose slightly to 9.4 deaths per 100,000 population in 2011 and 9.5 in 2012. Fatality rates in 2012 ranged from 24.5 in the Southside region to a low of 5.2 in the Northern region. The Eastern region led the state in the percentage of traffic fatalities that were related to alcohol (47.6%).

Additional performance information for each of Virginia's eight regions follows (after the page delineating the Council's Eight Regions).

THE COUNCIL'S EIGHT REGIONS

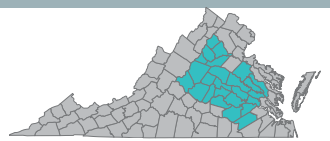
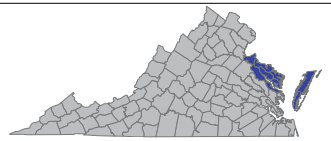
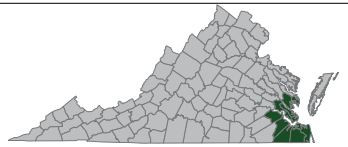
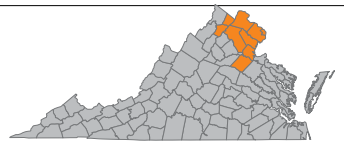
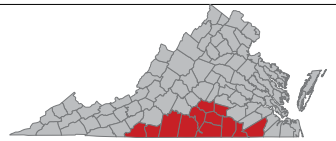
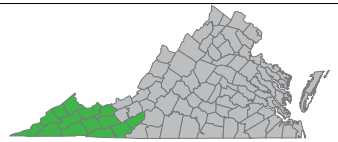
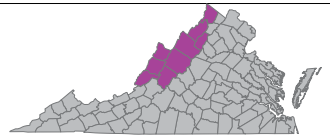
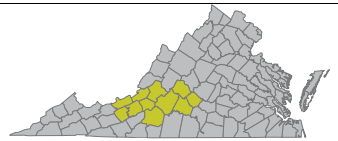
For purposes of analysis, the Council's Virginia Performs system divides the state into eight regions.



Central	Albemarle, Amelia, Buckingham, Caroline, Charles City, Charlottesville, Chesterfield, Colonial Heights, Culpeper, Cumberland, Dinwiddie, Fluvanna, Goochland, Greene, Hanover, Henrico, Hopewell, King & Queen, King William, Louisa, Madison, Nelson, New Kent, Orange, Petersburg, Powhatan, Prince George, Rappahannock, Richmond (city), Sussex
Eastern	Accomack, Essex, King George, Lancaster, Middlesex, Northampton, Northumberland, Richmond (county), Westmoreland
Hampton Roads	Chesapeake, Franklin, Gloucester, Hampton, Isle of Wight, James City, Mathews, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Surry, Virginia Beach, Williamsburg, York
Northern	Alexandria, Arlington, Clarke, Fairfax (city and county), Falls Church, Fauquier, Fredericksburg, Loudoun, Manassas, Manassas Park, Prince William, Spotsylvania, Stafford, Warren
Southside	Brunswick, Charlotte, Danville, Emporia, Greensville, Halifax, Henry, Lunenburg, Martinsville, Mecklenburg, Nottoway, Patrick, Pittsylvania, Prince Edward, Southampton
Southwest	Bland, Bristol, Buchanan, Carroll, Dickenson, Floyd, Galax, Grayson, Lee, Norton, Russell, Scott, Smyth, Tazewell, Washington, Wise, Wythe
Valley	Alleghany, Augusta, Bath, Buena Vista, Covington, Frederick, Harrisonburg, Highland, Lexington, Page, Rockbridge, Rockingham, Shenandoah, Staunton, Waynesboro, Winchester
West Central	Amherst, Appomattox, Bedford, Botetourt, Campbell, Craig, Franklin, Giles, Lynchburg, Montgomery, Pulaski, Radford, Roanoke (city and county), Salem

Table 9
REGIONS AT A GLANCE

NOTES: All population figures are in the thousands (000's); average growth percentages listed are since 2010.

