

**Trends**

No Data Available

**Legend:**

↑ Increase, ↓ Decrease, ↔ Steady

**Key Performance Areas**

No Data Available

**Productivity**

No Data Available

**Legend:**

↑ Improving, ↓ Worsening, ↔ Maintaining

For more information on administrative key, and productivity measures, go to [www.vaperforms.virginia.gov/agencylevel/index.cfm](http://www.vaperforms.virginia.gov/agencylevel/index.cfm)

**Background & History**

The Department of Planning and Budget (DPB) was created by statute in 1976 merging previously existing budget and planning agencies. Sections 2.2-1500 through 2.2-1514 of the Code of Virginia established the agency and set forth the powers and duties of DPB and its Director, the requirements for submitting the executive budget to the General Assembly, and the requirements for submitting the Budget Bill, as follows:

- Development and direction of an integrated policy analysis and planning and budgeting process within state government
- Review and approval of all sub-state district systems boundaries by state agencies
- Formulation of an executive budget
- Policy analysis and program evaluation for the Governor
- Review of the activities of state government focusing on budget requirements in the context of the goals and objectives determined by the Governor and the General Assembly
- Operation of a system of budgetary execution to ensure agency activities are conducted within funding limitations provided in the Appropriation Act and in accordance with gubernatorial and legislative intent
- Development and operation of a system of standardized reports of program and financial performance
- Coordination of statistical data
- Assessment of the impact of federal funds on state government
- Review and verification of the accuracy of agency estimates of receipts from nongeneral fund revenue
- Development, coordination, and implementation of a performance management system involving strategic planning, performance measurement, evaluation, and performance budgeting within state government
- Development and management of an Internet-based system to ensure citizens have access to performance information and the development of regulatory policies
- Development, coordination, and management of a school efficiency review program
- Section 2.2-1515 et seq.: oversight of agency capital outlay projects
- Section 2.2-2688: provide staff assistance to the Council on Virginia's Future
- Section 2.2-4007.04: manage the Regulatory Town Hall Web site; publish and provide online public comment forums; prepare an economic impact analysis (EIA) for proposed and fast-track regulation within 45 days; provide EIAs to the Joint Commission on Administrative Rules (JCAR) and General Assembly
- Executive Order (EO) 14, *Development and Review of Regulations Proposed by State Agencies*, (2010): manage the statewide rulemaking process via the Regulatory Town Hall website

**Primary Product & Services**

The Commonwealth's new Performance Budgeting System is fully implemented and combines under one system budget development, budget execution, capital, strategic planning, and performance measurement. As required by Section 2.2-1501 in the Code of Virginia, DPB ensures information generated in the Performance Budgeting System is useful for managing and improving the efficiency and effectiveness of state government operations and is available to the Commonwealth's citizens and public officials. DPB's mission-critical products and services are, as follows:

- Budget bill
- Budget document
- Budget development
- Budget execution
- Analysis of budget proposals and development of recommendations for the Governor
- Year-end close and new-year start-up execution actions
- Procedures for monitoring agency expenditures
- Decision briefs for budget execution decisions
- Coordination of the executive legislative review process
- Fiscal impact statements for legislation introduced in the General Assembly
- Planning and performance measure instructions, handbook, and training for state agencies

- Tracking of agency performance measures

## Agency Executive Progress Report

- Economic impact statements and policy analyses on proposed regulations
- Development, maintenance and oversight of the Regulatory Town Hall Web site
- Coordination and management of the rulemaking process across state agencies
- Training on the Regulatory Town Hall Web site and state rulemaking process
- Forecasts of major budget items including Medicaid expenditures; prison, jail, and juvenile correctional center populations; TANF caseloads; FAMIS expenditures; and Supreme Court trial expenditures
- Analyses of federal budget proposals and actions that may affect Virginia
- Executive Order assistance
- Detailed assessments of programs and services to achieve a more efficient and cost-effective state government
- Coordination of school efficiency reviews
- Performance of best management practices reviews
- Staff assistance to the Council on Virginia's Future
- Staff support for legislative and executive task forces
- Advisory assistance to various panels, committees, and commissions
- Presentations on fiscal and budgetary policy
- Response to constituent requests

### Customer Base

The Department of Planning and Budget (DPB) is a Virginia executive branch agency. DPB works with the Governor's Office, the General Assembly, and other state agencies to develop and execute the Commonwealth's budget and to conduct analysis and review of budgetary information, program and policy information, regulatory information, and various reviews of government functions including agency operations and public school division operations. DPB's customer base is not expected to change during the 2012-2014 biennium.

### Customer Listing

No Data Available

### Key Agency Statistics

The following statistics provide a comprehensive snapshot of the magnitude of the Department of Planning and Budget (DPB) operations during FY 2013. The activities listed in the statistical table are extremely complex and require extensive analysis and review.

