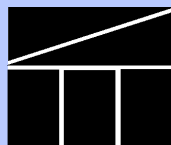# Agency Planning Handbook

**A Guide for Linking
Agency Strategic and Service Area Planning
to Performance-Based Budgeting**

**Department of Planning and Budget
2012-2014 Biennium
Updated: July 2011**

Agency Planning Handbook

A Guide for Linking Agency Strategic and Service Area Planning to Performance-Based Budgeting

This handbook describes Virginia's strategic planning, service area planning, and performance-based budgeting models. The purpose of the handbook is to provide information and guidelines for effective implementation of these elements of the Commonwealth's performance leadership and accountability system. It is intended to ensure that all organizations within state government that are required to comply with the statute mandating strategic planning for the Commonwealth (§ 2.2-5510 of the Code of Virginia) are able to do so. More importantly, it is designed to aid organizations in developing plans that serve as useful and valued management tools.

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Summary of Updates to the Handbook

Previous revisions of the handbook incorporated several updates due to changes in procedures or guidelines. It also included changes to examples and minor editorial revisions.

Major Changes for the 2008-2010 biennium:
- ❑ Changes in the format and requirements for the *Information Technology Summary* in the Agency Strategic Plan
- ❑ Information about a new standard objective and associated measure for each agency for *Commonwealth Preparedness*
- ❑ Information about a standard objective and associated measure for each agency for *Agency Administration*
- ❑ Information about a requirement to include an analysis of the impact of the aging population on the agency
- ❑ Information about the selection of and format for key objectives and key measures
- ❑ Information about a new requirement for completion of a S.W.O.T. analysis
- ❑ Change in the use of baselines for measures (i.e., now used only for new measures)
- ❑ Information about the development/selection and format for productivity measures
- ❑ (April 2009) Changes in the planning calendar

Major Changes for the 2010-2012 biennium:
- ❑ Plan submission changes – page 11
- ❑ Executive progress report (addition of timeframe guidelines) – page 17
- ❑ Products and services (addition of timeframe guidelines) – page 20
- ❑ Human resource summary – page 22
- ❑ Information technology summary section – pages 24-34
- ❑ Addition of new measure element: measure class – page 39
- ❑ Instructions for setting targets – pages 40-41
- ❑ Addition of new measure element: preferred trend – page 41
- ❑ Commonwealth preparedness goal – page 43
- ❑ Agency administration objective and measure – page 44
- ❑ Appendix A: Information technology investments – pages 45-50
- ❑ Updated planning calendar – page 60

Major Changes for the 2012-2014 biennium:
- ❑ Elimination of the key summary statement
- ❑ Elimination of the Commonwealth preparedness goal
- ❑ Alignment of objectives to strategic priorities

INTRODUCTION

BACKGROUND

Passage of House Bill (HB) 2097 and other related legislation marked the beginning of a new phase of performance leadership and accountability in Virginia. Enacted in July 2003, and re-enacted in 2008, § 2.2-5510 of the Code of Virginia, requires that…*"each agency…develop and maintain a strategic plan for its operations"* defined in the legislation as *"the systematic clarification and documentation of what a state agency wishes to achieve and how to achieve it. The objective of strategic planning is a set of goals, action steps, and measurements constructed to guide performance."*

PLANNING OVERVIEW

HIERARCHY OF AGENCY PLANS

Within agencies, there are two primary levels of plans (Figure 2):

AGENCY STRATEGIC PLAN

The agency strategic plan is the vehicle for the agency to tell its story and document its challenges. It is used to provide guidance to all agency departments through strategic goals that align with the long-term objectives developed by the Council on Virginia's Future. The strategic plan is a management tool used by agency leaders to determine and communicate what it wants to accomplish in a designated time period, to monitor the agency's overall performance, and to make course corrections to help the agency achieve its strategic goals.

SERVICE AREA PLAN

A service area is an area of expenditure that supports one or more products or services. It can cut across more than one organizational unit within an agency. Each service area forms the basic unit of budgeting and planning.

Like the agency strategic plan, the service area plan is the vehicle for the service area to tell its specific story and document its challenges. Directors, managers, and supervisors within an agency use the service area plan as a management tool to initiate and guide activities through the use of objectives, strategies, and measures and to assist the leaders in monitoring the performance of the service area. It is also used to identify budgetary requirements in support of those activities. The objectives and strategies developed will also demonstrate alignment to the agency's strategic goals and mission.

AGENCY STRATEGIC PLAN

MISSION
VISION
VALUES
EXECUTIVE PROGRESS REPORT
BACKGROUND INFORMATION
- Statutory authority
- Customers
- Partners (optional)
- Products & services
- Resources: financial, human resources (HR), information technology (IT), capital

GOALS
- Goals; alignment to Commonwealth long-term objectives
- Objectives, measures & strategies (optional)

APPENDICES
A. Information technology investments
B. Additional statutory authority information (optional)
C. Organization structure (optional)

SERVICE AREA PLAN(S)

BACKGROUND INFORMATION
- Service area description
- Alignment to mission
- Statutory authority (Roll up to Agency Strategic Plan)
- Customers (Roll up to Agency Strategic Plan)
- Partners (Optional - Roll up to Agency Strategic Plan)
- Products & services (Roll up to Agency Strategic Plan)
- Resources (Roll up to Agency Strategic Plan)

OBJECTIVES, MEASURES AND STRATEGIES

APPENDICES
A. Additional statutory authority information (optional)
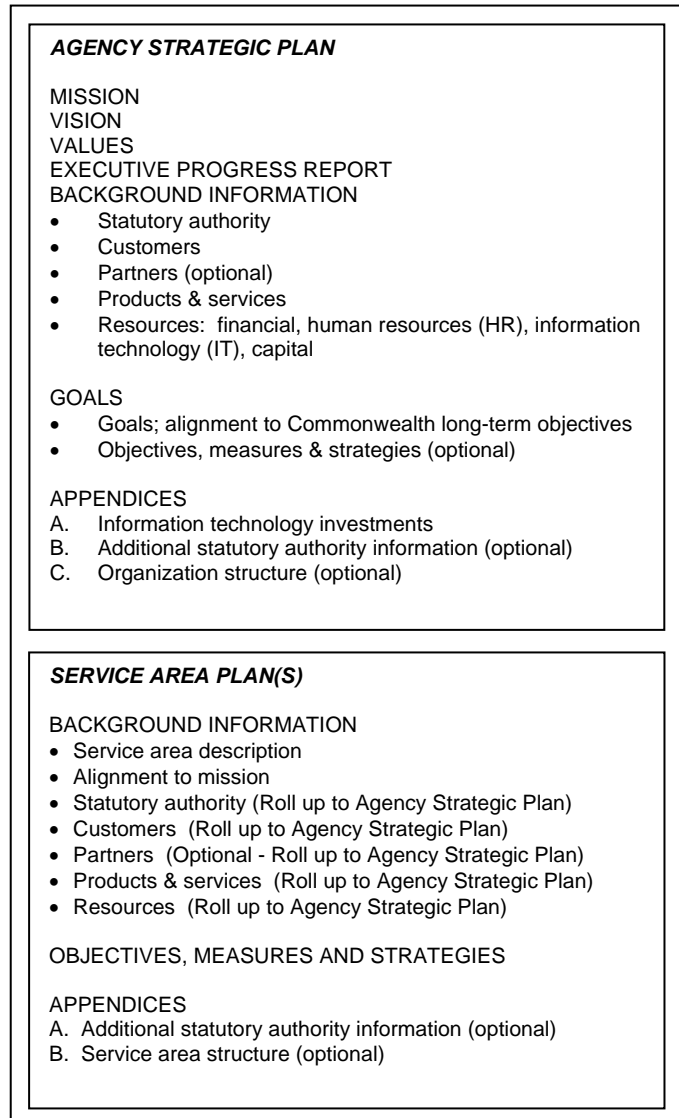B. Service area structure (optional)

Figure 2

A separate plan must be prepared for each agency service area. The number of service area plans within an agency varies depending on the agency's service area structure.

LINKING PLANS AND BUDGETS THROUGH THE SERVICE AREA STRUCTURE

Agency plans, objectives, and measures are linked to the budget through a common service area structure.

❑ *Service Area Structure:* DPB has worked with the agencies to develop a budget structure based on service areas. The "service area structure" ties categories of service areas to budgeting, accounting, strategic planning, and performance measurement. Thus, the "service area" is the common thread that runs through planning and budgeting activities, linking them through a common taxonomy.

❑ *Budget:* The performance-based budgeting model ties a service area to the budget via the service area structure. Funding is allocated at the service area level. A minimum of one objective is identified for each service area. Multiple objectives for a service area are presented in priority order. Each objective has one or more performance measures that provide management and decision makers the tools and data to make informed decisions.

ACCESSING VIRGINIA PERFORMS

Agencies can submit updates to their agency strategic and service area plans and administrative measures as follows:
1. Go to www.vaperforms.virginia.gov.
2. Click on Agency Planning and Performance.
3. Click on Agency login. Enter user ID and password.
4. If not immediately taken to the agency page, select the desired agency.

2012-2014 Agency and Service Area Strategic Plans: From the agency page choose the 'Edit' link under the strategic plan and then choose the Agency or Service Area plan you wish to edit. On the Biennium pull down, make sure you are working on the 2012-2014 plan. Your 2008-2010 and 2010-2012 plans will still be available for viewing. Some fields will already be populated with information from the prior plan as part of a roll-over done by DPB. Populated fields are those that were deemed least likely to have changes (e.g., mission, statutory authority) from one biennium to the next. It is important to review those sections as your agency may determine that changes are needed. For fields that are not populated, you can enter new information or copy information from the old plan and paste it to the new plan. DPB will make all 2012-2014 plans available to the public after approval by the Governor's office.

AGENCY STRATEGIC PLAN

AGENCY STRATEGIC PLAN

The agency strategic plan provides guidance and direction to the organization and enables its leaders to monitor progress toward the organization's stated goals. Figure 3 depicts the overall structure of the agency strategic plan. Following is an explanation of the elements that comprise the strategic plan structure.
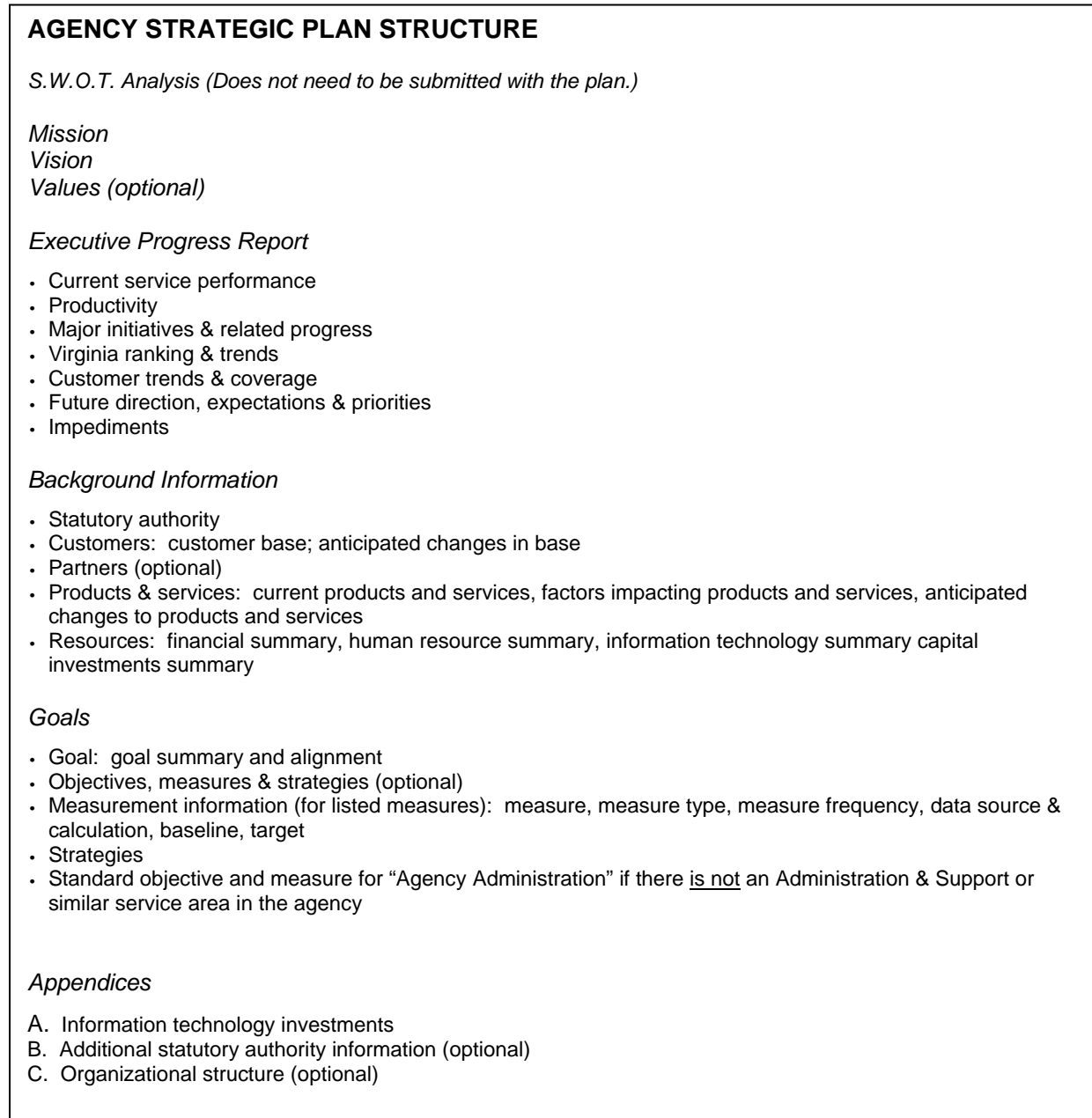

AGENCY STRATEGIC PLAN STRUCTURE

S.W.O.T. Analysis (Does not need to be submitted with the plan.)