Region		Key Characteristics	
Central Region		**Population:** 2013: 1,623.6 State Share: 19.7% % Growth: 2.9%	• Largest employment gain (1.3%) of all the regions from 2012 to 2013; unemployment fell to 5.7% in 2013 • Real per capita income rose by 1.2% in 2012 but is still below that of 2007 • Highest voter registration (87.6%) and participation (66.3%) rates in 2012
Eastern Region		**Population:** 2013: 142.9 State Share: 1.7% % Growth: 0.9%	• Rural economy with lower educational attainment and higher poverty rates • Largest average annual growth (1.8%) in inflation-adjusted PCPI, 2002-2012 • Highest growth between 2003 and 2013 in degree (AA and BA) production rates • Largest gain in the high school graduation rate (10.3 percentage points) since 2008
Hampton Roads Region		**Population:** 2013: 1,698.5 State Share: 20.6% % Growth: 2.5%	• Maritime & the military play leading roles in the regional economy; historically the region is vulnerable to federal defense cuts • Experienced modest job growth (0.8%) between 2012 and 2013 • Consistently leads the state in the percentage of kindergartners who "pass" PALS-K
Northern Region		**Population:** 2013: 2,775.4 State Share: 33.6% % Growth: 5.8%	• Economic "engine" for Virginia but largest drop in real PCPI (-4.0%) between 2007 and 2012 and vulnerable to federal civilian and defense spending cutbacks • Heavy technology and government presence • Highest educational attainment and achievement levels
Southside Region		**Population:** 2013: 378.5 State Share: 4.6% % Growth: -0.6%	• Significant economic dislocation due to loss of manufacturing jobs; unemployment at 8.9% • Annual real wages in 2013 below the region's average in 2003 • Lowest state and local tax burden as a percentage of income among the regions • Lagging performance on a range of economy, educational attainment, and health indicators
Southwest Region		**Population:** 2013: 414.4 State Share: 5.0% % Growth: -0.6%	• Historic reliance on manufacturing and mining • At 1.4%, had the second fastest annual average growth in real per capita income between 2002 and 2012. However, the annual average real wage fell by $1,460 from 2011 to 2013 • Employment fell by slightly more than 3.0% between 2012 and 2013
Valley Region		**Population:** 2013: 491.3 State Share: 5.9% % Growth: 2.4%	• Historic reliance on agriculture and poultry mitigated by growth in advanced manufacturing and higher education • Second highest job growth rate (0.9%) between 2012 and 2013 • One of only two regions with a high school graduation rate above the state average
West Central Region		**Population:** 2013: 735.9 State Share: 8.9% % Growth: 1.6%	• Higher education a strength along the Blacksburg-Roanoke-Lynchburg corridor • Students from the region consistently earn more degrees (AA and BA) per capita than any other • Second highest rate of patent formation per 100,000 residents (tied with Central)

SCORECARD AT A GLANCE: Central Region

Economy

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

- Personal Income ↑
- Employment Growth ↑
- Poverty ↓
- Unemployment ↑
- Workforce Quality ↑
- Business Startups ↑
- Patents Awarded ↑
- High-tech Firms ↑

Health and Family

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

- Cancer →
- Cardiovascular Disease →
- Child Abuse and Neglect →
- Foster Care ↑
- Health Insurance →
- Infant Mortality →
- Obesity →
- Suicide ↓
- Teen Pregnancy ↑

Performance Trend

- Improving ↑
- Maintaining →
- Worsening ↓

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 ↑
- Juvenile Intakes ↑
- Traffic Fatalities ↑

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.

- Alternative Commuting →
- Traffic Congestion →

Education

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

- School Readiness →
- 3rd Grade Reading →
- High School Graduation ↑
- High School Dropout →
- College Degrees Awarded ↑
- Educational Attainment ↑

Natural Resources

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

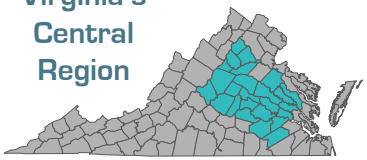
- Land Preservation ↑
- Solid Waste and Recycling ↑

Government and Citizens

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

- Internet Access ↑
- Tax Burden ↑
- Voter Registration ↑
- Voter Turnout →

Virginia's Central Region



Localities within the Central Region:

Albemarle, Amelia, Buckingham, Caroline, Charles City, Charlottesville, Chesterfield, Colonial Heights, Culpeper, Cumberland, Dinwiddie, Fluvanna, Goochland, Greene, Hanover, Henrico, Hopewell, King & Queen, King William, Louisa, Madison, Nelson, New Kent, Orange, Petersburg, Powhatan, Prince George, Rappahannock, Richmond (city), Sussex

Population Statistics:

Total Population (2013):	1,623,600
State Share of Total Population:	19.7%
Percent Growth (since 2010):	2.9%

Some Key Performance Measures:

- Slowest annual average real per capita income growth among the regions from 2002 to 2012
- Largest employment gain (1.3%) in 2013
- Consistently highest recycling rate among the regions
- Lowest rate of child abuse and neglect cases (1.7 per 1,000 children) in 2013
- Highest voter registration (87.6%) and voter turnout rates (66.3%) in 2012

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SCORECARD AT A GLANCE: Eastern Region

Economy

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

- Personal Income ↑
- Employment Growth →
- Poverty ↓
- Unemployment ↑
- Workforce Quality →
- Business Startups ↑
- Patents Awarded ↑
- High-tech Firms →

Health and Family

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

- Cancer →
- Cardiovascular Disease →
- Child Abuse and Neglect ↑
- Foster Care ↑
- Health Insurance →
- Infant Mortality →
- Obesity ↓
- Suicide ↑
- Teen Pregnancy ↑

Performance Trend

- Improving ↑
- Maintaining →
- Worsening ↓

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 ↑
- Juvenile Intakes →
- Traffic Fatalities ↑

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.

- Alternative Commuting →

Education

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

- School Readiness ↑
- 3rd Grade Reading ↑
- High School Graduation ↑
- High School Dropout ↑
- College Degrees Awarded ↑
- Educational Attainment ↑

Natural Resources

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

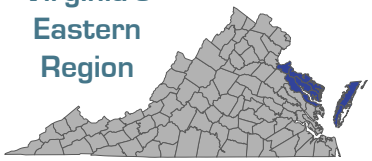
- Land Preservation ↑
- Solid Waste and Recycling ↑

Government and Citizens

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

- Internet Access ↑
- Tax Burden ↑
- Voter Registration ↑
- Voter Turnout →

Virginia's Eastern Region



Localities within the Eastern Region:

Accomack, Essex, King George, Lancaster, Middlesex, Northampton, Northumberland, Richmond (county), Westmoreland

Population Statistics:

Total Population (2013):	142,900
State Share of Total Population:	1.7%
Percent Growth (since 2010):	0.9%

Some Key Performance Measures:

- Rural economy with lower educational attainment and higher poverty rates
- Highest gain (1.8%) in average real per capita income 2002-2012 and only region to see gain in real wages, 2013
- Largest percentage point gain (4.9) in school readiness assessments (PALS-K), 2008-2013
- Biggest improvement (10.3 percentage points) since 2008 in high school graduation rates
- Highest growth in higher education graduates (2- and 4-year degrees), 2003-2013

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SCORECARD AT A GLANCE: Hampton Roads Region

Economy

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

- Personal Income ↑
- Employment Growth ↑
- Poverty ↓
- Unemployment ↑
- Workforce Quality ↑
- Business Startups ↑
- Patents Awarded →
- High-tech Firms →

Health and Family

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

- Cancer ↑
- Cardiovascular Disease ↑
- Child Abuse and Neglect ↑
- Foster Care ↑
- Health Insurance →
- Infant Mortality ↓
- Obesity →
- Suicide →
- Teen Pregnancy ↑

Performance Trend

- Improving ↑
- Maintaining →
- Worsening ↓

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 ↑
- Juvenile Intakes ↑
- Traffic Fatalities ↑

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.

