

2018-20 Strategic Plan

Department of Planning and Budget [122]

Mission

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

We advise the Governor in the prudent allocation of public resources and promote the development and implementation of fiscal, legislative, and regulatory policies that maximize empowerment of Virginia's citizens and minimize their dependence on government. We serve our customers through creative, proactive, objective, accurate, and timely planning, analysis, and evaluation.

Values

Finance

Financial Overview

Over eighty percent of DPB's general fund budget supports personnel costs: salaries, wages, and fringe benefits. The remaining budget supports day-to-day operations such as: 1) funding for rent; 2) information technology needs; 3) training; 4) office supplies; and 5) other miscellaneous costs.

Funding for ongoing maintenance of the Commonwealth's Performance Budgeting System, which fall under DPB's oversight, is appropriated to the Department of Accounts.

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	7,963,865	0	8,015,465	0
Changes to Initial Appropriation	0	0	0	0

(Changes to Initial Appropriation will be 0 when the plan is created. They will change when the plan is updated mid-biennium.)

Customers

Anticipated Changes to Customer Base

There are no anticipated changes to DPB's customer base.

Current Customer List

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Governor	Governor	1	1	Stable
General Assembly	General Assembly members	140	140	Stable
Governor	Governor's Policy staff	8	8	Stable
Governor	Governor's Secretaries and Deputy Secretaries	35	35	Stable
Local or Regional Government Authorities	Local school divisions	132	132	Stable
State Agency(s),	State agencies	193	193	Stable

Partners

Name	Description
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Agency Goals

• **Provide the highest quality financial management for the Commonwealth to protect its fiscal integrity.**

Summary and Alignment

Accomplishment of this goal helps protect the state's fiscal reputation, its AAA bond rating, and its status as a best-managed state.

Associated State Goal

Government and Citizens: Be recognized as the best-managed state in the nation.

Objectives

» **Develop a financially sound budget in which proposed recurring spending can be maintained by recurring revenue over time.**

Description

Achievement of this objective assures fiscal integrity in the Commonwealth's budget by avoiding the use of short-term or "one-time" monies for ongoing or long-term commitments.

Objective Strategies

- Continue to enhance/develop the Commonwealth's Performance Budgeting System.
- Submit a budget to the General Assembly that manages the available general fund resources resulting from one-time revenues and savings actions.

Measures

- ♦ Administratively approved appropriations as a percentage of legislative appropriations.
- ♦ Percentage of all versions of bills assigned to the agency (excluding those marked "no review") for which fiscal impact statements were issued.

• **Provide objective, accurate, and timely information with respect to planning and evaluation of fiscal, legislative and regulatory activities, in order to enhance the efficiency and effectiveness of state government.**

Summary and Alignment

Accomplishment of this goal helps protect the state's fiscal reputation, its AAA bond rating, and its status as a best-managed state.

Objectives

» **Provide timely analysis of the economic impact of proposed regulations, with the objective of designing regulations in the most efficient, effective, and least intrusive manner.**

Description

Section 2.2-4007.04 of the Code of Virginia requires that DPB prepare an economic impact analysis (EIA) for all nonexempt proposed regulations within 45 days of receipt. Typically, an EIA provides a clear and concise description of the expected economic impact of a regulatory proposal on Virginians. An EIA may also benefit policymakers and the public, including: (1) the Governor, when deciding whether or not to approve proposed regulations; (2) legislators in learning about the benefits and costs of regulations; and (3) the regulated community and other members of the public, who may be directly or indirectly affected by the proposed regulations. An EIA is a public document and may be viewed on the Virginia Regulatory Town Hall Website, which is maintained by DPB.

Objective Strategies

- Make recommendations that result in design improvements and that advance the Governor's public policy goals.
- Provide economic impact analysis reports that clearly indicate the economic costs and benefits of a proposed regulatory change.
- Provide all analysis and review within the statutory deadlines, thereby benefiting public discourse.
- Verify and enhance the design of proposed (stage) regulations, in order to maximize economic benefits and minimize economic costs.

Measures

- ♦ Percentage of economic impact analyses that are completed within 45 days from receipt of proposed and fast-track (stage) regulatory proposals.