Mission
Vision
Values (optional)

Executive Progress Report

- Current service performance
- Productivity
- Major initiatives & related progress
- Virginia ranking & trends
- Customer trends & coverage
- Future direction, expectations & priorities
- Impediments

Background Information

- Statutory authority
- Customers: customer base; anticipated changes in base
- Partners (optional)
- Products & services: current products and services, factors impacting products and services, anticipated changes to products and services
- Resources: financial summary, human resource summary, information technology summary capital investments summary

Goals

- Goal: goal summary and alignment
- Objectives, measures & strategies (optional)
- Measurement information (for listed measures): measure, measure type, measure frequency, data source & calculation, baseline, target
- Strategies
- Standard objective and measure for "Agency Administration" if there is not an Administration & Support or similar service area in the agency

Appendices

A. Information technology investments
B. Additional statutory authority information (optional)
C. Organizational structure (optional)

Figure 3

S.W.O.T. ANALYSIS

STRENGTHS **W**EAKNESSES **O**PPORTUNITIES **T**HREATS	A S.W.O.T. analysis should be completed by each agency. The aim of the S.W.O.T. analysis is to identify and focus on an agency's most valuable assets, areas for improvement and external issues that should be taken into account as long-term plans are created. The analysis can be done for the agency as a whole or for each objective.

❑ *Internal Perspective*
- **Strengths** - attributes of the agency that are helpful to achieving the desired objective
  - ✓ What does your agency do better than most others?
  - ✓ What do others perceive as your strengths?
  - ✓ What are the things you know you are good at?

  Examples:
  - ✓ Employee expertise
  - ✓ Agency culture
  - ✓ Experienced employees
  - ✓ Operational efficiency
  - ✓ Access to resources
  - ✓ Agency reputation

- **Weaknesses** - attributes of the agency that are harmful or hinder achieving the desired objective
  - ✓ What do others perceive as your weaknesses?
  - ✓ What can be improved?

  Examples:
  - ✓ Employee demographics (e.g., high percentage of employees are of retirement age)
  - ✓ Items mentioned under strengths but of a negative nature
  - ✓ Lack of cross-training leading to key person dependencies
  - ✓ Outdated computer system

❑ *External Perspective*
- **Opportunities** - external conditions that are helpful to achieving the desired objective
  - ✓ What trends are occurring that you can take advantage of?
  - ✓ What external activities are taking place that you can take advantage of?
  - ✓ What opportunities exist in the following areas?*
    - o Customers
    - o Industry (e.g., education, health care)
    - o Society – Technology – Economy – Environment - Politics

    *Source: James L. Morrison, University of North Carolina

Examples:
- ✓ New technologies
- ✓ Changes in statewide policies
- ✓ Demographic changes among your customers or potential customers
- ✓ One time events
- ✓ Collaborative efforts with outside entities

- **<u>Threats</u>** - external conditions that are harmful or hinder achieving the desired objective
  - ✓ What threats exist that could exploit the agency's weaknesses and have a serious impact on agency operations?
  - ✓ What obstacles does your agency face with respect to the following?*
    - o Customers
    - o Industry (e.g., education, health care)
    - o Society – Technology – Economy – Environment – Politics
    - o Infrasture
    - o Workforce

    *Source: James L. Morrison, University of North Carolina

  Examples:
  - ✓ Access to resources
  - ✓ New legislation

❑ *S.W.O.T. Tips*
- Start by defining a desired end state or objective.
- Include input from all members of your management team from different disciplines.
- Don't confuse opportunities external to the agency with strengths internal to the agency.
- Be realistic about agency strengths and weaknesses.
- Make sure the S.W.O.T. describes "conditions." Don't confuse the conditions with potential strategies.
- Be specific.
- Avoid complexity and excess analysis.
- Keep it short and simple.

❑ *S.W.O.T. Analysis Matrix*
A matrix like the one shown below can help you organize your S.W.O.T. input and begin to identify the key issues to address in your strategic and service area plans.

	Strengths (Internal) 1 2 3	Weaknesses (Internal) 1 2 3
Opportunities (External) 1 2 3	*Leverage strengths to exploit new opportunities.*	*Eliminate weaknesses that are barriers to taking advantage of opportunities.*
Threats (External) 1 2 3	*Use strengths to defend against threats.*	*Address weaknesses that could be exploited by threats.*

MISSION

The mission is a statement of an organization's purpose; the fundamental reason for an organization's existence. A mission statement should be broad enough to provide organization-wide strategic direction, yet specific enough to communicate the reason for the organization's existence to those not familiar with its work. Mission statements should be brief and convey the contribution your agency makes to society (i.e., the value you provide to your customers). It should be written so that readers can distinguish it from other mission statements.

CHARACTERISTICS OF A WELL-WRITTEN MISSION STATEMENT
- Concise
- Conveys the contribution your agency makes to society
- Broad enough to provide organization-wide strategic direction
- Specific enough to communicate the reason for the organization's existence to those not familiar with its work
- Written so that readers can distinguish it from other mission statements

We recommend that you include your agency's name so that the mission statement can stand alone.

Example: The Department of Planning and Budget advises the Governor on how to wisely use public resources for the benefit of all Virginians by analyzing, developing, and carrying out various fiscal, programmatic, and regulatory policies.

VISION

The vision is a description of the ideal future state of the organization. It describes the organization at its best, i.e., where the organization intends to be in the future or where it should be to best meet the needs of stakeholders.

Examples:
- *Department of Rail & Public Transportation: Every resident, visitor, and business in Virginia will have attractive transportation choices.*

- *Virginia Department of Juvenile Justice: Successful youth, Strong families, Safe communities*

VALUES (optional)

Values are the principles that govern behavior and the way in which the organization and its members conduct business. It is optional to include values in the agency strategic plan. Values are typically listed as words, phrases, or sentences that describe the value.

Examples:
- *Customer Focus*
- *Integrity*
- *Continuous Improvement*
- *Personal Accountability*

EXECUTIVE PROGRESS REPORT

The purpose of this section is to provide an overview of current service area performance and productivity, to show progress achieved, challenges being faced, and the direction for the future. In essence, this section provides contextual information for those who are reading and attempting to

understand the plans. The section should be brief, limited to about one to two pages. It should be in a narrative format, but with supporting data. References to current status should focus on the status at the time the plan is being written or on the biennium of the prior strategic plan. References to the future should focus, at a minimum, on the biennium to be covered in the new strategic plan.

❑ *Current Service Performance*
Provide an overview of current service performance for the organization as a whole, i.e., how well the organization is achieving its desired service outcomes. This may include information about such things as customer satisfaction, the percentage of eligible customers served, wait times, and output volumes.

❑ *Productivity*
Provide an overview of current productivity, i.e., the efficiency and effectiveness of your organization in serving its customers. Include improvements that have been made in the prior period.

❑ *Major Initiatives and Related Progress*
Highlight any major initiatives that you are currently implementing and any related progress. These would be initiatives designed to improve service, productivity, or operations.

❑ *Virginia Ranking and Trends*
Indicate how your organization and service areas rank among your peers nationally in service performance and productivity. Identify the source of the ranking.

❑ *Customer Trends and Coverage*
Discuss trends you are detecting in your customer base and any issues you are facing in providing coverage to customer segments statewide.

❑ *Future Direction, Expectations, and Priorities*
Indicate the future direction of the organization and its service areas as it relates to serving its customers and fulfilling its mission. Identify what the expectations are for the organization and its service areas in the future. Describe the organization's priorities.

❑ *Impediments*
Describe any significant challenges your organization is facing that could limit its ability to satisfy expectations and achieve its mission.

BACKGROUND INFORMATION

The purpose of this section is to provide the context for the agency's strategic plan by explaining why the agency exists, who it serves, what it delivers to its customers, and the partners and resources it uses to accomplish its mission. This section describes the agency's current situation, as well as anticipated changes that were considered as input for the development of the agency's goals.

❑ *Statutory Authority*
The statutory authority section of the strategic plan should cite the Federal Code, Code of Virginia, or any other source that gives the agency its authority and mandate in law, and include a brief description of each.

❑ *Customers*

The customer section should contain a list of the agency's customers (i.e., the customer base) and should include the number of current customers being served and the number of potential customers. This section should also document any anticipated changes in the customer base. This information should be compiled from the organization's service area plans.

A customer is defined as any individual, group of individuals, organization, or organizational units for whom products and services are supplied. Customers could be internal or external. An example of an internal customer may be the business units of the agency. An example of an external customer could be a segment of the citizen population (e.g., adults over the age of 65), a business group (e.g., daycare providers), or another part of government (e.g., state or local agencies). Please do not include "citizens of the Commonwealth/Virginia."

Do not provide a total, as the different customer groups may not be mutually exclusive.

Customer Base:

Customer Description	Served	Potential
Low-income families/individuals	150,000	205,000
Children and their families	98,000	119,000
Local departments of social services	120	120

Following are additional examples of customers:

- *Businesses (including day care centers and licensed adult facilities)*
- *Non-profits*
- *Vulnerable adults (senior; disabled over the age of 18) and their families*
- *Custodial parents/children*

Anticipated Changes in the Customer Base:

Examples of anticipated changes in the customer base:

- ***Temporary Assistance to Needy Families (TANF)*** *– The federal government's restructuring of the TANF program is anticipated to increase the existing customer base by approximately 50 percent over the next five years.*

- ***Child and Family Services Review*** *– With the implementation of the Child and Family Services Review for Foster Care, it is anticipated that the changes in the customer base will produce an increase in caseloads by 33 percent by FY2012.*

- ***Caregivers for Individuals Aged 60 and Older*** *– The diverse and mobile nature of our society threatens Virginia's informal support system of families, friends, and neighbors who provide 80% of the care that frail older citizens require to remain independent in their homes and communities. The Commonwealth will need to continue to search for cost-effective ways of encouraging families to care for their elderly and disabled relatives.*

Aging Population Impact Analysis

- A requirement was enacted in 2006 that each agency shall include in its strategic plan "*(a)n analysis of the impact that the aging of the population will have on its ability to deliver services and a description of how the agency is responding to these changes.*" (VA Code § 2.2-5510.A.4)

- The analysis should be included in the Executive Progress Report - Customer Trends & Coverage section of the agency strategic plan.

❑ *Partners (Optional)*
Within the Commonwealth, there are agencies that do not have complete authority and/or responsibility for the delivery of their services directly to end customers. For example, some agencies deliver their services through a state-supervised, locally administered system (e.g., services are delivered through local governments rather than through state agency employees). Thus, the achievement of some of the agency's strategic goals/outcomes may be dependent, in part, on the performance of the agency's "partners."

A partner is defined as an organization that a state agency uses or collaborates with to deliver its products and services. A partner could be another government entity, a not-for-profit organization, or a private organization.

This section is optional. If you include it, list the types of partners you have (e.g., sub-contractors). It is not necessary to list the actual names of the partners (e.g., XYZ Corp.). You may also wish to describe, in general, the services they provide on your behalf.

Examples of partners and the services they provide are:

- *Private contractors to provide road maintenance and snow removal*
- *120 local departments of social service that report to local governments*
- *Community action agencies*

❑ *Products and Services*
This section lists the current products and services provided by the agency, factors impacting the products and services, and any anticipated changes. This is a summarized, high-level enterprise overview. This information should be compiled from the organization's service area plans.

A *service* is an action an agency takes to fulfill its mission. A *product* is an item produced by the agency. Agencies often have many products and services that span the operations of the organization, and even multiple agencies. Therefore, these products and services impact individuals, groups of individuals, organizations, or organizational units, both internal and external. An example of an internal service may be the information-technology support to the business units of the organization. An example of an external service may be a service supplied to a citizen or another part of government such as state or local agencies that receive financial support.

Current Products and Services:

The products and services to be described in this section are the items or assistance an organization provides to its customers as of the date the new strategic plan is being written or as of the end of the previous fiscal year.

Examples:

- *Preparation of the executive budget document*
- *Research and development*
- *Drug testing*
- *Driver's license renewal*
- *Help desk services*
- *Program evaluation*
- *Volunteer recruitment and training*

Factors Impacting Products and Services:

Examples of factors impacting services:

- *The federal government is undertaking a review and restructuring of the Temporary Assistance to Needy Families (TANF) program.*

- *The implementation of the Child and Family Service Review for foster care will impact the delivery of foster care services.*

In addition to the examples listed above, you may also wish to include information about the needs and expectations of your customers that are impacting products and services.

Anticipated Changes to Products and Services:

Anticipated changes should, at a minimum, be for the biennium that the new strategic plan covers.

Examples of anticipated changes in services:

- *The federal government's restructuring of the TANF program is anticipated to increase the services offered, such as employment services that prepare individuals for the workplace.*

- *The anticipated changes to foster care services will require an increase in the interaction with children requiring or currently in foster care. It is anticipated that this will increase the existing caseloads by 33 percent.*

❑ *Resources*
The resources section will list the organization's available resources from the financial, human resource, capital outlay, and information technology aspects.