- Alternative Commuting ↓
- Traffic Congestion →

Education

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

- School Readiness →
- 3rd Grade Reading ↑
- High School Graduation ↑
- High School Dropout ↑
- College Degrees Awarded ↑
- Educational Attainment ↑

Natural Resources

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

- Land Preservation ↑
- Solid Waste and Recycling →

Government and Citizens

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

- Internet Access ↑
- Tax Burden ↑
- Voter Registration ↑
- Voter Turnout →

Virginia's Hampton Roads Region

Localities within the Hampton Roads Region:

Chesapeake, Franklin, Gloucester, Hampton, Isle of Wight, James City, Mathews, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Surry, Virginia Beach, Williamsburg, York

Population Statistics:

Total Population (2013):	1,698,500
State Share of Total Population:	20.6%
Percent Growth (since 2010):	2.5%

Some Key Performance Measures:

- Maritime and the military play leading roles in the regional economy, making it vulnerable to cuts in federal and defense spending
- Third highest job growth in 2013, but slowest rate of business startups
- Real wages fell by about 1.0% in 2013, compared to 0.4% annual growth from 2003 to 2012
- Long-time state leader (since 2005) in the school readiness of children entering kindergarten
- Saw 20.7% drop in cancer death rate between 2002 and 2012

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SCORECARD AT A GLANCE: Northern Region

Economy

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

- Personal Income →
- Employment Growth →
- Poverty ↑
- Unemployment ↑
- Workforce Quality ↑
- Business Startups ↑
- Patents Awarded ↑
- High-tech Firms →

Health and Family

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

- Cancer ↑
- Cardiovascular Disease ↑
- Child Abuse and Neglect →
- Foster Care ↑
- Health Insurance →
- Infant Mortality ↑
- Obesity →
- Suicide →
- Teen Pregnancy ↑

Performance Trend

- Improving ↑
- Maintaining →
- Worsening ↓

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 ↑
- Juvenile Intakes ↑
- Traffic Fatalities →

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.

- Alternative Commuting →
- Traffic Congestion ↓

Education

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

- School Readiness →
- 3rd Grade Reading →
- High School Graduation ↑
- High School Dropout ↑
- College Degrees Awarded ↑
- Educational Attainment ↑

Natural Resources

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

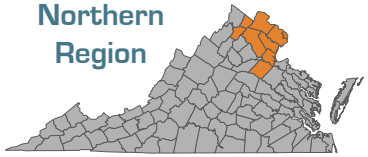
- Land Preservation ↑
- Solid Waste and Recycling ↑

Government and Citizens

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

- Internet Access ↑
- Tax Burden ↑
- Voter Registration ↑
- Voter Turnout →

Virginia's Northern Region



Localities within the Northern Region:

Alexandria, Arlington, Clarke, Fairfax (city and county), Falls Church, Fauquier, Fredericksburg, Loudoun, Manassas, Manassas Park, Prince William, Spotsylvania, Stafford, Warren

Population Statistics:

Total Population (2013):	2,775,400
State Share of Total Population:	33.6%
Percent Growth (since 2000):	5.8%

Some Key Performance Measures:

- Economic "engine" for Virginia, but with a heavy reliance on technology firms and government spending
- State leader on wide array of indicators, especially in health, education, and the economy
- Only region to see a decline in real per capita income in 2012
- Consistently experiences the highest traffic congestion of all the regions

Measuring what matters to Virginians

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SCORECARD AT A GLANCE: Southside Region

Economy

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

- Personal Income ↑
- Employment Growth ↓
- Poverty →
- Unemployment ↑
- Workforce Quality ↑
- Business Startups ↑
- Patents Awarded →
- High-tech Firms ↑

Health and Family

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

- Cancer →
- Cardiovascular Disease ↑
- Child Abuse and Neglect ↑
- Foster Care ↑
- Health Insurance →
- Infant Mortality ↑
- Obesity →
- Suicide ↑
- Teen Pregnancy ↑

Performance Trend

- Improving ↑
- Maintaining →
- Worsening ↓

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 →
- Juvenile Intakes ↑
- Traffic Fatalities →

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.

- Alternative Commuting ↓

Education

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

- School Readiness →
- 3rd Grade Reading →
- High School Graduation ↑
- High School Dropout ↑
- College Degrees Awarded ↑
- Educational Attainment ↑

Natural Resources

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

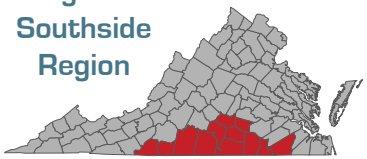
- Land Preservation ↑
- Solid Waste and Recycling ↑

Government and Citizens

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

- Internet Access ↑
- Tax Burden ↑
- Voter Registration ↑
- Voter Turnout ↑

Virginia's Southside Region



Localities within the Southside Region:

Brunswick, Charlotte, Danville, Emporia, Greensville, Halifax, Henry, Lunenburg, Martinsville, Mecklenburg, Nottoway, Patrick, Pittsylvania, Prince Edward, Southampton

Population Statistics:

Total Population (2013):	378,500
State Share of Total Population:	4.6%
Percent Growth (since 2010):	-0.6%

Some Key Performance Measures:

- Significant ongoing economic dislocation due to loss of manufacturing jobs
- Employment levels have fallen every year for more than a decade, and real wages in 2013 were below the average found in 2003
- Lowest state and local taxes as a percentage of income among the regions
- Consistently lagging performance on a range of economic, education and health indicators

Measuring what matters to Virginians

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SCORECARD AT A GLANCE: Southwest Region

Economy

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

- Personal Income →
- Employment Growth ↓
- Poverty ↓
- Unemployment →
- Workforce Quality ↑
- Business Startups ↓
- Patents Awarded ↑
- High-tech Firms →

Health and Family

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

- Cancer →
- Cardiovascular Disease ↑
- Child Abuse and Neglect ↑
- Foster Care ↑
- Health Insurance →
- Infant Mortality ↑
- Obesity →
- Suicide →
- Teen Pregnancy ↑

Performance Trend

- Improving ↑
- Maintaining →
- Worsening ↓

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 →
- Juvenile Intakes ↑
- Traffic Fatalities →

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.

- Alternative Commuting ↓

Education

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

- School Readiness →
- 3rd Grade Reading ↑
- High School Graduation ↑
- High School Dropout ↑
- College Degrees Awarded →
- Educational Attainment ↑

Natural Resources

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

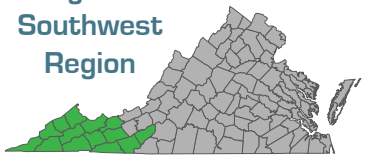
- Land Preservation →
- Solid Waste and Recycling →

Government and Citizens

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

- Internet Access ↑
- Tax Burden →
- Voter Registration ↑
- Voter Turnout ↑

Virginia's Southwest Region



Localities within the Southwest Region:

Accomack, Essex, King George, Lancaster, Bland, Bristol, Buchanan, Carroll, Dickenson, Floyd, Galax, Grayson, Lee, Norton, Russell, Scott, Smyth, Tazewell, Washington, Wise, Wythe

Population Statistics:

Total Population (2013):	414,400
State Share of Total Population:	5.0%
Percent Growth (since 2010):	-0.6%

Some Key Performance Measures:

- Between 2002 and 2012, real annual wages fell by almost $750
- Consistently highest rate among the regions of children in foster care
- Between 2010 and 2013, more than 22% of population gained access to broadband services, the largest percentage gain among the regions
- Highest suicide rate (21.3 per 100,000 population) among the regions

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SCORECARD AT A GLANCE: Valley Region

Economy

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

- Personal Income ↑
- Employment Growth ↑
- Poverty ↓
- Unemployment ↑
- Workforce Quality ↑
- Business Startups ↓
- Patents Awarded →
- High-tech Firms →

Health and Family

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

- Cancer →
- Cardiovascular Disease →
- Child Abuse and Neglect ↓
- Foster Care ↓
- Health Insurance →
- Infant Mortality →
- Obesity ↓
- Suicide ↓
- Teen Pregnancy ↑

Performance Trend

- Improving ↑
- Maintaining →
- Worsening ↓

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 →
- Juvenile Intakes →
- Traffic Fatalities →

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.

