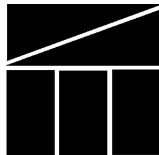


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Instructions for Preparing Agency Strategic Plans and Service Area Plans

April 2005



Virginia Department of Planning and Budget

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Instructions for Preparing Agency Strategic Plans and Service Area Plans

Overview and background

These instructions describe the process for developing your agency's strategic plan and service area plans.

These plans, due to be submitted to DPB by July 15, are part of the new model to consolidate strategic, technology, and workforce planning and link them to the state's budget process and long-term objectives of the Council on Virginia's Future. The strategic and service area plans developed will tie into development of the Governor's 2006-2008 executive budget.

The new process carries out the requirements of House Bill 2097 (The Government Performance and Results Act, §2.2-2681 - §2.2-2687 of the Code) and House Bill 1838, §2.2-1508 of the Code, both passed by 2003 General Assembly.

These instructions apply to all executive branch state agencies, with the exception of institutions of higher education.

Highlights of the process

- **Service areas have been developed.** DPB has worked with each agency to rationally match current budget programs/subprograms and planning activities to form a new draft "service area structure." Each service area forms the basic unit for both budgeting and planning. Agency feedback was solicited and incorporated into the structure. DPB has distributed copies of the new service area structure to each agency's chief budget officer, along with a crosswalk from the current program structure to the new system. Agencies should contact their budget analysts about any proposed changes to their service area taxonomy.
- **Agencies have formed work groups.** Agencies have submitted to DPB the names of staff members who will serve on workgroups to be involved in developing agency strategic plan and service area plans.
- **Training.** During April and May, DPB will train the workgroups in a phased approach. The first phase will focus on the service area structure and base budget development. The second will focus on agency strategic plans and performance measures. The third and final session will provide wrap-up training, as well as a chance for you to present any insight, comments, common problems, or questions regarding the system. The first two sessions will close with assignments to the agencies. These assignments will be completed collaboratively between the agency and their DPB analyst before the next training session.
- **Agencies will submit plans on July 15 through an Access database.** By July 15, agencies will submit an agency strategic plan and service area plans (one for each service area). Your

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agencies DPB budget analyst will provide you with an Access database through which you will submit the information required. You will return the Access database electronically.

- **Technical updates to the plans will be due later.** Technical updates to the strategic plans and service area plans for the 2006-2008 biennium will be due in September, January, and May-June to align the plans with the latest version of the budget. The July submission is the only one in which the dollars do not align to a budget submission.

Key dates calendar

Date	Activity
April 18, 2005	Agencies report to DPB the names of agency staff selected to serve on the working group for training
April 28, 2005	DPB issues instructions for preparing agency strategic plans and service area plans, along with a planning handbook to guide agencies
April-May 2005	DPB provides in-depth training to agencies on the planning process
May-June 2005	Agencies work on preparation of agency strategic plans and service area plans
Mid June 2005	DPB issues instructions for preparation of base budgets for the 2006-2008 biennium
July 15, 2005	Agencies submit strategic plans and service area plans to DPB
August 1, 2005	Agencies submit 2006-2008 base budgets and technical adjustments
Mid August 2005	DPB issues instructions for agencies on preparing decision packages for the 2006-2008 biennium
September 20, 2005	Agencies submit 2006-2008 decision package proposals to DPB
September 20, 2005	Agencies submit technical updates to strategic plans and service area plans to align them with their budget submissions
December 16, 2005	Governor submits his executive budget for the 2006-2008 biennium
January 2006	Agencies submit technical updates to strategic plans and service area plans to align them with the Governor's introduced budget
May/June 2006	Agencies submit technical updates to strategic plans and service area plans to align them with the 2006-2008 biennial budget enacted by the General Assembly

Training

During May, DPB will provide in-depth training on developing the agency strategic plans and service area plans to the three to four individuals in each agency who have been named to the agency workgroups. DPB is in the process now of contacting these individuals to develop the training schedule.

The training will consist of three separate sessions:

- **Phase 1:** The first session will focus on an overview of the new service area concept and of strategic planning in the new system and a primer on this year's approach to base budget development. Coming out of this session, agencies will be charged with finalizing their service area structure, obtaining all necessary reviews and approvals, and developing base budget targets by service area.
- **Phase 2:** The second session will focus on a review of Phase 1 submissions and direction on the development of the strategic plan, including mission, vision, values, goals, objectives, strategies, performance measures, and the executive progress report. Training will be afforded on entering strategic plans into the DPB database. Following this session, agencies will be required to develop and submit one service area plan via Microsoft Word and review it with the appropriate budget analyst.
- **Phase 3:** The third session will focus on reviewing all prior training, discussing agency service area plans to share the best examples and opportunities for improvement. After this session, agencies will develop their plans and budgets with guidance from their DPB budget analyst."