Financial Resources Summary:

The financial resources summary section starts with an overview narrative explaining the total spending budget for the agency, the composite funding streams, and any other information that explains the nature and/or destination of funds. Understanding an agency's financial resources is key to linking strategic management guidelines to the budgeting process. This includes knowing from where the resources come and where they will be spent.

The section also contains a table that depicts the total agency budget for a two-year period by fiscal year broken out into the base budget and changes to the base budget. In general, the *base budget* for an agency is its current year's legislative appropriation plus DPB base adjustments.

Changes to the base budget include base budget adjustments, technical adjustments and decision packages, including those that request funding for new initiatives. The first set of base adjustments will be submitted with the base budget. These amendments to the base will include central appropriation distributions such as changes in fringe benefit rates and salary increases, nongeneral fund increases approved this biennium administratively that will continue into the next biennium, adjustments to remove one-time expenditures and annualize partial year funding.

A second budget submission of decision packages will be submitted in the fall. These decision packages will consist of funding requests for Governor and Cabinet initiatives, workload changes, new initiatives, and policy/program changes. They will be used to develop the introduced budget that is submitted to the General Assembly in December.

An example of the overview narrative:

- *The chief source of funding for the agency is federal grants from the Department of Health and Human Services. Most of these funds require a forty percent state match. The agency also collects special fund revenue from charges made to individuals, insurance companies, Medicaid, Medicare, and other third party carriers.*

An example of the breakdown:

Agency Budget

	Year One		Year Two	
	General Fund	*Nongeneral Fund*	*General Fund*	*Nongeneral Fund*
Base Budget	*$90,727,965*	*$97,827,758*	*$90,727,965*	*$97,827,965*
Changes to Base Budget	*$3,500,000*	*($7,500,000)*	*$10,000,000*	*$2,000,000*
Total	***$94,227,965***	***$90,327,758***	***$100,727,965***	***$99,827,965***

Human Resources Summary:

The human resources summary section has four parts. It starts with an overview narrative explaining the composition of the workforce and any challenges the agency perceives it will encounter in identifying both the talent needed to meet agency goals and objectives as well as the strategies to acquire or develop that talent. This is followed by a tabular summary level breakdown of total Full Time Equivalent (FTE) resources by FTE type. Two narratives follow this: one documenting factors impacting human resources and the other documenting anticipated changes in human resources.

An example of the overview narrative:

- *The agency relies on a balance of salaried employees, wage employees, and contract workers to deliver its products and services to its customers. The agency has a challenge in the recruitment of staff with skill sets compatible with core service areas. It is anticipated that the agency will have difficulty recruiting qualified individuals to replace retirees. Therefore, the agency must emphasize strategies to identify and place talent already within the agency and train and develop agency employees.*

An example of summary level breakdown:

Agency Human Resources:

Effective Date: *June 1, 2011*

Total Position Level	*150*
Total Vacant	*-7*
Appointed/non-classified	*4*
Full Time Classified	*100*
Part Time Classified	*39*
Faculty	*0*
Wage	*26*
Contract Employees	*7*
Total Human Resource Level	*176*

Factors Impacting Human Resources:

This section details the factors that impact the agency's human resource levels or capabilities and, where appropriate, should relate them to specific products and services.

Examples of factors impacting agency human resources:

- *The average age of the work force continues to increase.*

- *Available resources with the prerequisite skill sets continue to decline. This has resulted in higher starting salaries and the development of new retention strategies.*

- *General economic conditions throughout the Commonwealth have increased the availability of qualified potential candidates in some occupations. However, budgetary challenges and hiring restrictions are impacting the agency's ability to tap these resources sufficiently.*

Anticipated Changes in Human Resources:

This final section details the changes the agency anticipates in its human resource levels or capabilities and, where appropriate, should relate them to specific products and services. Anticipated changes should, at a minimum, be for the biennium that the new strategic plan covers.

Examples of anticipated changes in human resources:

- *Over the next five years, 25 percent of the current workforce may need to be replaced due to retirements. As this occurs, additional resources will have to be invested in recruitment, development, and placement activities.*

- *As a new and less experienced work force is recruited, there will be increased costs for training incoming staff. Current staff identified for re-deployment and placement within the organization will also require training.*

- *Training and clear career progression paths and opportunities will be a key factor in recruitment and retention of a qualified workforce. There will be associated costs tied to these issues.*

A more detailed breakdown of the agency's human resources, issues, and plans can be found in the agency's Department of Human Resource Management's Workforce Plan (See DHRM Policy 1.90, http://www.dhrm.virginia.gov/hrpolicy/policy.html

Capital Investments Summary (if applicable):

This section presents the agency's view of capital outlay investments over the next two years. It identifies, at the enterprise level, the Current State/Issues, Factors Impacting Capital investments, and Capital Investment Alignment. These categories provide an opportunity for the agency to identify issues and challenges it is encountering in the area of capital planning. This section needs to be completed only by all agencies, even those that occupy leased space. This includes capital outlay leases.

Current State/Issues:

Current state/issues documents agency opportunities, challenges and issues. Examples are:

- *There are a number of aging facilities that are no longer cost effective to maintain.*

- *Due to residents with more physical handicaps, interior renovations will be necessary to accommodate wheelchairs and walkers.*

- *A declining census will result in more vacant space. Consolidation of existing programs could reduce overhead costs.*

Factors Impacting Capital Investments:

Factors impacting capital investments are things such as requirements or mandates that predominately come from external sources. Examples are increased demand from external entities, changes in customer base, and changes in products and services provided.

Examples of factors impacting capital investments:

- *The need to repair or upgrade major building components due to the general aging of buildings, many of which are in excess of 40 years old;*

- *Increasing and changing demands for state products and services;*

- *Modifications in building codes that require significant investment in existing facilities to maintain healthy and safe conditions; and*

- *The rapidly changing nature of technology.*

Capital Investment Alignment:

This section describes how the capital investments detailed in an agency's Capital Improvement Plan align to the mission of the agency, its strategic direction, or any mandates. It also describes how these investments align with Virginia's long-term objectives.

Example:

- *The Virginia State Police provide high quality, statewide law enforcement services to the people of Virginia and visitors. This includes promoting public safety through enforcing the criminal and motor vehicle laws of the state, and being independent yet supportive of other law enforcement agencies. As the State's lead law enforcement agency, the Department has statewide law enforcement jurisdiction, except in the independent cities. The State Police currently coordinate field operations through 47 area offices spread throughout the state. A major emphasis of the State Police's capital improvement program is the development of the STARS (Statewide Agencies Radio System) and related support systems. It was originally conceived to replace the state's police's radio system, but will support the communications needs of over 20 state agencies as well as interoperability with local law enforcement. This system will allow the State Police to help ensure the public safety needs of the Commonwealth.*

Information Technology (IT) Summary:

Agency IT Strategic Plan (ITSP)

Writing the Information Technology (IT) Strategic Plan is a collaborative effort between the business, finance, and IT leaders within the agency. It cannot be written without input and involvement from all parties. The resources who are responsible for the agency strategic plan must work with the resources responsible for the agency's IT Strategic Plan (ITSP) to successfully write this section.

For the 12-14 biennium, although the rest of the agency strategic plan is due to the Department of Planning and Budget (DPB) by August 26th, the ITSP is due to the CIO of the Commonwealth by October 28th. The additional time for submission of the ITSP has been added to allow agencies time to match IT investments to approved agency business strategies.

The ITSP is the primary tool for communicating how agency business needs drive IT investment decisions, and how the agency's IT investments support the business goals and objectives of the agency and the Commonwealth. The ITSP provides a detailed view of the *business value* of agency IT investments, identifies the alignment of each individual IT investment to the agency's service area objectives and performance measures, and provides additional information for each investment (i.e., costs, start and end dates, service area owner, etc.)

After all components of the agency ITSP have been approved or certified by the agency head, the ITSP must be submitted to the CIO of the Commonwealth for review and approval.

Requirements for the Health and Human Resources Secretariat

For the 12-14 biennium, agencies in the Health and Human Resources Secretariat have additional requirements, due to the Secretariat's focus on fulfilling federal mandates under the Commonwealth's Health IT/Medicaid Information Technology Architecture (HIT/MITA) Program. Per the Secretary, Health and Human Resources agencies will:

- use a single Secretary-approved Appendix A for the entire Secretariat;
- use common descriptions for all projects and procurements in the HIT/MITA program. The descriptions will be provided by the HIT/MITA program office; and,
- in addition to agency head approval, will obtain Secretary approval on their ITSPs.

What is the Business Value of IT?

Business Value of IT is a measure that demonstrates how an IT investment contributes to improved constituent service levels, agency operational efficiencies, and the strategic goals of the agency and the Commonwealth. IT investments may have multiple value measures in one, two, or all three of these value categories. Some value measures apply to more than one category.

The Commonwealth uses the measurement of an IT investment's value as a way to quantify agency business benefits and track them throughout the IT investment lifecycle. Measuring IT investment value with a focused, standardized set of evaluation criteria allows the Commonwealth to forecast value during investment business case development and investment selection.

Constituent Service

Constituent service is the measure of how well an IT investment helps the citizens of the Commonwealth. This can include offering financial benefits such as lower cost of interaction with citizens, reduced fees, or quicker reimbursements. It can also include service improvements such as reduced wait times, improved access, and new services leading to constituent benefits, or a greater focus on constituent needs. The fulfillment of federal or state mandates is also considered a constituent service.

Examples of how an IT investment provides constituent service value are:

- improving customer experience
- reducing request/form processing times
- providing better access to information
- increasing ease of use
- adding new services
- meeting federal or state mandates
- increasing service quality
- reducing constituent-facing error rates
- reducing user fees

- enhancing public relations
- decreasing environmental impact

Operational Efficiency

Operational efficiency is the measure of an IT investment's capability to reduce agency operational and inventory costs, or provide other financial benefits such as streamlined supply chains, new revenue streams, higher productivity, error reductions, faster merging of administrative processes, or an improvement in agency performance against Department of Planning and Budget (DPB) productivity measures.

Examples of how an IT investment provides operational efficiency value are:
- reducing ongoing operations and maintenance costs
- reducing personnel costs
- redeploying personnel to another task
- reducing error rates
- increasing production volume
- reducing material waste
- reducing raw material use
- reducing costs through a shared service
- reducing costs through an enterprise application

Strategic Alignment

Strategic alignment is the measure of an IT investment's support for Commonwealth goals and objectives as expressed in the individual agency strategic plans, the Commonwealth of Virginia Strategic Plan for Information Technology, the Governor's initiatives, and the Commonwealth's Enterprise Architecture. It also includes the applicability of the investment across the enterprise.

Examples of how an IT investment provides strategic alignment value are:
- improving performance in a Agency key measure
- improving performance in an *agency productivity measure*
- improving performance in an *agency administrative measure*
- improving performance in an *other agency measure*
- improving performance in a Council on Virginia's Future societal indicator
- participating with other agencies in a shared service solution
- participating with other agencies in an enterprise solution
- incorporating enterprise data standards into the solution

Agency service area performance measures can be aligned with one of the IT investment value categories. In the performance-based budgeting model, each agency service area has at least one objective, and each objective has one or more performance measure. The impact of a proposed IT investment on service area performance should be identified for each investment discussed in the IT Summary section.

ITSP Components

The ITSP has four components:

1. the agency head-approved IT Summary Section of the agency strategic plan in the Virginia Performs system;
2. the agency head-approved IT Budget Estimation Tables in the agency strategic plan in the Virginia Performs system;
3. the agency head-approved Appendix A in the Commonwealth Technology Portfolio, or an Appendix A Exemption Letter on file with VITA's ITIM Division; and,
4. the agency head-certified agency Application Portfolio in the Commonwealth Enterprise Technologies Repository.

All in-scope agencies must complete all four of these components. For a complete list of in-scope agency ITSP requirements and instructions for accessing the non-Virginia Performs ITSP components, please go to the IT Strategic Planning web page at http://www.vita.virginia.gov/oversight/projects/default.aspx?id=7778. For additional information about your agency's use of the Commonwealth Technology Portfolio, please contact your AITR.

IT Summary Section of the Agency Strategic Plan

The purpose of the IT Summary Section of the agency strategic plan is to provide a business value perspective on the agency's information technology investments and to demonstrate how these investments support the goals and objectives of the agency and the Commonwealth.

The agency should identify all business needs that, from the agency's perspective, can be supported by an enterprise or collaborative IT solution.

If the agency has any IT projects or procurements for the upcoming budget biennium documented in the Commonwealth Technology Portfolio, the agency must describe the business value of each IT project or procurement in the IT Summary Section.

The IT Summary Section is divided into three fields:

Current Operational IT Investments

In this field, the agency will describe any existing operational IT investments that are not meeting the agency's business needs and will require enhancement in order to produce the desired business value. Include all enhancement opportunities, even those that are not funded at this time, and focus on the business value of improving the IT investment's performance. In your discussion, be sure to note whether the proposed enhancements are funded or not.

Hypothetical generic example: A service area is using an aging IT solution to manage a business process that refunds excess fee payments to citizens. The current IT solution has to be updated to match needed changes in the service area's operational processes. Use of the IT solution as-is results in delayed constituent receipt of refunds, decreased service quality, negative public relations, increased error rates requiring manual double checking and the reallocation of staff from other tasks to process handling. Subsequently, the aging of the IT solution has resulted in the service area not meeting its performance measure for the business process. The agency does not have funding for this solution update.