### Finances

Seventy-eight percent of the Department of Planning and Budget's (DPB) general fund budget supports personnel costs including salaries, wages and fringe benefits. The remaining budget supports day-to-day operations including funding for rent (four percent), information technology needs (five percent), the school efficiency reviews program (two percent), and the Council on Virginia's Future (eight percent). The remainder (three percent) supports required insurance premiums, training, office supplies, and other miscellaneous costs.

In accordance with Chapter 835, 2012 Virginia Acts of Assembly, the Commonwealth Competition Council was eliminated. The 2013 General Assembly removed the \$250,000 Non-General Fund (NGF) designated for the Commonwealth Competition Council FY 2014.

Note: Funding for ongoing maintenance of the Commonwealth's Performance Budgeting system is appropriated in the Department of Accounts.

### Fund Sources

No Data Available

### Revenue Summary Statement

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In accordance with Chapter 3, 2012 Special Session I Virginia Acts of Assembly, \$200,000 from the general fund was provided to support the school efficiency reviews program FY 2013. Each participating school division shall pay 50 percent of the cost incurred by the state for that school division's efficiency review to be conducted. Revenues generated by the school efficiency review fees are deposited into the Commonwealth's General Fund upon receipt and are not for the use of the Department of Planning and Budget.

In accordance with Chapter 806, Acts of Assembly of 2013, \$325,000 from the general fund was provided to support the school efficiency reviews program FY 2014. Each participating school division shall pay a local share of the cost incurred by the state for that school division's efficiency review to be conducted. The local share shall be based on the local ability-to-pay for each participating school division but not less than 50 percent of the total cost. Revenues generated by the school efficiency review fees are deposited into the Commonwealth's General Fund upon receipt and are not for the use of the Department of Planning and Budget.

Additionally, the 2013 General Assembly provided a Nongeneral Fund (NGF) appropriation of \$300,000 FY 2014 to support the school efficiency reviews program coordinated by the Department of Planning and Budget. Each participating school division shall pay 100 percent of the cost of the review to the Department of Planning and Budget. General fund appropriations shall not be used to support these school efficiency reviews. The NGF appropriation is provided for use by the Department of Planning and Budget to facilitate the collection of payments from school divisions.

### Key Risk Factors

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**Maintaining funding for core services:** The Department of Planning and Budget (DPB) leads in the state's integrated strategic planning and budget process. As part of its statutory responsibility, DPB advises the Governor on the allocation of scarce resources. DPB will remain challenged in the years ahead to maintain necessary funding for the core services of state government and to maintain structural balance as the state is likely to continue to experience modest revenue growth while large entitlement programs such as Medicaid will continue to see significant growth. Structural balance is maintained by the utilization of recurring revenue to support ongoing operations. The use of one-time or non-recurring revenue for ongoing operations and potential federal reductions puts the state's bond rating at risk. DPB will experience increased pressure to remain vigilant in maintaining financial responsibility and a structural balance in the state's budget.

**Loss of experienced finance workforce:** DPB depends upon obtaining quality information and data from state agencies. As the workforce ages and has been downsized, many agencies are not able to develop replacement staff. Lack of good succession planning in key finance positions could lead to difficulties in managing financial crisis in the future. Central agencies like DPB may be called upon more often to help agencies resolve issues that once were managed by agency-based staff.

### Performance Highlights

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Performance measures or outcomes were developed by each agency as part of Virginia's outcome-driven performance management system. Agency and administrative measures indicate how well an agency is performing on its major or most important programs or activities that reflect its primary mission. Productivity measures strengthen the relationship between internal improvement investments and desired outcome and performance targets.

Virginia continues to lead as one of the best managed states in the nation. Virginia was named one of the best managed states in the nation by the *Government Performance Project* sponsored by *Governing* magazine. Virginia's financial strength is indicated by its AAA bond rating and being one of nine states given this highest rating by all three national rating agencies. Virginia consistently ranks top in the United States in categories that impact successful economic development. Virginia ranked No. 2 in the Forbes *Best States for Business* in 2010 and 2011. The Forbes ranking measured six vital categories for businesses: costs, labor supply, regulatory environment, current economic climate, growth prospects, and quality of life. In the *Pollina Corporate Top 10 Pro-Business States for 2012*, Virginia ranked No. 2 in the nation. CNBC, in its annual study, *America's Top States for Business*, designated Virginia as one of the top states for business at No. 3 in 2012.