- Alternative Commuting ↓

Education

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

- School Readiness →
- 3rd Grade Reading ↑
- High School Graduation ↑
- High School Dropout ↑
- College Degrees Awarded →
- Educational Attainment ↑

Natural Resources

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

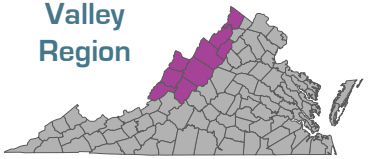
- Land Preservation →
- Solid Waste and Recycling →

Government and Citizens

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

- Internet Access ↑
- Tax Burden ↑
- Voter Registration ↑
- Voter Turnout ↓

Virginia's Valley Region



Localities within the Valley Region:

Alleghany, Augusta, Bath, Buena Vista, Covington, Frederick, Harrisonburg, Highland, Lexington, Page, Rockbridge, Rockingham, Shenandoah, Staunton, Waynesboro, Winchester

Population Statistics:

Total Population (2013):	491,300
State Share of Total Population:	5.9%
Percent Growth (since 2010):	2.4%

Some Key Performance Measures:

- Historic reliance on agriculture and poultry mitigated by growth in advanced manufacturing and higher education
- Second highest job growth (0.9%) in 2013
- Inflation-adjusted annual wages grew by less than 1.0% between 2003 and 2013
- One of just 2 regions with a high school graduation rate above the state average

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SCORECARD AT A GLANCE: West Central Region

Economy

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

Personal Income	↑
Employment Growth	↑
Poverty	↓
Unemployment	↑
Workforce Quality	↑
Business Startups	→
Patents Awarded	→
High-tech Firms	↑

Health and Family

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

Cancer	↑
Cardiovascular Disease	→
Child Abuse and Neglect	→
Foster Care	↑
Health Insurance	→
Infant Mortality	→
Obesity	↑
Suicide	→
Teen Pregnancy	↑

Performance Trend

Improving	↑
Maintaining	→
Worsening	↓

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	↑
Juvenile Intakes	↑
Traffic Fatalities	→

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.

Alternative Commuting	→

Education

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

School Readiness	↑
3rd Grade Reading	↑
High School Graduation	↑
High School Dropout	↑
College Degrees Awarded	↑
Educational Attainment	↑

Natural Resources

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

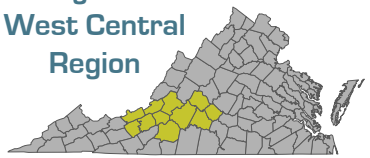
Land Preservation	→
Solid Waste and Recycling	→

Government and Citizens

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

Internet Access	↑
Tax Burden	↑
Voter Registration	↑
Voter Turnout	→

Virginia's West Central Region



Localities within the West Central Region:

Amherst, Appomattox, Bedford (city and county), Botetourt, Campbell, Craig, Franklin, Giles, Lynchburg, Montgomery, Pulaski, Radford, Roanoke (city and county), Salem

Population Statistics:

Total Population (2013):	735,900
State Share of Total Population:	8.9%
Percent Growth (since 2010):	1.6%

Some Key Performance Measures:

- Real per capita income in 2012 still below regional peak in 2007
- Higher education a strength along the Blacksburg-Roanoke-Lynchburg corridor
- West Central students consistently attain 2- and 4-year college degrees at a higher rate than any other region
- Several area cities and counties scored in the Top Ten in 2013 surveys of digital government services

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COUNCIL AREAS OF EMPHASIS

COUNCIL AREAS OF EMPHASIS

INTRODUCTION

This section provides a brief introduction to the Council and an overview of recent developments and current areas of emphasis.

The Council on Virginia's Future, which is chaired by the Governor and includes state, business, and community leaders, was established in 2004 to advise 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.

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.

More information about the Council on Virginia's Future is available at future.virginia.gov.

Figure 21 (page 65) provides a high-level overview of a framework that helps guide the work of the Council. Virginia Performs provides a foundation for our work. The bottom section identifies some of the key tools, products, and partnerships that are central to our efforts. The three questions in the top section reflect core elements of the Council's mission and its ongoing focus on the foundations of Virginia's future: a vibrant economy, a well-educated and engaged citizenry, and excellence in government.

VIRGINIA PERFORMS

Virginia Performs, the Council's signature initiative, is the Commonwealth's performance leadership and accountability system (VaPerforms.virginia.gov). Virginia Performs has won national recognition and served as a model for other states and nations; it has also been cited as an important factor in Virginia maintaining its status as a "Best Managed State."

Performance

Virginia Performs aligns agency-level performance with high-level statewide goals and serves as a catalyst for better strategic thinking and performance-based decision-making across the government enterprise. Continued progress was made during the year in the ongoing evolution of the performance leadership and accountability system.