If the agency's existing operational IT investments are meeting the agency's business needs and will not require enhancement in the foreseeable future, the agency should enter the following text rather than leave the *Current Operational IT Investments* section blank:

At this time, the agency anticipates that all Current Operational IT Investments will continue to meet agency business needs in the foreseeable future, and will not need enhancement or additional investment.

Factors Impacting the Current IT

In this section, the agency will describe the changes in their business environment that will require or mandate changes to the agency's current IT investments. These are requirements and mandates from external sources, such as other agencies or business partners, the agency's customer base, product and service providers, or new federal or state legislation or regulations. The agency must identify the business value of the change, any important deadlines that must be met, and the consequences if the deadlines are not met. In your discussion, be sure to note whether the proposed enhancements are funded or not.

Hypothetical generic example: The federal government has established a performance standard and review schedule for a service provided by an agency, and the federal standard is a key performance measure for the agency. In order to meet the new performance standard, the service area has identified a number of business processes that will have to be improved. In the service area's estimation, the current technology that supports these processes will not be able to accommodate the business process changes, and will have to be modified by June 2013. The agency will be required to meet the federal performance standard for a scheduled November 2013 review. The agency has received a grant from the federal government that will fully fund a replacement information management system.

If the agency's existing current IT investments will not need enhancement due to requirements or mandates from external sources in the foreseeable future, the agency should enter the following text rather than leave the *Factors Impacting the Current IT* section blank:

At this time, the agency is not aware of any external factors, requirements or mandates that will require IT investments by the agency in the foreseeable future.

Proposed IT Solutions

In this section, the agency will discuss the business value of proposed IT solutions that support agency strategic objectives, service area strategic objectives, Commonwealth, enterprise, or secretariat-level strategic priorities, agency performance measures and/or societal indicators. This section must discuss the business value of any agency IT investments for the upcoming budget biennium that are not discussed in the other two sections. In your discussion, be sure to note whether the proposed solutions are funded or not.

Hypothetical generic example: Management of the commercial use of natural resources is an agency strategic objective. In coordination with other Commonwealth agencies, the agency is planning to lead a partnership consisting of several states and the federal government that will initiate an ongoing program to manage commercial use of natural resources in a multi-state region. The goal of the partnership is to restore resources that have been depleted by over-use, and assist in the rebuilding of industries that use the resources. In coordination with the partners, the agency plans to implement and maintain a shared partnership activity development, monitoring, and

reporting application that will support research into methods for sustainable commercial resource use, improvement of overall resource quality, restoration of damaged resources, and the protection of commercial interests while the broader quality issues are pursued. The agency will budget funding for its portion of the shared application's development and maintenance costs.

If the agency does not have any Proposed IT Investments, the agency should enter the following text rather than leave the *Proposed IT Solutions* section blank:

1. At this time, the agency does not have any Proposed IT Solutions that will support agency strategic objectives, service area strategic objectives, Commonwealth, enterprise, or secretariat-level strategic priorities, agency performance measures, or societal indicators.

2. IT Budget Estimation Tables in Virginia Performs
   Agencies will use the IT Budget Estimation Tables to determine the estimated cost of agency IT investments for the upcoming biennium. Agencies must look across all of their service areas and programs to identify all IT investment costs for the previous year, and use the previous year's costs,   in addition to the base budget for all IT expenditures provided by DPB, as the basis for estimating the future agency-wide IT budget.

   All in-scope agencies must fill out the Current IT Services and Proposed IT Investments tables in Virginia Performs, per the instructions below, prior to submitting the agency ITSP for CIO review and approval.

Current IT Services Table

Current IT Services represent the costs of ongoing IT operations and maintenance. Items in this category cover estimated costs for the entire next biennium. These items do not need project or procurement review and approval. A Request for Service (RFS) for infrastructure is considered an operations and maintenance expense and is included in Current IT Services table. An RFS in support of an IT Project is included in the appropriate project cost row in the Proposed IT Investments table.

Current IT Services – Estimated Ongoing Operations and Maintenance Costs for Existing IT Investments				
	Costs Year 1		Costs Year 2	
Category	**General Fund**	**Non-general Fund**	**General Fund**	**Non-general Fund**
Projected Service Fees	Pre-fill	Pre-fill	Pre-fill	Pre-fill
Changes (+/-) to VITA Infrastructure				
Estimated VITA Infrastructure	Total of rows 1 and 2	Total of rows 1 and 2	Total of rows 1 and 2	Total of rows 1 and 2
Specialized Infrastructure				
Agency IT Staff				
Non-agency IT Staff				
Other Application Costs				
Total	Total of rows 3 through 7	Total of rows 3 through 7	Total of rows 3 through 7	Total of rows 3 through 7
Comments				

Projected VITA Service Fees

VITA will provide each agency with its projected Service Fees. The projection is equal to the agency's FY 2011 Service Fees plus a factor of 1.5 percent added to the previous year's expenses, assuming a

small increase in IT spend each year. Agencies will use the projection as a basis for estimating Service Fees in the upcoming biennium.

Changes (+/-) to VITA Infrastructure

If the agency expects VITA Infrastructure costs to increase or decrease during the upcoming biennium, the amount of change in VITA Infrastructure costs should be entered in the Changes (+/-) to VITA Infrastructure row.

Estimated VITA Infrastructure

Estimate VITA Infrastructure costs including all networking, hardware, data storage, mainframes, telecommunications, project and procurement oversight services, and any other equipment and services provided by VITA. This row is a subtotal of the Previous Year's VITA Infrastructure and Changes (+/-) to VITA Infrastructure rows.

Specialized Infrastructure

Estimate the agency's Specialized Infrastructure costs including all networking, hardware, data storage, mainframes, telecommunications, and information technology equipment **not** provided by VITA. This includes the infrastructure portion of fees paid to application service providers and infrastructure services that may be included in building rental and lease agreements. If the agency expects Specialized Infrastructure costs to increase or decrease during the upcoming biennium the change in Specialized Infrastructure costs should be reflected in the estimate the agency provides in the Current IT Services table.

Agency IT Staff

The estimated Agency IT Staff cost should be based on an estimate of the Agency IT Staff cost for the previous year, then adjusted based on anticipated increases or decreases in staffing. Do not include the cost of non-agency IT staff that will be acquired through a staff augmentation contract, the cost of staff that will be borrowed from another agency, or the cost of staff that will be assigned to an IT project in this estimate. To estimate the Agency IT Staff cost for the previous year, please use the following process:

Estimating the Agency IT Staff Cost for the Previous Year		
Step	Action	Cost
1	Sum total salary costs for all personnel classified as IT for the previous year. Do not include the salary for personnel loaned to another agency if that agency is paying reimbursing your agency for the salary cost. Subtract any salary paid to staff for work done as a part of an agency IT Project, per project, and keep that total for use in the Proposed IT Investments table.	
2	Identify all non-IT classified personnel (including managers, administrative staff, data entry staff doing application support, etc.) who did IT work during the previous year and the percentage of time they spent doing IT work during the previous year. For each non-IT classified person identified, calculate salary costs by multiplying non-IT classified personnel salary by percentage of time spent doing IT work, then adding all costs together. Subtract any salary paid to staff for work done as a part of an agency IT Project, per project, and keep that total for use in the Proposed IT Investments table.	
3	Sum all bonuses paid to IT classified personnel and the percentage of bonuses paid to non-IT classified personnel using the same percentage as in Step 2. Subtract any bonuses or the percentage of bonuses paid to staff for work done as a part of an agency IT Project, per project, and keep that total for use in the Proposed IT Investments table.	

Estimating the Agency IT Staff Cost for the Previous Year		
Step	**Action**	**Cost**
4	Subtotal costs identified in Steps 1, 2, and 3.	
5	Multiply the subtotal from Step 4 by .28. This represents the average cost of benefits for personnel.	
6	Sum all IT-related training costs not included in an IT project budget (including tuition, books, fees, etc.).	
7	Sum all IT-related travel costs not included in an IT project budget (including gas, mileage, accommodation, fares, etc.).	
8	Total costs identified in Steps 4, 5, 6, and 7. This represents the estimated base Agency IT Staff costs for the previous year.	
9	Adjust the total identified in Step 8 up or down depending on anticipated changes in agency IT staffing needs for the first year of the next biennium. Do not include the cost of non-agency IT staff acquired through a staff augmentation contract or the staff assigned to an IT project in this estimate.	
10	Determine how much of the Agency IT Staff costs identified in Step 9 will be funded from general fund dollars.	
11	Determine how much of the Agency IT Staff costs identified in Step 9 will be funded from non-general fund dollars.	
12	Adjust the total identified in Step 9 up or down depending on anticipated changes in agency IT staffing needs for the second year of the next biennium. Do not include the cost of non-agency IT staff acquired through a staff augmentation contract or the staff assigned to an IT project in this estimate.	
13	Determine how much of the Agency IT Staff costs identified in Step 12 will be funded from general fund dollars.	
14	Determine how much of the Agency IT Staff costs identified in Step 12 will be funded from non-general fund dollars.	

Non-agency IT Staff

Estimate the cost of non-agency IT staff acquired through an existing, approved staff augmentation contract for IT service or support. This includes the IT staffing portion of fees paid to application service providers. In addition, if non-agency non-IT staff will be assigned IT work during the biennium; include the portion of non-agency non-IT staff salaries paid for IT work. Also include the cost of staff on loan from another agency, unless that staff salary is included in a project budget. Do not include the estimated cost of non-agency IT staff that will be acquired through a newly proposed IT staff augmentation contract, or the cost of non-agency IT staff assigned to an IT project in this estimate.

Other Application Costs

Estimate the ongoing costs of application fees and licensing not covered under VITA Infrastructure. Includes the application cost portion of fees paid to application service providers. Do not include the estimated purchase cost of applications that will be acquired through a newly proposed IT procurement.

Comments

If the agency entered a value in the Changes (+/-) to VITA Infrastructure row, use this field to describe the business changes that prompted the agency to change the estimated amount it will spend on VITA Infrastructure in the coming biennium.

Proposed IT Investments Table

Proposed IT Investments represent the estimated costs of projects and procurements that will be incurred during the upcoming biennium. These estimated costs come from either new projects or procurements, or from existing projects or procurements that will not be completed until after the biennium starts. The agency must include in this table estimated costs for all IT investments for which the project or procurement review, approval, and implementing process has not started or has not been completed prior to the beginning of the biennium. The costs of supporting applications beyond the implementing project or procurement end date will be estimated in the Current IT Service table.

Note that any proposed investments that are associated with a grant must be entered into the Commonwealth Technology Portfolio prior to, or at the time of, submitting the grant application. Many grants have very strict timelines; and in order to meet these timelines, it is important for the agency to obtain planning approval as soon as the decision is made to apply.

An IT project is a temporary endeavor undertaken to create a unique IT product, service, or result. An IT procurement is a temporary endeavor undertaken to obtain goods or services, including all activities from the planning steps and preparation and processing of a requisition, through receipt and acceptance of delivery, and processing of a final invoice for payment. The estimated costs of ongoing IT operations and maintenance activities are entered into the Current IT Services table.

If the agency has projects and/or procurements for the upcoming biennium, the estimated in the Proposed IT Investments table must match the costs in the agency's *Appendix A: Information Technology Investments*.

Proposed IT Investments – Estimated Costs for Projects and New IT Investments				
	Costs – Year One		Costs – Year Two	
Category	General Fund	Non-general Fund	General Fund	Non-general Fund
Major IT Projects				
Non-major IT Projects				
Agency-level IT Projects				
Major Stand Alone IT Procurements				
Non-major Stand Alone IT Procurements				

Major IT Projects

Estimate the total cost of all Major IT Projects proposed for the upcoming biennium. Major IT Projects are defined in the *Code of Virginia* (§ 2.2-2006) as "any Commonwealth information technology project that has a total estimated cost of more than $1 million or that has been designated a Major information technology project by the Secretary [of Technology]." Agencies are required to estimate and track the cost of current agency and non-agency IT staff who will be assigned to work on any agency Major IT Project. The estimated cost of current agency and non-agency IT staff assigned to Major IT Projects **must not** be included in the Agency and Non-agency IT Staff cost estimates in the Current IT Services table. IT Project costs must include the amount of the agency's operating appropriation that will be spent on project activities.

Agencies are required to identify Major IT Projects in the agency's budget per the *Code of Virginia* (§ 2.2-1509.3). If funding for a Major IT Project or related procurement has not been included in the budget bill in accordance with § 2.2-1509.3, the Major IT Project and the agency ITSP cannot be approved by the

CIO. However, upon a determination by the Governor that an emergency exists and a Major IT Project is necessary to address the emergency, the Major IT Project and ITSP can be approved.

Non-major IT Projects

Estimate the total cost of all Non-major IT Projects proposed for the upcoming biennium. Non-major IT Projects are those technology projects with a total estimated cost greater than or equal to $250,000 and less than or equal to $1 million, that are not designated as Major IT Projects by the Secretary of Technology. The estimated costs of current agency and non-agency IT staff assigned to Non-major IT Projects **must not** be included in the Agency and Non-agency IT Staff cost estimates in the Current IT Services table—those costs are included here. IT Project costs must include the amount of the agency's operating appropriation that will be spent on project activities.

Agency-level IT Projects

Agency-level IT Projects are those technology projects with a total estimated cost less than $250,000, that are not designated as Major IT Projects by the Secretary of Technology. The estimated costs of current agency and non-agency IT staff assigned to Agency-level IT Projects must **not** be included in the Agency and Non-agency IT Staff cost estimates in the Current IT Services table—those costs are included here. IT Project costs must include the amount of the agency's operating appropriation that will be spent on project activities.