The Department of Planning and Budget (DPB) is required by Section 2.2-4007.04, Article 2, of the Code of Virginia to manage the Virginia Regulatory Town Hall Web site; to publish, as well as provide online public comment forums for, all (non-exempt) regulatory stages; and, prepare an economic impact analysis (EIA) for a proposed regulation within 45 days of its receipt by DPB and within 30 days of receipt for a fast-track regulation. DPB is required to provide a copy of each EIA to the Joint Commission on Administrative Rules (JCAR) as well as to each member of the General Assembly.

### Performance Measures

## Management Discussion & Analysis

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### General Information about the Ongoing Status of the Agency

The Department of Planning and Budget (DPB) leads the Commonwealth's enhanced integrated strategic planning and budgeting process and advises the Governor on the allocation of scarce resources. In terms of the overall financial health of the Commonwealth, DPB will remain challenged in the years ahead to maintain necessary funding for the core services of state government. As part of its statutory responsibility, DPB advises the Governor on the allocation of resources to large entitlement programs that are mandated or required (such as Medicaid) down to support of small local sheriff offices that protect our smallest communities. Decisions about the proper funding levels for each of these requires a good deal of information and analysis. DPB also must be poised to react quickly in its advisory capacity to changes in revenue that affect financial responsibility and structural balance in the state's budget. In order to maximize its ability to successfully respond to economic changes, DPB must focus on transferring its institutional knowledge through the recruitment and development of a well trained staff.

DPB must address two pressing workforce issues over the next biennium: a highly competitive market of well-educated and skilled staff; and, an aging workforce in key positions that either are, or soon will be, eligible for retirement. During the next two years, DPB will attempt to increase its staffing levels and analyze its organizational structure to determine where existing resources can best be directed toward sound succession planning. DPB will determine what training is needed to support staff, especially those placed in new roles and for new employees. Training could be provided externally through outside vendors, or it could be developed internally.

### Information Technology

The Virginia Information Technologies Agency and Northrop Grumman partnership (VITA\NG) provides strategic direction for the use of technology resources for the Commonwealth. In that regard, VITA\NG oversees the pre-selection, selection, control, and evaluation of all DPB information technology projects and procurements in support of Executive Branch Agency business objectives.

The Commonwealth's Performance Budgeting System is fully implemented and is the first systematic and consolidated overhaul of the state's budget system in Virginia since the early 1980s. The Performance Budgeting System combines under one system: budget development; budget execution; capital; strategic planning; and, performance measurement. The Department of Planning and Budget (DPB) is responsible for overseeing the operation and maintenance of the system. The ongoing cost of this effort will be paid for through rates charged to state agencies.

DPB's Web-based Electronic Fiscal Impact Statement System and Virginia Regulatory Town Hall Web site application are long-standing applications, where as the Commonwealth's Performance Budgeting System and the strategic process are new.

DPB's Web-based Electronic Fiscal Impact Statement System simplifies the tracking and development of Fiscal Impact Statements (FIS). FIS are issued on bills introduced during the General Assembly sessions. FIS describe the fiscal impact of proposed legislation and are intended to aid legislators and the Governor's Office in the decision-making process. Each FIS is electronically communicated to legislative services where it is posted electronically with the legislation, and electronic copies are sent to the patron and relevant committees.

The Virginia Regulatory Town Hall Web site application was the first of its kind in the nation. It provides Virginians the opportunity to participate which gives greater access to all citizens in the regulatory rulemaking process electronically. Regulations affect many aspects of the Commonwealth including speed limits, physician qualifications, pollution control requirements, and testing standards in Virginia's public schools. The Regulatory Town Hall Web site allows Virginians to learn about regulations, submit online comments, and sign up to receive customized email notifications at no cost.

### Workforce Development

The Department of Planning and Budget (DPB) relies mostly on salaried classified state employees for the delivery of services to its customers. DPB also employs wage employees to supplement classified staff during peak work periods and unexpected staff turnover. Generally, wage employees make up about ten percent of DPB's staff. Due to budget reductions and attrition due to retirements, DPB now has an employment level of 43 full-time and four wage employees from a total authorized position level of 69. DPB has made recruitment and succession planning a priority.

Due to an aging workforce and low staffing levels, DPB will develop a succession plan that promotes a logical and systematic transfer of institutional knowledge to a new generation of associate directors and budget analysts. One potential approach for achieving this end would be the establishment of an internal career progression path in which mid-manager positions are created.

### Physical Plant

The Department of Planning and Budget (DPB) is a Virginia executive branch agency that works with the Governor's Office, the General Assembly, and other state agencies to develop and execute the Commonwealth's budget. DPB's proximity to the Governor's Office and the General Assembly is critical in fulfilling its mandate. DPB is located in the Patrick Henry Building adjacent to the capitol. At this time, the current space is adequate to meet DPB's needs. DPB leases its space from the Department of General Services.

## Agency Executive Progress Report