VIRGINIA'S SCORECARD

Regular updates and enhancements are made to ensure that Virginia Performs stays fresh and relevant. As noted earlier, a new high-level indicator, Innovation and Entrepreneurship, was added to reflect the strategic importance of these two drivers of Virginia's competitiveness and quality of life. The new I&E indicator includes information on research and development, patents, venture capital investments, high-tech employment, and university spin-offs. Improvements were also made to the College Graduation indicator by adding data on per capita degree production by region. The Consumer Protection indicator was improved by adding new information from the Virginia Office of Attorney General.

Figure 21

A FRAMEWORK FOR PROGRESS

Trend changes were made for nine indicators on the societal-level Scorecard at a Glance:

- Maintaining to Improving: Infrastructure Condition.
- Worsening to Maintaining: Health Insurance and Obesity.
- Improving to Maintaining: Per Capita Personal Income, Employment Growth, School Readiness, College Graduation, Recidivism, and Traffic Fatalities.

A new Priorities Assessment section was added recently to the website to provide users an accessible view of high-level priorities and report cards.

Regional scorecards were recently updated and summarize current performance on more than 30 indicators; a Regional Trends at a Glance page allows comparison of current performance across regions.

PRIORITY IDENTIFICATION AND REPORTING

Enterprise Strategic Priorities: Virginia Performs now includes a set of Enterprise Strategic Priorities developed by Governor McAulliffe and his team with support from Council staff. These goals, priorities, and initiatives, which often transcend agency and other organizational boundaries, provide important input into agency planning processes and serve as a baseline for assessing progress on key issues.

Priority-focused Report Cards: We have begun a long-term process to accelerate progress on key outcomes by developing focused, issue-specific report cards based on the Virginia Performs model.

Workforce System Report Card: The Commonwealth's workforce development system is multi-layered and engages different levels of government, as well as many partners, both public and private. The new Workforce System Report Card for Virginia, the first of these issue-oriented report cards, was first released in 2012 and continues to be enhanced. Three key developments are underway:

- Accessible Performance Data: Council staff is working with Virginia Community College staff to make the detailed performance data behind the Workforce Report Card available via the Internet. This should be completed by late 2014 or early in 2015.
- Version "3.0": The Council is working closely with partners to identify new workforce measures for the health field, to refine our existing metrics for Virginia's emerging workforce for manufacturing, and to finalize a method for assessing regional demand-focused workforce solutions. The next major revision to the Report Card is scheduled for release in early 2015.
- Demand-focused Workforce Solutions: Producing more degrees and workforce credentials will not alone meet Virginia's long-term workforce needs – those degrees and workforce credentials must be in the skill areas most in demand by Virginia employers. To help address this challenge, Council staff is working with the Virginia Board of Workforce Development and other workforce partners around the state to establish a methodology for regions to use in creating industry-sector approaches to workforce development. A new report card indicator – Demand-Focused Workforce Solutions – will then capture regional progress in developing sustainable, collaborative approaches to workforce development for in-demand occupations in a key industry sector. The first assessment using this vehicle should be available in the spring of 2015.

Innovation and Entrepreneurship Report Card: We continue to work with the Center for Innovative Technology (CIT) to enhance our understanding of our progress on these two related and fundamental cornerstones of Virginia's future economic vitality. A significant update to this report card will be available in mid-2015.

Government Operations Report Card: We continue to work closely with our state partners to improve the Government Operations indicator on Virginia Performs. An update for this report card is scheduled for later in 2014.

AGENCY PLANNING AND ASSESSMENT

Performance Budgeting System: VCU's L. Douglas Wilder School for Government and Public Affairs has recently given their Innovation in Government award to the Department of Planning and Budget (DPB) for their new Performance Budgeting System.

Agency-level Strategic Planning and Performance Reporting: DPB also worked closely with agency personnel to redesign and improve the agency-level strategic planning and performance reporting system. The well-received module improves usability and formatting while allowing agencies to focus on fewer key performance measures.

Executive Progress Reports (EPRs): These concise overviews of agency strategic issues were used to support the transition to a new administration in 2014 and are currently being updated to reflect Governor McAuliffe's highest priorities.