Major Stand Alone IT Procurements

Procurements are used to obtain goods or services and include all activities from the planning steps, preparation and processing of a requisition, through receipt and acceptance of delivery and processing of a final invoice for payment. Major IT Procurements are those procurements with an estimate cost equal to or greater than $1 million. A Stand Alone Procurement is a procurement not associated with an IT project: for example, a procurement for non-agency IT staff that will be acquired through a proposed staff augmentation contract for IT service or support, or a procurement to pay the costs, fees, and licensing of a new commercial, off-the-shelf application. For application procurements, the estimate will include the application costs portion of fees that will be paid to application service providers under a newly proposed contract. A Major IT Procurement or an RFS that must be executed in order to complete a project will be included in the IT project cost estimate.

Non-major Stand Alone IT Procurements

Procurements are used to obtain goods or services and include all activities from the planning steps, preparation and processing of a requisition, through receipt and acceptance of delivery and processing of a final invoice for payment. Non-major IT Procurements are those procurements with an estimate greater than or equal to $100,000 and less than $1 million. A Stand Alone Procurement is a procurement not associated with an IT project: for example, a procurement for non-agency IT staff that will be acquired through a proposed staff augmentation contract for IT service or support, or a procurement to pay the costs, fees, and licensing of a new commercial, off-the-shelf application. For application procurements, the estimate will include the application costs portion of fees that will be paid to application service providers under a newly proposed contract. A non-major IT procurement or an RFS that must be executed in order to complete a project will be included in the IT project cost estimate.

Projected Total IT Budget Table

The values in the Total IT investments table are calculated from the values entered into the previous tables in Virginia Performs.

Projected Total IT Budget					
	Costs – Year One		Costs – Year Two		
Category	General Fund	Non-general Fund	General Fund	Non-general Fund	Total Cost
Current IT Services	Calculated from other tables	Calculated from other tables	Calculated from other tables	Calculated from other tables	Calculated from other tables
Proposed IT Investments	Calculated from other tables	Calculated from other tables	Calculated from other tables	Calculated from other tables	Calculated from other tables
Total	Calculated from other tables	Calculated from other tables	Calculated from other tables	Calculated from other tables	Calculated from other tables

GOALS

The goal section is used to list each of the goals identified by the organization and additional supporting information. These goals will be used to guide the organization and will provide a reference point to which service area plan objectives can align.

A goal is a broad statement of the long-term results needed to accomplish the organization's mission and achieve its vision. It typically starts with a verb and is phrased in general language, such as to *strengthen, serve, become, or improve*. Alternatively, a goal may include a broad performance target to be achieved in a specific timeframe (e.g., *to be in the top quartile in the nation; to achieve a 50 percent improvement by FY200X)*. It is recommended that an organization not have an overwhelming number of goals. Approximately five to seven goals are generally considered manageable. Even though the planning period is tied to a biennium, a goal is long term and may extend past that period.

Examples of strategic goals:
- *Goal #1: Enhance the independence, well being, and personal responsibility of customers.*
- *Goal #2: Cultivate a diverse workforce capable of accomplishing the system's mission.*
- *Goal #3: Rank among the top 10 states in the U.S. in the number of successful adoptions of children with disabilities.*

GOAL SUMMARY AND ALIGNMENT

The goal summary and alignment section is used to provide a narrative overview of the goal, its purpose, and its alignment.

Examples:

- *Reference Goal #1 above: By assisting citizens to become independent and achieve a level of personal responsibility they will, in turn, achieve a higher level of well being. This will increase the available work force within Virginia and assist in economic growth. This aligns with the economic long-term objective of Virginia.*

- *Reference Goal #2 above: In enabling the department to achieve efficiency and effectiveness benefits and to support Virginia's long-term objective of Best Managed State, it must ensure it has a workforce that is capable of the challenges posed.*

OBJECTIVES, MEASURES AND STRATEGIES (OPTIONAL)

This section of the handbook will discuss the use of objectives, measures, and strategies at the agency strategic plan level. Although not a requirement of the state's planning model, as a best practice and as a good management tool, their use is recommended. The benefit of having objectives, measures, and

strategies at this level is to provide the leaders of an organization with a tool by which they can, from an enterprise perspective, provide guidance, identify desired results, monitor progress and target specific activities/strategies to help achieve those desired results.

❑ *Objectives*

An objective is a description of the results that, when achieved, move an organization toward its stated goals. There can be any number of objectives associated with a goal, but the number should be manageable. An objective could have one or more of the following key characteristics.

Key Characteristics
- Describes results needed to accomplish a goal
- Measurable
- Usually begins with an action verb or an introductory phrase, followed by an action verb
- May support multiple initiatives or strategies
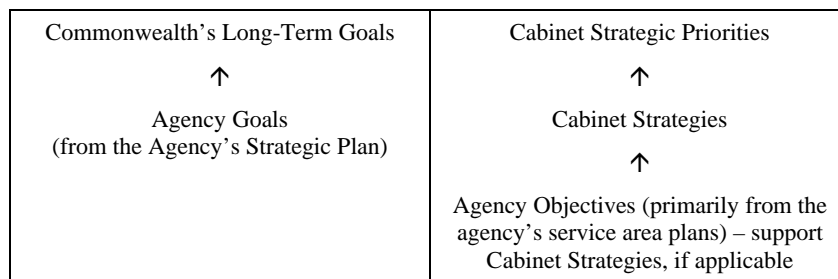- Collectively address key business areas

Following are examples of objectives:

- *Promote through logging inspections the replanting of sites using Reforestation of Timberlands cost share in order to limit the loss of forested acres. (Note: This objective supports the following goal: Improve the stewardship, health, and diversity of the forest resource.)*
- *Enhance food safety and security programs for citizens of the Commonwealth. (Note: This objective supports the following goal: Ensure a safe and wholesome food supply.)*

❑ *Strategic Priorities*

Strategic priorities and associated strategies from the Cabinet are now part of the Commonwealth's strategic planning process. When developing plans, agencies should review the priorities and strategies from the Cabinet to determine whether the agency has a role in supporting their achievement. The Cabinet priorities and strategies are not intended to address all of the vital state functions performed by agencies. Therefore, it is possible that an agency may not have a direct role in supporting these priorities at this point in time.

The Cabinet priorities and strategies do not replace the Commonwealth's long-term goals. Instead, they should be used by agencies in conjunction with the Commonwealth's long-term goals to inform the agency-level strategic planning process. Agencies will continue to align the goals in their strategic plans to the Commonwealth's long-term goals. Where applicable, agencies will align their objectives to Cabinet strategies.

Commonwealth's Long-Term Goals	Cabinet Strategic Priorities
↑	↑
Agency Goals (from the Agency's Strategic Plan)	Cabinet Strategies
	↑
	Agency Objectives (primarily from the agency's service area plans) – support Cabinet Strategies, if applicable

The following process is recommended:

- Review the Cabinet's strategic priorities and strategies to determine where the agency might contribute.

- If there is a way for the agency to contribute, develop an objective or a new strategy for an existing objective to show what the agency intends to accomplish in support of the Cabinet strategy. Then, select the Cabinet strategy that the objective supports from a dropdown menu. If desired, explain the agency's role in the "Objective Description" field.

- Review current agency objectives and their associated strategies that will be retained in the agency plan to determine whether they support specific Cabinet strategies. If so, show the alignment in the plan by selecting the appropriate Cabinet strategy from a dropdown menu. Explain the agency's role in the "Objective Description" field.

Please note that agency-level objectives are primarily found in an agency's service area plans, but can be in an agency's strategic plan as well.

❑ *Measurement Information*

Measure Title- A measure is a meaningful indicator used to determine performance, a criterion or value used to determine the magnitude or degree of something, a tool used by management and members of the organization to determine the effect that strategies and activities are having on the accomplishment of objectives and goals.

Measures are assigned to objectives. An objective may have one measure or multiple measures that monitor different aspects of the desired results.

Following are examples of measures:
- *Violent crime rate*
- *Number of escapes from confinement*
- *Percentage of checks delivered within the designated 30 calendar day timeframe*

The examples shown above reveal the elements that comprise the format for a measure:
- Data form – the form that the data value will take (e.g., rate, percentage, number, average, proportion)
- Object – the issue or outcome that is being monitored; generally includes a criterion or modifier; often follows the preposition "of"

Examples

Measure: Average rating of citizen satisfaction	Measure: Percentage of two-year-olds in FAMIS who are fully immunized
• *Data form – Average rating*	• *Data form – Percentage*
• *Object – Citizen*	• *Object – Two-year-olds in FAMIS*
• *Criterion/Modifier – Satisfaction*	• *Criterion/Modifier – Fully immunized*

Measures should not start with verb phrases because they are likely to be confused with objectives or goals that are designed to start with verb phrases.

Example:
Objective: Reduce violent crime.

Associated Measure: Violent crime rate

Measure Class – There are three classes of measures used in the strategic plan: Agency key productivity, agency other (all performance measures not considered Agency key or productivity).

Measure Type - Measures commonly occur in one of three different formats: input, output, or outcome. The Measure Type section of the plan is used to specify the type of measure being used (e.g., input, output, or outcome).

> ***To the extent possible, agencies use <u>outcome</u> measures for their objectives.***

Following are definitions and examples of the three types of measures:

- **Input Measure Definition:** A measure that describes the amount of resources used to conduct an activity, produce an output or provide a service; a measure that describes the volume of incoming work to be processed; usually consists of a single numeric value (e.g., $2,000 spent on conference fees); a type of workload measure.

  Examples: Number of hours used to analyze a new software package
  Amount of money invested/spent

- **Output Measure Definition:** A measure that describes the amount of work completed or output produced; usually consists of a single numeric value (e.g., 47 people trained); a type of workload measure.

  Examples: Number of service calls closed
  Number of customer calls handled

- **Outcome Measure Definition:** A measure that describes the results achieved by an activity compared to the activity's intended purpose; the extent to which a service or activity has impacted its intended audience.

  Examples: Problem resolution rate
  Customer satisfaction rate
  Employee retention

Measure Frequency - Measurement can occur in different cycles: monthly, quarterly, annually, etc. Agencies will be asked to identify the frequency of each measure in their plans. Ensure you collect data for your measure frequently enough to identify problems quickly and enable course corrections. When establishing measures, it is highly recommended that data be gathered and results monitored quarterly, at a minimum.

Data Source and Calculation - Identify the source of the measurement data that will be used and give a description of how any calculations for the measure will work. It is beneficial to define terms used in the measure or in the mathematical formula used to calculate the measure, and to make a note of what is included or excluded in the calculation. Example: If the measure is about the timeliness of issuing drivers' licenses, are all types of licenses included in the measure? Develop internal controls to ensure data accuracy and reliability.

Example of data source:
- *Survey of customers as they complete their interactions with the location departments (Note: You may wish to provide the name of the survey).*

Example of the calculation:
- *Calculate an average customer satisfaction rating for each survey question for all completed surveys received in a locality in a given calendar month. Aggregate the data for all localities in a region to provide an organization-wide score.*

Baseline - A baseline is a description or measure of the current state. It is the starting point from which an organization monitors progress. Each *new* measure established will have an associated baseline. Baselines should include the actual data value and an "as of" date. Baselines are only required for new measures.

Examples of baselines:

Measure: Violent crime rate	Baseline: 15 crimes in FY 2009
Measure: Employee turnover rate	Baseline: 82 percent, 12/31/09
Measure: Customer satisfaction rating	Baseline: 12 percent for FY 2009

Target - A target is the specific level of performance the organization is striving to achieve; a desired level of performance of an objective that can be measured within a specific point in time, usually expressed as a number or percentage. Targets should include the numeric value of the target and the date by which the agency intends to achieve the target.

Examples of targets:

Measure: Violent crime rate	Target: 3% reduction by FY 2014
Measure: Employee turnover rate	Target: 2% reduction in FY 2013 and FY 2014
Measure: Customer satisfaction rating	Target: 89'% by 12/31/13

Agencies must establish two targets a short-term and a long-range for each measure.
- Short-term Target: It corresponds to the end of the first year of the biennium and should be used if the strategies that align with the target are to be accomplished within the first year of the strategic plan. 6/30/13

- Long-range Target: It corresponds to a date that exceeds the biennium and should be based on when outcomes will be impacted by strategies and budgets. 6/30/16

Considerations when establishing targets:
- If performance consistently exceeds a target, it is time to reassess the target. Otherwise, it may give the impression that the agency is satisfied with the status quo or intends to lower its performance.

- Ensure targets are challenging, but realistic and achievable.

- Align the deadline for the target to the time period of the budget investment that supports achievement of the target.

- Targets should be adjusted to reflect changes from the General Assembly session. DPB will ask for a formal update after the end of the General Assembly session.

- Consider where the target places Virginia among other states. Check targets against national data from other states and, where possible, avoid setting targets that fall below other states.

- Consider the priority of the objective to which the target is aligned when setting the target. For example, an agency may determine that most of its efforts will be directed at its top five objectives. If that is the case, the targets for remaining objectives may focus on maintaining results or making small gains.

Preferred Trend - The preferred trend indicates the desired direction of change in the results reported for the measure. There are three options: maintain, increase, or decrease.