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 statewide objectives developed by the Council on Virginia's Future. The strategic plan is a management tool used by agency leaders to monitor the agency's overall performance and enable it to make course corrections to ensure that it will achieve its strategic goals.

Elements of the strategic plan include a mission statement of the overall purpose of the agency, a vision of the ideal future of the agency, and goals that provide broad statements of the long-term results needed to accomplish the agency's mission and achieve its vision.

The strategic plan also includes an "executive progress report" that provides an overview of the current performance of the agency's service areas, progress achieved, challenges being faced, and direction for the future.

The final elements of the strategic plan provide background information on your agency's statutory authority, its customers, its partners, its products and services, and its resources.

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In many agencies, much of the information required in the July 15 submission has already been developed as part of the agency's own strategic planning process and statewide planning efforts in recent years.

Service area plans

The "service area" is the heart of the new model that links planning and budgeting. In the past, agencies used a structure of "programs" and "subprograms" in the budgeting and accounting systems, but had a structure of "activities" for the planning process. The new service area structure ties categories of service areas to budgeting, accounting, strategic planning, and performance measurement and links them through a common terminology.

Generally, "service areas" are what agencies do for the citizen or for other agencies. They consist of allocations of resources toward a specific objective. A service area can cut across more than one organizational unit within an agency.

Like the strategic plan, the service area plan is a tool to assist directors, managers, and supervisors in planning and resource allocation. The service area plan is more specific than the strategic plan in that it covers strategic issues as well as mandated and operational issues.

The service area plan consists of objectives that describe the activities (strategic or mandated) in which the service will be engaged. The objectives are accompanied by:

- information about how the objective aligns with the agency's strategic plan or mandates,
- measures to allow management to monitor progress,
- strategies to be implemented to achieve the objective, and
- financial resources to be invested.

You must prepare a separate plan for each agency service area. The number of service area plans your agency prepares depends on its service area structure.

Every service area plan must have at least one objective. Every objective will have at least one performance measure.

You may not make any alterations in your agency's service area structure or in the wording of the title of any service area without approval from your DPB budget analyst.

Preparing and submitting the plans due July 15

Your agency must submit its strategic plan and its service area plans to DPB by July 15, 2005.

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Your DPB analyst will provide you with an Access database through which to submit your plans. DPB will issue separate detailed instructions on how to use the Access database, and using the database will be covered in the training sessions in May.

In developing the plans, please refer to the *Agency Planning Handbook: A Guide to Agency Strategic Planning and Service Area Planning Linking to Performance-Based Budgeting*. The document provides general guidance to developing your agency's plans, specific information about each element of the plans, and a useful glossary of terms. You can download the document from DPB's website at www.dpb.virginia.gov/forms/forms.cfm.

The resources in the plans to be submitted in July reflect the agency's base budget for the 2006-2008 biennium, which is the FY 2006 appropriation in the 2005 Appropriation Act. Agencies and DPB analysts will work together to crosswalk the existing budget structure to the new service area structure. The final base budget submission for the 2006-2008 biennium will be due August 1.

Note, like other budget submissions, your agency's service area plans will be provided to the House Appropriations and Senate Finance Committees within five calendar days of their receipt. Elements of the plans will be published in the Governor's executive budget document for the 2006-2008 biennium.

Updates to plans

Process

Because internal and external factors can cause changes in an agency's activities, opportunities will be provided during the biennium for agencies to update their strategic plans and service area plans.

For the most part, updates will require only technical changes to realign the plans with the budget for the 2006-2008 biennium. Major elements of the agency's strategic plan such as its mission, vision, and description of its customers, for example, will not need revision unless budget changes require it. Three updates are scheduled:

- **September 2005:** Agencies will be asked to make technical adjustments to their strategic plan and service area plans if needed to reflect their proposals for decision packages for the 2006-2008 biennium.
- **January 2006:** Agencies will submit technical updates to strategic plans and service area plans if needed to align them with the 2006-2008 biennial budget the Governor submits in December 2005.
- **May-June 2006:** Agencies submit technical updates to strategic plans and service area plans if needed to align them with the 2006-2008 biennial budget enacted by the General Assembly

Terms used in these instructions

- **FY 2005** means the fiscal year beginning July 1, 2004, and ending June 30, 2005.

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- **FY 2006** means the fiscal year beginning July 1, 2005, and ending June 30, 2006.
- **2005 Appropriation Act** refers to amendments to Chapter 4 approved by the 2005 session of the General Assembly.
- **Legislative Appropriation** refers to the dollar amounts and positions for FY 2006 contained in the 2005 Appropriation Act.

For definitions of strategic planning terms, see the *Agency Planning Handbook: A Guide to Agency Strategic Planning and Service Area Planning Linking to Performance-Based Budgeting*, which can be downloaded from DPB's website at www.dpb.virginia.gov/forms/forms.cfm