Partnerships

Since its inception, the Council has worked closely with a wide variety of internal and external partners and thought leaders in the ongoing development of Virginia Performs and in the exploration and analysis of high-priority issues. **The Department of Planning and Budget** and the **Weldon Cooper Center** at the University of Virginia continue to be critical partners in maintaining and improving Virginia Performs. Recent partnership developments include:

- **The Virginia Chamber of Commerce**: Blueprint Virginia is a statewide initiative of the Chamber to develop a business-driven strategic plan for improving Virginia's competitive position in the global economy. The Council is now focusing on the workforce-related issues identified in the Blueprint.
- **Virginia Board of Workforce Development:** We continue to work with the Governor's Office, the Virginia Board of Workforce Development, and other partners to refine the Workforce System Report Card and its regional views.
- **Virginia's Center for Innovative Technology (CIT)**: We are working with CIT on the evolution of the Innovation and Entrepreneurship Report Card.

Table 9

ONGOING ENHANCEMENTS AND PARTNERS

Societal	Enterprise	Information & Engagement

• Societal-level data updates and new indicators (Key Partner: Weldon Cooper Center)
• Blueprint Virginia (Key Partner: Virginia Chamber of Commerce)
• Issue-specific report cards:
  • Workforce System Report Card (Key Partner: Virginia Board of Workforce Developmentl and others)
  • Innovation and Entrepreneurship Report Card (Key Partner: Center for Innovative Technology)
  • Government Operations Report Card (Key Partner: State Agencies)
	• Enterprise Strategic Priorities:
	  • Priority development (Key Partners: Cabinet Officials and State Leaders)
	Agency
	• Agency-level planning processes
	• Executive Progress Reports (Key Partner: Department of Planning and Budget)
		• Publications (The Virginia Report, Issue Insights, Regional and Community Snapshots, Virginia Performs newsletter, etc.).
		• Presentations and outreach activities

Toolbox

The Council employs a variety of methods and tools to keep Virginia's citizens and leaders 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 data framework for regional workforce development assessment and planning; strengthening the foundations for improved high-level, issue-focused assessment capabilities; and improving agency performance.
- 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. In addition, Virginia Performs continues to serve as a model for other states and nations.
- The Council's website (future.virginia.gov) provides a user-friendly, one-stop resource for accessing the work of the Council.
- Council staff periodically issues a digital newsletter, *Virginia Performs*, that showcases the Council's work, as well as other performance-related projects and events in Virginia government. (See more at: http://future.virginia.gov/publications/VaPnewsletter.php)
- Customized snapshots of locality data from Virginia Performs were developed for legislators and for various regional Planning District, workforce, and economic development officials.

AREAS OF EMPHASIS

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 Virginia's sustained prosperity: a vibrant economy, a well-educated citizenry and skilled workforce, and excellence in state governance. The Council's focus is framed around three key questions to help accelerate progress on Virginia's key priorities:

Are Virginia and its regions adequately positioned to assess their economic competitiveness and strategically drive growth?

The Virginia economy is a composite of its multiple, diverse regional economies. State-level policies, programs, investments, and regulations are critical, but translating the state, national, and international environment into the most appropriate and effective regional strategy remains a challenge. The goal over the next year is to deploy a flexible assessment and planning template, based on best practices, to help ensure that each region is well-positioned to build sustainable, collaborative approaches to workforce development for in-demand occupations in key industry sectors.

How can we better leverage Virginia Performs to foster greater efficiency and effectiveness in state government?

The development of Virginia Performs, the Commonwealth's performance leadership and accountability system, has been an ongoing Council priority. The 2013-14 development and deployment of a new strategic planning and performance reporting module represents another major milestone in advancing its technical infrastructure and usefulness. Now, the focus is on fine-tuning the system and strengthening its impact on agency performance.

Are we doing enough to educate and engage our citizens about their government?

Virginia's leaders have made a long-term commitment to increasing transparency and accountability in government. Virginia Performs, for instance, is one of a number of systems, including the Auditor of Public Account's Commonwealth Data Point, that provide a window into state performance and spending data. We will continue to examine ways to provide better, more accessible and understandable information about how state government operates and uses taxpayer resources.

SITES OF INTEREST:

FUTURE.VIRGINIA.GOV

VAPERFORMS.VIRGINIA.GOV

COUNCIL ON VIRGINIA'S FUTURE

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