Examples of preferred trends:

Measure	Target	Preferred Trend
Violent crime rate	3% reduction by FY 2013	Decrease – Indicates that the agency is striving to decrease the violent crime rate from current levels in the future.
Customer satisfaction rating	89'% by 12/31/16	Increase – Indicates that the agency is striving to increase the percentage of satisfied customers that will be reported in the future.

❑ *Strategies*

Strategies are actions that support the accomplishment of the strategic plan and deliver the results needed to accomplish goals and objectives. The methods of achieving an objective are the actions or tasks an agency intends to carry out to accomplish its objectives within a specified time frame. Normally, these high-level strategies become objectives and action items within or across specific business/service areas. When monitoring measures, it is the adjustment of these strategies that will influence the direction of the measures.

Following are examples of strategies.
- *Customer service standards development*
- *Development and delivery of customer service training for all employees*
- *Establishment of an employee awards and recognition program*

❑ *Example of Relationships Among the Strategic Plan Elements that Support a Goal*

Goal: Provide state-of-the-art financial management for the Commonwealth to protect its fiscal integrity.	
Objective #1:	Ensure that Virginia's budget is financially balanced and structurally sound
• Measure #1.1	% of new budget initiatives in the introduced budget bill with specified performance measures or outcomes
– Measure Type:	Outcome
– Target:	100%, FY 2014
– Frequency:	Annual
– Date Source & Calculation	✓ Source: Introduced budget bill ✓ Calculation: # of new budget initiatives with specified performance measures or outcomes divided by the total number of new budget initiatives x 100
• Strategies:	✓ Submit a budget to the General Assembly that manages the available general fund resources resulting from one-time revenues and savings actions. ✓ Limit the contingent appropriations in the budget submitted to the General Assembly.

	✓ Submit a budget to the General Assembly that has clear performance measures for budget actions involving new initiatives.

STANDARD OBJECTIVE: AGENCY ADMINISTRATION

UNDER REVIEW

APPENDICES

 Appendix A or an Appendix A Exemption Letter

Appendix A: Information Technology Investments is an appendix to the agency ITSP that provides details on Commonwealth IT Investments for the upcoming budget biennium. *Appendix A: Information Technology Investments* is an output from the Commonwealth Technology Portfolio. Agencies must document IT projects with a total cost over $250,000 or IT procurements with a total cost over $100,000 in the Commonwealth Technology Portfolio. These projects or procurements are considered Commonwealth IT Investments. If the agency does not have any proposed or funded Commonwealth IT investments for the upcoming budget biennium, the agency head must submit an Appendix A Exemption Letter to the CIO in lieu of completing *Appendix A: Information Technology Investments*.

❑ *Appendix A: Information Technology Investments*

If the agency has a Commonwealth IT Investment for the upcoming budget biennium, the estimated IT project and procurement costs in the Commonwealth Technology Portfolio must match the costs in the Proposed IT Investments table in Virginia Performs before the agency can submit the ITSP for CIO review and approval.

Appendix A: Information Technology Investments is a detailed view of the agency's IT investments that identifies the alignment of each individual IT investment to the agency's service areas. Additional information for each investment (i.e., costs, start and end dates, service area owner, funding status) will also be provided by the agency. The agency will enter this information into the Commonwealth Technology Portfolio. Embedded within the Commonwealth Technology Portfolio workflow is specific guidance regarding the completion of agency IT Investment information. The Commonwealth Technology Portfolio may be accessed at http://www.vita.virginia.gov/ctp/proSight.cfm.
The Commonwealth Technology Portfolio may be accessed by following the instructions at http://www.vita.virginia.gov/oversight/projects/default.aspx?id=505. The Agency Information Technology Resource (AITR) has access to the Commonwealth Technology Portfolio, and is generally responsible for ensuring the accuracy of Commonwealth Technology Portfolio entries. For additional information about your agency's use of the Commonwealth Technology Portfolio, please contact your AITR.

Although the estimated cost at completion for Procurements is entered into the Commonwealth Technology Portfolio, it is intentionally left blank when the Procurement is published in *Appendix A: Information Technology Investments*.

Investment Categories

In *Appendix A: Information Technology Investments*, Commonwealth IT investments are classified into one of four categories:

1. **Major IT Projects** – Major IT Project is a budget category defined in the Code of Virginia (§ 2.2-2006) as "any Commonwealth information technology project that has a total estimated cost of more than $1 million or that has been designated a Major information technology project by the Secretary [of Technology]." Agencies are required to identify Major IT Projects in the agency's budget.

2. **Non-major IT Projects** – Non-major IT Project is a budget category for all IT Projects, except those designated as Major IT Projects by the Secretary of Technology, with a total cost greater than or equal to $250,000 and less than or equal to $1 Million. Agency-level IT Projects with a total cost below $250,000 are not entered in *Appendix A: Information Technology Investments*, although their biennial costs are estimated in the Proposed IT Investments – Estimated Costs for Projects and New IT Investments table in the IT Budget Estimation Tables in Virginia Performs.

3. **Major Stand Alone IT Procurements** – Major Stand Alone IT Procurements are those procurements with a total cost greater than or equal to $1 Million that are used to obtain IT goods or services _not_ associated with a project, including all activities from the planning steps to preparation and processing of a requisition, through receipt and acceptance of delivery, and processing of a final invoice for payment.

4. **Non-major Stand Alone IT Procurements** – Non-major Stand Alone IT Procurements are those procurements with a total cost between $100,000 and $1 Million that are used to obtain IT goods or services _not_ associated with a project, including all activities from the planning steps to preparation and processing of a requisition, through receipt and acceptance of delivery, and processing of a final invoice for payment.

The total costs of Major IT Projects, Non-major IT Projects, Major Stand Alone IT Procurements, and Non-major Stand Alone IT Procurements identified in _Appendix A: Information Technology Investments_ must be included in the IT investment costs estimated in the <u>Proposed IT Investments – Estimated Costs for Projects and New IT Investments</u> table in the IT Budget Estimation Tables in Virginia Performs.

Project-related Procurements

Procurements which must be executed in order to complete a project are called Project-related Procurements. Project-related Procurement costs are included in the total project cost and are _not_ reported separately. A Major IT Project can have Major and/or Non-major IT Project-related Procurements. However, an IT Project that is not a Major IT Project can only have Non-major IT Project-related Procurements.

Examples of Project-related Procurements are:

- A procurement of software used to complete a project;

- A procurement of specialized hardware deployed as the result of a project, such as a point-of-sale system; or,

- A procurement for contract IT staff to work on a specific project.

Grants

Any IT investments that are associated with a grant must be entered into the Commonwealth Technology Portfolio prior to or at the time of _submitting_ the grant application. This is in addition to the requirements found in §4-1.04 of the Appropriation Act.

Many grants have strict timelines. In order to meet these timelines, it is important for the agency to obtain planning approval as soon as the decision is made to apply for the grant.

Some secretariats require agencies to submit grants that require an IT investment to the secretariat for approval _prior_ to submitting the grant application to the grantor. If your grant-related IT investments require secretariat approval, please obtain approval before entering the grant-related IT investments into the Commonwealth Technology Portfolio.

Major IT Project Example

Budget Category: Major Projects
Medical Case Management System (MCMS) Project – (please note this is an example, not an actual project)
Oversight and Governance Category: Category 1: High/High

Appropriation Act/Funding Status	_Project Initiation Approval - Fully Funded GF/NGF 100%_

The Medical Case Management System (MCMS) Project will identify the requirements, plan, and execute development of

Budget Category: Major Projects				
Medical Case Management System (MCMS) Project – (please note this is an example, not an actual project)				

an application which will streamline all of the agency's medical case management business processes. Currently the agency uses multiple legacy systems to manage stages in the case management cycle. The legacy systems are expensive to maintain (compared to more modern systems with similar functionality), are not fully integrated and subsequently duplicate case data, and are not flexible enough to quickly adapt to changes in regulation. The legacy systems' decreasing performance is the primary driver of a trend toward lower agency case productivity. The MCMS Project will produce a system that automates case workflow, manages the agency's compliance needs, reports on agency case management productivity, and eliminates redundant data storage. In addition to the operational benefits, the agencies anticipates that the MCMS application will reduce the time the agency spends in non-treatment case administration by at least 50%, thereby providing the agency's patients with a significant decrease in wait times.

The agency's case management performance reporting needs are well within the capabilities of leading COTS (Commercial, Off-The-Shelf) reporting software. The MCMS Project will procure and install a COTS reporting tool, and integrate the tool into the MCMS application.

The MCMS will improve overall performance in four agency service areas. The system will also improve agency performance in:

- Virginia Performs Key Measure - Improve the quality of medical case services provided to Virginia citizens;
- Virginia Performs Productivity Measure - Decrease time required to process to a citizen's medical case;
- Virginia Performs Productivity Measure - Provide efficient and effective administration and support to case management services provided by the agency; and,
- Virginia Performs Administrative Measure – Increase compliance with IT Accessibility and Information Security standards.

The current legacy case management systems use data provided by other agencies, and in turn provides data to our partner agencies. When we discussed the MCMS Project with our partner agencies they expressed a strong interest in participating in the project, e.g., adding their case management requirements to ours and building a single system for use across all participating agencies. Our agency is willing to act as the lead agency in a Commonwealth-wide MCMS Project.

Per Code of Virginia mandate, the funding for this Major IT Project has been identified in the agency's budget. Please note that the Estimated Costs, the Procurement Cost, and the Planned Project End Date are for the agency-only MCMS Project. A Commonwealth-wide MCMS Project will require additional funds and additional time for completion.

Is this a proposed project or the continuation of an active project?				Proposed
Planned Project Start Date:	02/01/2012	**Planned Project End Date:**		10/31/2013
Estimated Costs:	Total	General Fund	Non-general Fund	**Non-general Funding Source**
Project Cost (estimate at completion):	$6,500,000	$5,000,000	$1,500,000	Non-general State
Estimated project expenditures first year of biennium:	$2,500,000	$1,750,000	$750,000	Non-general State
Estimated project expenditures second year of biennium:	$4,000,000	$3,250,000	$750,000	Non-general State
Funding Required:	Total	General Fund	Non-general Fund	**Non-general Funding Source**
Funding required for first year of biennium:	$0	$0	$0	N/A
Funding required for second year of biennium	$0	$0	$0	N/A
Service Area		**Weight**		

Budget Category: Major Projects	
Medical Case Management System (MCMS) Project – (please note this is an example, not an actual project)	
Service Area ID# Medical Case Intake	Secondary
Service Area ID# Medical Case Administration	Primary
Service Area ID# Medical Services	Secondary
Service Area ID# Information Technology Services	Secondary
Project Related Procurements	
Medical Case Management System (MCMS) Reporting Tool	
Procurement Description:	The agency's case management performance reporting needs are well within the capabilities of leading C.O.T.S. (Commercial, Off-The-Shelf) reporting software. The MCMS Project will procure and install a COTS reporting tool with a minimum 5-year license, and integrate the tool into the MCMS application.

Planned Delivery Date:	06/01/2012	**Procurement Cost:**	$125,000

Non-major IT Project Example

Budget Category: Non-major IT Projects				
Processing Application Enhancement (PAE) Project – (please note this is an example, not an actual project)				
Oversight and Governance Category: Category 4: Low/Medium, Low/Low				
Appropriation Act/Funding Status		Identified for Preliminary Planning - Fully Funded GF 100%		
The Processing Application Enhancement (PAE) Project will identify the requirements, plan, and execute a workflow routing enhancement to the agency's processing application. Currently, the processing application doesn't have workflow functionality, and requires managers to log into the system and assign work to agency staff. The planned enhancement will automatically route work to staff using a role-based system. The workflow enhancement will improve agency productivity, eliminate duplicate work assignments, and improve process exception handling. The agency's processing service area has an objective to complete 95% of the processing within 3 business days of receipt. The PAE Project performance will be measured on its ability to contribute to the service area's performance measure. For the last four quarters the service area has averaged 89% completion against the measure. Barring unforeseen process changes, for each quarter after the PAE Project is complete the service area expects to perform at or above the 95% mark. The contract application development team that developed the Processing Application in 2005, and did the development work on a previous upgrade in 2007, has quoted the agency a price of $400,000 +/- 10% based detailed requirements. This cost includes a development team and a Commonwealth-qualified project manager.				
Is this a proposed project or the continuation of an active project?				Proposed
Planned Project Start Date:	10/01/2012	**Planned Project End Date:**		08/01/2013
Estimated Costs:	Total	**General Fund**	**Non-general Fund**	**Non-general Funding Source**
Project Cost (estimate at completion):	$440,000	$440,000	$0	General State
Estimated project expenditures first year of biennium:	$150,000	$150,000	$0	General State
Estimated project expenditures second year of biennium:	$290,000	$290,000	$0	General State

Budget Category: Non-major IT Projects				
Processing Application Enhancement (PAE) Project – (please note this is an example, not an actual project)				
Funding Required:	Total	General Fund	Non-general Fund	Non-general Funding Source
Funding required for first year of biennium:	$150,000	$150,000	$0	N/A
Funding required for second year of biennium	$290,000	$290,000	$0	N/A
Service Area		Weight		
Service Area ID# Processing Service Area		Primary		
Service Area ID# Information Technology Services		Secondary		
Project Related Procurements				
There are no procurements for this project.				
Procurement Description:				
Planned Delivery Date:		Procurement Cost:		

Major Stand Alone IT Procurement Example

Procurement Name:	Chemical Disaster Management System (CDMS) Procurement – (please note this is an example, not an actual procurement)		
Procurement Description:	The agency will procure a web-based, industry-leading commercial, off-the-shelf software suite for managing emergency responses to large-scale chemical hazards such as chemical spills, chemical-fueled fires, and industrial accidents. CDMS will integrate agency facilities and response teams into the emergency management systems in use by federal, state and local agencies during actual declared states of emergency or preparedness events such as training and exercises. CDMS will: • Track and report the scope and impact of chemical disasters in real-time; • Disseminate medical treatment information to first responders and hospitals; and, • Manage containment and clean-up activities, including personnel and supplies; The CDMS will improve overall performance in three agency service areas. The system will also improve agency performance in: • Virginia Performs Key Measure - Protect Virginia citizens against chemical disasters; • Virginia Performs Productivity Measure - Decrease time required to respond to chemical disasters; • Virginia Performs Productivity Measure - Provide efficient and effective administration and support to chemical disaster response services provided by the agency; and, • Virginia Performs Administrative Measure – Increase compliance with IT Accessibility and Information Security standards.		
Procurement Planned Start Date	05/01/2012	Procurement Planned Completion Date	06/01/2012
Procurement cost (estimate at completion):	Intentionally Left Blank	Appropriation Act Status	
Service Area		Weight	
Service Area ID# Chemical Disaster Response		Primary	

Procurement Name:	Chemical Disaster Management System (CDMS) Procurement – (please note this is an example, not an actual procurement)
Service Area ID# Chemical Disaster Containment	Secondary
Service Area ID# Information Technology Services	Secondary

Non-major Stand Alone IT Procurement Example

Procurement Name:	IT Staff Augmentation Procurement – (please note this is an example, not an actual procurement)		
Procurement Description:	This procurement is to augment existing agency staff with one senior database administrator and three junior application developers to support the agency's applications. The agency has five applications which need hands-on data, user interface, and general troubleshooting support. The IT Staff Augmentation procurement will: • Provide staff to resolve tickets in the agency's application support queue; and, • Provide staff to execute small (less than $250,000 total cost) enhancements to agency applications as needed. The five agency applications served by this procurement support performance in four agency service areas.		
Procurement Planned Start Date	07/15/2012	Procurement Planned Completion Date	08/01/2013
Procurement cost (estimate at completion):	Intentionally Left Blank	Appropriation Act Status	
Service Area		Weight	
Service Area ID# Information Technology Services		Primary	
Service Area ID# Citizen Request Services		Secondary	
Service Area ID# Request Processing Services		Secondary	
Service Area ID# Exception Processing Services		Secondary	
Service Area ID# Material Delivery Services		Secondary	

Appendix A Exemption Letter

If the in-scope agency does not have any Commonwealth IT investments for the upcoming budget biennium, the agency head must submit the following Appendix A Exemption Letter on agency letterhead to the CIO in lieu of Appendix A:

Dear Mr. Nixon,
I hereby certify that my agency does not presently have any proposed Commonwealth IT Investments for the upcoming 2012-2014 budget biennium and I hereby delegate my Commonwealth Technology Portfolio plan certification authority to the IT Investment Management Division of VITA. I further understand that, should my agency IT investment status change, I will immediately contact my agency's designated VITA Customer Account Manager to initiate an appropriate agency IT Strategic Plan update.
Agency Head Name

If the agency does not have any Commonwealth IT investments for the upcoming budget biennium, the Appendix A Exemption Letter must be on file with VITA's IT Investment Management Division before the agency can submit the ITSP for CIO review and approval.

In 2009, agencies were introduced to the Commonwealth Enterprise Technology Repository (CETR) that catalogs the applications, data assets and software tools used by executive branch agencies to support their business. Prior to submitting the agency ITSP for review and approval, agencies must update records in CETR and then certify that the agency portfolio is accurate.

It is important to remember that the agency portfolio in CETR cannot be certified until all of the issues identified in the application's Quality Control tab are resolved.

CETR may be accessed by going to https://ssl01.apps.vita.virginia.gov/cetr. If you do not already have a COV account (i.e., your agency has not been message-transformed), you will need to request a new COV account. Contact the VCCC at (866) 637-8482 or vccc@vita.virginia.gov and request that you be sent a COV account request form.

Instructions for the agency Application Portfolio update and the agency head certification in CETR may be accessed at https://ssl01.apps.vita.virginia.gov/CETR/CETR_Reference_Guide.pdf.

CIO Approval

Once the agency head has approved or certified each of the four components of the ITSP, the agency must submit the ITSP for CIO review and approval.

To submit the agency ITSP for CIO review and approval, please email Constance Scott (constance.scott@vita.virginia.gov) and Sean Weir (sean.weir@vita.virginia.gov) in VITA's IT Investment Management (ITIM) Division.

❑ *Appendix B: Additional Statutory Authority Information (Optional)*
   In this appendix the agency may insert any additional information on statutory authority it feels
   should be communicated.

❑ *Appendix C: Organizational Structure (Optional)*
   In this appendix, the agency may insert its organizational structure. The organizational structure
   inserted here should not contain names.

SERVICE AREA PLAN

SERVICE AREA PLAN

The service area plan (figure 4) is a management tool that details what a specific service area is planning to achieve. It assists management in several ways:

❑ To proactively identify what products and services are supplied to customers and how they align with mandates or the strategic direction of the organization.

❑ To identify issues around customers, products, and services, such as any changes and challenges.

❑ To identify current and future resource levels such as funding.

❑ To set clear objectives and determine how progress toward achieving them will be measured.

❑ To use the measures to determine whether specific strategies being implemented have the desired effect in making progress toward the achievement of an objective.

❑ To identify precise actions in the form of strategies that will contribute to the achievement of an objective.

SERVICE AREA PLAN STRUCTURE

Background Information

❑   Service area description
❑   Alignment to mission
❑   Statutory authority
❑   Customers: customer base; anticipated changes in base
❑   Partners (optional)
❑   Products & services: current products and services, factors impacting products and services, anticipated changes to products and services
❑   Resources: financial summary, human resource summary (optional)

Objectives & Measures

❑   Description
❑   Alignment
❑   Priority
❑   Measurement information:
   • Measure
   • Measure type
   • Measure class
   • Measure frequency
   • Data source & calculation
   • Baseline
   • Target
   • Preferred Trend
❑   Strategies
❑   Standard objective and measure for "Agency Administration" if there is an Administration & Support or similar service area in the agency
❑   Identification of agency objective(s) and agency measures
❑   Identification of productivity measures

Appendices

A. Additional statutory authority information (optional)
B. Service area structure (optional)

Figure 4

BACKGROUND INFORMATION

- *Service Area Description*
  Provide a brief overview of the service area and its purpose.

- *Alignment to Mission*
  Describe how the service area supports the mission of the agency.

- *Statutory Authority*
  The information captured here will also roll up to the agency strategic plan. For a description of what to include in this section, refer to the information in this handbook under "Agency Strategic Plan - Background Information - Statutory Authority."

- *Customers*
  The information captured here will also roll up to the agency strategic plan. For a description of what to include in this section, refer to the information in this handbook under "Agency Strategic Plan - Background Information - Customers."

- *Partners (optional)*
  The information in this section is optional. If you use this section, the information captured here will also roll up to the agency strategic plan. For a description of what to include in this section, refer to the information in this handbook under "Agency Strategic Plan - Background Information - Partners."

  Examples of how a service area might use this section in its service area plan:
  - *The Foster Care service area uses local governments as well as 10-12 private and not-for-profit entities throughout the state to recruit foster parents.*
  - *The Adoption service area uses local governments as well private and not-for-profit entities throughout the state for its recruiting process.*

- *Products and Services*
  The information captured here will also roll up to the agency strategic plan. For a description of what to include in this section, refer to the information in this handbook under "Agency Strategic Plan - Background Information - Products and Services."

- *Resources*
  The resources section will list the service area's available resources from both a financial and staffing perspective.

  Financial Resource Summary
  The information captured here will be a service area view. It will roll up to the agency strategic plan. For a description of what to include in this section, refer to the information in this handbook under "Agency Strategic Plan - Resources - Financial Resource Summary."

  Human Resource Summary (Optional)
  The information captured here will be a service area view. It will roll up to the agency strategic plan. For a description of what to include in this section, refer to the information in this handbook under "Agency Strategic Plan – Resources - Human Resource Summary").

OBJECTIVES AND MEASURES

The Objectives and Measures section of the service area plan will document the objectives the service area wishes to achieve, the alignment of the objectives to a mandate or to the strategic direction of the organization, the measures that will be used to assess whether the supporting strategies are having the desired effect, and the strategies the agency will use to achieve each objective.

❑ *Objective*
State the service area objective or objectives to be undertaken.

❑ *Description*
Provide a brief narrative overview of the objective, including its purpose.

❑ *Alignment*
Provide a brief description of how this objective aligns with a mandate the service area has or the strategic direction (i.e., a specific goal in the Agency Strategic Plan) of the agency.

❑ *Priority*
Establish a numeric priority for the objective relative to the other objectives in the plan, with "one" being the highest priority.

❑ *Strategies*
Strategies are actions that support the accomplishment of the strategic plan and deliver the results needed to accomplish objectives. List the strategy or strategies the agency will use to accomplish the objective. For a description of what to include in this section, refer to the information in this handbook under "Agency Strategic Plan - Objectives, Measures and Strategies (Optional) - Strategies). Strategies are not optional in service area plans
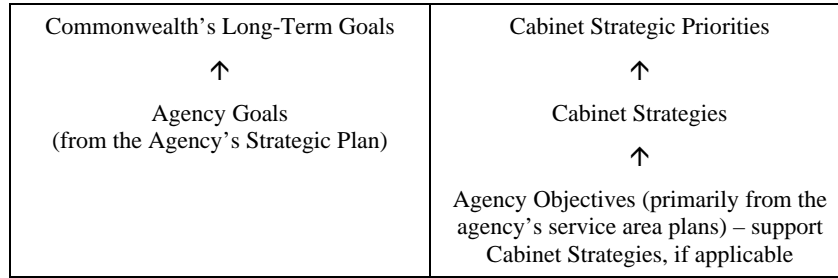
Example:

Objective	*Improve customer satisfaction with our services.*
Description	*This objective ensures that we work proactively to understand our customers' changing needs and their level of satisfaction with the way we deliver our services to them. It focuses our attention on identifying gaps in service and any problems with delivery vehicles.*
Alignment	*The services provided by this service area are mandated in section 2.2-1500 of the Code of Virginia. In addition, this objective aligns to the strategic direction of the organization under the agency's strategic goal# 4: Deliver high-quality customer-focused services.*
Priority	*Priority #1*

❑ *Strategic Priorities*

Strategic priorities and associated strategies from the Cabinet are now part of the Commonwealth's strategic planning process. When developing plans, agencies should review the priorities and strategies from the Cabinet to determine whether the agency has a role in supporting their achievement. The Cabinet priorities and strategies are not intended to address all of the vital state functions performed by agencies. Therefore, it is possible that an agency may not have a direct role in supporting these priorities at this point in time.

The Cabinet priorities and strategies do not replace the Commonwealth's long-term goals. Instead, they should be used by agencies in conjunction with the Commonwealth's long-term goals to inform the

agency-level strategic planning process. Agencies will continue to align the goals in their strategic plans to the Commonwealth's long-term goals. Where applicable, agencies will align their objectives to Cabinet strategies.

Commonwealth's Long-Term Goals	Cabinet Strategic Priorities
↑	↑
Agency Goals (from the Agency's Strategic Plan)	Cabinet Strategies
	↑
	Agency Objectives (primarily from the agency's service area plans) – support Cabinet Strategies, if applicable

The following process is recommended:

- Review the Cabinet's strategic priorities and strategies to determine where the agency might contribute.

- If there is a way for the agency to contribute, develop an objective or a new strategy for an existing objective to show what the agency intends to accomplish in support of the Cabinet strategy. Then, select the Cabinet strategy that the objective supports from a dropdown menu. If desired, explain the agency's role in the "Objective Description" field.

- Review current agency objectives and their associated strategies that will be retained in the agency plan to determine whether they support specific Cabinet strategies. If so, show the alignment in the plan by selecting the appropriate Cabinet strategy from a dropdown menu. Explain the agency's role in the "Objective Description" field.

Please note that agency-level objectives are primarily found in an agency's service area plans, but can be in an agency's strategic plan as well.

❑ *Measurement Information*
   A measure is a meaningful indicator used to determine performance, a criterion or value used to determine the magnitude or degree of something, a tool used by management and members of the organization to determine the effect that strategies and activities are having on the accomplishment of objectives and goals. Measures are assigned to objectives. An objective can have one or multiple measures. There are also different types of measures – input, output, and outcome. An objective can be measured different ways to ensure the desired results are being achieved. When establishing measures, it is strongly recommended that data be gathered and results monitored monthly.

   For a description of what to include in this section, refer to the information in this handbook under "Agency Strategic Plan - Background Information - Measures."

AGENCY OBJECTIVES AND AGENCY MEASURES

Each agency must identify at least one agency objective and designate at least one of the objective's associated measures as an agency objective and measure that exemplifies what the agency does. This objective and measure (formerly key) may be monitored by your respective Cabinet Office and/or the Governor's Office.

❑ *Agency objectives* are the desired outcomes for an agency's major or most important programs or activities.

❑ *Agency measures* are indicators of how well an agency is performing on the major or most important programs or activities (i.e., the agency objectives) that reflect the agency's primary mission.

- If a measure is designated as "agency," the objective to which it aligns is automatically designated as "agency."

❑ Agency objectives and measures are monitored by the Governor's Office and reviewed as part of the budget decision-making process.

❑ If you wish to make a change to an agency objective or agency measure (e.g., add, delete, revise), please notify your DPB analyst of these requested changes and they will guide you through the approval process.

PRODUCTIVITY MEASURES

Productivity is a measure of the efficiency and effectiveness of an organization in serving its customers. It provides a basis for assessing how specified resources are managed to produce acceptable outputs.

Each agency must develop at least one productivity measure. A productivity measure is a ratio of a volume of output to a volume of input. Basic productivity formulas are as follows:

❑ *Input divided by output.* Example using Cost ÷ # of Units Produced: Total cost to issue licenses ÷ # of licenses issued during the same time period ($250,000 ÷ 8,625 licenses = $28.99 per license)

❑ *Output divided by input.* Example using # of Units Produced ÷ Labor: # of licenses issued ÷ # of employees used to produce the licenses (8,625 ÷ 8 employees = 1,078 licenses produced per employee)

Productivity measures can be classified as single factor productivity measures (relating a measure of output to a *single measure of input* such as labor costs) or multifactor productivity measures (relating a measure of output to a *bundle of inputs* such as labor and capital).

❑ Categories of inputs: labor, materials, and capital in the form of buildings, machines, and computer systems. Typical measures of these inputs include cost and time, e.g., measure the labor hours (or Full Time Equivalents - FTEs) directly associated with producing a certain output or the cost of those labor hours. **Unless otherwise approved, costs should be used for measuring the value of the inputs used in calculating reported productivity measures.**

❑ Most common type of output: final output produced from a process (e.g., # of inspections performed).

State Agency Requirements for Productivity Measurement

❑ Develop one productivity measure. Agencies have the option of developing more than one measure, but **the emphasis should be on doing one measure well**.

❑ The measure should be tied to the agency's key processes, key measures, or key objectives. Key processes are those that produce the agency's most important services or products for customers. Therefore, they have a significant impact on the agency's customers, budget, or performance outcomes. The productivity measure should not be for internal agency processes such as payroll processing.

❑ The measure should be cost-related (i.e., cost per unit). Other types of productivity measures will be considered. Agency personnel should discuss other types of productivity measures with their DPB budget analysts.

❑ Where possible, the measurement data should be reported quarterly.

Suggested Steps for Developing Additional Productivity Measures

Some agencies may have well-developed productivity measures in place. If so, review the measures and determine which one has the strongest link to a performance outcome defined in a key measure or represents a process that comprises a substantial part of the agency's budget. Select the measure (or measures) you wish to report and develop the required measurement information, as noted in steps 5 and 6 below. Certain agencies, particularly those that provide services rather than easily quantifiable outputs, may find the development of productivity measures challenging. Agencies are encouraged to share ideas with each other, conduct research, or consult with DPB to facilitate the development of the productivity measures.

1. Review agency source documents. For example:
    a. The productivity section of your agency's Executive Progress Report
    b. The product and service list (outputs) in your strategic plan
    c. Key objectives and key measures outlined in your strategic plan
    d. Critical agency processes identified in Phase I of the Armics Internal Control Program

2. Identify key/critical processes. Which agency processes have the greatest impact on important performance outcomes defined in your key measures or comprise a substantial part of your agency's budget? What outputs do these processes produce? Can you quantify the outputs? Can you determine the cost of producing the outputs?

3. Determine where efficiency is most critical in your agency. Where do you most need to use resources wisely to produce quality outputs or desired performance outcomes? Can you quantify the resources consumed to produce the outputs that impact performance outcomes defined in your key measures?

4. Research what other states or similar private sector organizations use to measure productivity.

5. Decide what productivity measure(s) to use. Select a measure that substantially impacts your agency's operations.

    a. Set up the productivity formula.

    b. Define the output. What is included/excluded in the output? For example, if your agency issues driver's licenses, will you include all licenses (e.g., private, commercial, motorcycle) or a subset of the licenses? Will you include only correctly processed outputs or all outputs, including those that required rework?

    c. Define the input. Where possible, use cost as the input. What is included/excluded in the input? What costs will you include: labor costs only or total costs?

6. Develop/refine required information for the measure. Required productivity measurement information is the same as what is required for performance measures in your strategic plan.
    a. Measure name – For example, unit cost of issuing professional licenses.
    b. Measure class – Productivity
    c. Measure type – This field will not used for productivity measures in Virginia Performs.
    d. Measure frequency – Quarterly, if possible.
    e. Data source and calculation method – Record the mathematical formula you are using, definitions developed in step 5, and the source of the data.
    f. Target – The desired level of productivity (if determined).
    g. A comments field is available in Virginia Performs to provide additional information about the measure.

7. Gather the data for the measure and calculate productivity. Confirm that the measure will help your agency monitor productivity in a meaningful way and point the way for making improvements.

8. Enter the productivity measure information into the Virginia Performs website work area for DPB and Cabinet review. Obtain agency and other internal approvals.

9. After you and your respective Cabinet Secretary have agreed upon an appropriate productivity measure, DPB will secure approvals from the Governor's office.

10. Report and review your productivity measure at regular intervals. Use the measure to stimulate improvement.

Tips

❑ When designing a measure, it is important to understand the key cost drivers and impacts of the measure as well as the degree to which your agency can influence, control or manage the drivers.

❑ If appropriate, provide an overall productivity measure and break it down by type (e.g., delivery channel, submission channel, geographic location, demographic categories).

❑ If your agency has done activity-based costing, you may already have useful information for the input portion of the productivity measure.

❑ Being more productive does not always mean cutting costs. Your agency might measure unit cost and look for ways to streamline a process in order to produce more outputs at the same cost.

❑ If you decide to compare your productivity measurement results to other states or organizations, exercise caution because other states may have different rules and formulas. You must be able to explain the measure to ensure no improper comparisons are made.

Examples

❑ Virginia Department of Motor Vehicles: Cost to renew vehicle registrations (by registration method) (Vehicle registration costs) ÷ (Number of registrations processed)

❑ Virginia Department of Medical Assistance Services: Cost of processing/adjudicating a provider claim (Payment to fiscal agent + DMAS administration costs) ÷ (Number of claims processed)

APPENDICES

❑ *Appendix A: Additional Statutory Authority Information (Optional)*
In this appendix the agency may insert any additional information on statutory authority it feels should be communicated.

❑ *Appendix B: Organizational Structure (Optional)*
In this appendix the agency may insert its organizational structure. The organizational structures inserted here should not contain names.

KEY DATES

GLOSSARY OF PLANNING TERMS

GLOSSARY

Baseline	A baseline is a description of the current state of data reported in a measure. It is the starting point from which an organization tracks progress and improves. Baselines should be included for new measures that are identified in a plan. Example: ❑ Measure: % of new budget initiatives in the introduced budget bill with specified performance measures or outcomes ❑ Baseline: 100% as of 12/31/06
Customer	Customers are persons, groups, or organizations directly impacted by the products and services an organization provides. Customers can be classified as internal (i.e., co-workers, other departments within an organization) or external (i.e., service recipients, purchasers of your products). They are often referred to by different names (e.g., client, citizen, patient), depending on the industry. Any person, group or organization that has a vested interest in the agency's attention, resources or services or is affected by what the agency does or the service it provides; the primary intended beneficiaries of agency services, the group(s) of individuals whom the agency exists to serve Example: Adults over the age of 65 who live in Virginia
Goal	A goal is a broad, general statement of the long-term results needed to achieve the mission and vision. It is typically phrased in general language, such as to strengthen, serve, become, or improve. A goal is clarified by the objectives associated with it. Example: Provide state-of-the-art financial management for the Commonwealth to protect its fiscal integrity.
Input Measure	Tracks the resources dedicated or consumed by the service area (e.g., appropriations, staff, capital, technology). Example: Number of hours used to analyze a new software package
Agency Measure	Agency measures are indicators of how well an agency program is performing on the activities that reflect the agency's primary mission.
Agency Objective	Agency objectives are the desired outcomes for an agency's major or most important programs or activities.
Measure	A measure is a meaningful indicator used to determine performance, a criterion, or value used to determine the magnitude or degree of something. Example: % of new budget initiatives in the introduced budget bill with specified performance measures or outcomes
Mission	A mission is a statement of an organization's purpose. It is the primary purpose or fundamental reason for an organization's existence. A mission

	statement should be broad enough to provide organization-wide strategic direction, yet specific enough to communicate the reason for the organization's existence to those not familiar with its work. Example: Department of Planning & Budget – We advise the Governor on how to wisely use public resources. We analyze, develop, and carry out fiscal, programmatic, and regulatory Policies that benefit Virginians.
Objective	An objective is a description of the results that, when achieved, move an organization toward its stated goals. Example: Develop a financially balanced and structurally sound budget for Virginia.
Outcome	An outcome is a change that results from actions taken. It is the way a customer or stakeholder responds to a product or service. Example: Immunized child
Outcome Measure	Tracks changes/benefits experienced by intended beneficiaries at least partially because of agency services provided to them. Changes/benefits typically relate to beneficiaries' behavior, condition, knowledge, attitude, skills, and values (e.g., change in reading ability, employment status). Example: Customer satisfaction rate
Output Measure	Tracks the direct products of agency activities; usually reported as the number of units of service provided (e.g., number of training sessions held, miles of road repaired). Example: Number of service calls completed
Partner	An organization that a state agency uses or collaborates with to deliver its services. A partner could be another government entity, a not-for-profit organization, or a private organization Example: Local government
Planning Calendar	The annual planning calendar identifies when steps within the planning cycle are to be completed and when outputs (e.g., a plan or budget) are to be delivered.
Performance Budgeting	A systematic incorporation of planning, strategic performance, productivity measurement, and program evaluation information into the budgetary process
Product	A product is an item an agency produces (i.e., the tangible output of a process) to meet the needs or demands of its customers and fulfill its mission.

	Example: Driver's license issued by the Department of Motor Vehicles
Productivity measure	A measure of the efficiency and effectiveness of an organization in serving its customers. It provides a basis for assessing how specified resources are managed to produce acceptable outputs. A productivity measure is a ratio of a volume of output to a volume of input. Example: Cost ÷ # of Units Produced: Total cost to issue licenses ÷ # of licenses issued during the same time period ($250,000 ÷ 8,625 licenses = $28.99 per license)
Service	A service is a distinct endeavor that an agency undertakes to meet the needs or demands of its customers and fulfill its mission. A service can result from action taken by a single service area or multiple service areas. The service can impact individuals, groups of individuals, organizations, or organizational units both internal and external. An example of an internal service may be the information-technology support to the business units of the organization. An example of an external service may be a service supplied to a citizen or another part of government such as state or local agencies that receive financial support. Example: Water quality testing done by the Department of Environmental Quality
Service Area	In the current program budgeting system, a subprogram generally equates to a service area, i.e., an area of expenditure that supports one or more products or services. A service area can cut across more than one organizational unit. Example: Department of Motor Vehicles - 60101 Vehicle Regulation Services
Service Area Plan	A service area plan is an operational management tool and document, developed by an agency, for use in managing the service area and guiding the expenditure of service area resources.
Strategy	Strategies are actions that support the accomplishment of the strategic plan and deliver the results needed to achieve goals and objectives. Alternate definition (Michael Porter): … the set of activities in which an organization will excel to create a sustainable difference in the marketplace. Specific actions or tasks an agency intends to carry out to accomplish its objectives within a specified time frame; specifies the methods of achieving an objective. Example: Submit a budget to the General Assembly that has clear performance measures for budget actions involving new initiatives.
Strategic	Strategic is large scale and/or long-term.

Strategic Plan	The strategic plan is a statement or affirmation of your organization's intention for the next period of time specified and is the basis for monitoring its progress and determining results.
Strategic Planning	Strategic planning is a continuous and systematic process where the guiding members of an organization make decisions about its future, develop the necessary procedures and operations to achieve that future, and determine how success is to be measured. (Goodstein, Nolan, Pfeiffer) It is the systematic clarification and documentation of what an organization wishes to achieve and how to achieve it. The objective of strategic planning is a set of goals, action steps, and measurements constructed to guide performance.
S.W.O.T. Analysis	A S.W.O.T. analysis is an assessment to develop a clear sense of an organization's strengths (S-internal resources or capabilities), weaknesses (W-internal deficiencies in resources or capabilities), opportunities (O-external factors or situations that can favorably impact the organization), and threats (T-external factors or situations that can negatively impact the organization).
Target	A target is the specific level of performance you are striving to achieve. Desired level of performance of an objective which can be measured within a specific point in time, usually expressed as a number or percentage. Example: ❑ Measure: % of new budget initiatives in the introduced budget bill with specified performance measures or outcomes ❑ Target: 100% by 12/31/07
Values	Values are the principles that govern behavior and the way in which the organization and its members conduct business. Example: Integrity, professionalism, creativity, responsiveness, accountability, customer focus, and performance
Vision	An inspirational expression of a future condition for the Commonwealth that is both essential and desirable and extends at least 10 years into the future. A vision is a description of the ideal future state of the organization. It describes the organization at its best, i.e., where the organization intends to be in the future or where it should be to best meet the needs of stakeholders. A vision incorporates a shared understanding of the nature and purpose of the organization and uses this understanding to move the organization toward a greater purpose. Example: Department of Rail & Public Transportation: Every resident, visitor, and business in Virginia will have attractive transportation choices.

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                       Patrick Henry Building
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