» **Develop timely and accurate forecasts for major state programs for planning and budgeting purposes.**

Description

DPB produces annual forecasts for the following significant state programs: 1) Medicaid expenditures; 2) public safety admissions and inmate population forecasts for state prisons, local jails, state juvenile correctional facilities, and detention homes; 3) criminal fund; 4)

Comprehensive Services Act for At-Risk Youth (CSA); 5) Temporary Assistance for Needy Families (TANF); 6) mandated childcare expenditures; 7) Title IV-E foster care expenditures; 8) Title IV-E adoption expenditures and special needs (general fund) adoption expenditures; and 9) Family Access to Medical Insurance Security--State Children's Health Insurance Program (FAMIS-SCHIP) expenditures. These forecasts are provided to decision makers as a key input for each year's budget decisions, as well as supporting longer-range policy and planning for the fiscal management of key budget drivers.

Objective Strategies

- Effectively communicate forecast results to appropriate stakeholders.
- Maintain expertise on relevant forecasting techniques and models to maintain quality.
- Manage forecast production to optimize usefulness to decision makers.
- Perform other economic analyses and projections, upon request.

Measures

- **Continue to strengthen communication and relationships with customers.**

Summary and Alignment

Accomplishment of this goal would help protect the state's fiscal reputation, its AAA bond rating, and its longstanding status as a best-managed state.

Objectives

- » **Strive to maintain a high level of satisfaction from the Governor's Policy Office and the Cabinet regarding information and analysis provided to them by the Department of Planning and Budget (DPB).**

Description

Achievement of this objective assures that agency customers are receiving information and analysis in a form that is timely and useful for decision making.

Objective Strategies

- Conduct a survey of the Governor's Office and Cabinet to assess their rating of the timeliness and quality of DPB's analysis with respect to budget issues, proposed legislation, economic forecasting, regulatory review and evaluation.
- Analyze survey feedback and communicate results. Develop and implement improvements to address less-than-satisfactory ratings.
- Facilitate the development and improvement of agency performance measures reported in the Performance Budgeting System.
- Keep Cabinet officials informed on upcoming changes and issues.

Measures

- ◆ Average rate of survey respondents' satisfaction with the timeliness and quality of the agency's analyses.

Major Products and Services

The Commonwealth's Performance Budgeting System 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
- 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

- 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
- Forecasts of major budget items including prison, jail, and juvenile correctional center populations; TANF caseloads; FAMIS expenditures; and Supreme Court trial expenditures
- Assessments of programs and services to achieve a more efficient and cost-effective state government
- 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

Performance Highlights

Virginia continues to lead as one of the best managed states in the nation. In 2018, CNBC ranked Virginia fourth among states in fostering a business friendly environment (up from seventh in 2017). CNBC tallied 60 competitive measures across ten categories. Virginia scored highest in workforce (No.3), education (No. 6), and business friendliness (No. 5). In 2017, Virginia placed fifth in Forbes annual “Best States for Business” survey (up from sixth in 2016). As of December 2017, Virginia maintained its AAA bond rating for the 80th consecutive year, the only state with this longevity. Virginia was also ranked sixth in 2018 by *State Policy Reports* for prudent state government, which is a composite ranking of indicators that measure the state’s ability to provide government services efficiently. The indicators include taxes as a percent of personal income, state solvency, pension funding, bond ratings, and spending as a percent of state gross domestic product.

Staffing

Authorized Maximum Employment Level (MEL)	70
Salaried Employees	46
Wage Employees	0
Contracted Employees	6

Key Risk Factors

Maintaining funding for core services: The Department of Planning and Budget (DPB) leads 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. Central agencies like DPB may be called upon more often to help agencies resolve issues that once were managed by agency-based staff.

Management Discussion

General Information About Ongoing Status of 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 and K-12 education) down to support of small local sheriff offices that protect our smallest communities. Decisions about the proper funding levels for each of these requires comprehensive information and in-depth 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 has been addressing pressing workforce issues: 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. Over the last five to six years, DPB has increased its staffing levels after analyzing its organizational structure to determine where existing resources can best be directed toward sound succession planning. DPB is addressing the training needs of new staff through exposure to national organizations and internal training from other state agencies as well as staff mentoring.

Information Technology

The Virginia Information Technologies Agency (VITA) provides strategic direction for the use of technology resources for the Commonwealth. In that regard, VITA 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 combines under one system: budget development; budget execution; capital; strategic planning; and, performance measurement. 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 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. DPB also supports document management systems used by agencies to submit legislative proposals and to provide confidential advice to the Governor's office.

The Virginia Regulatory Town Hall Web site application 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.

Estimate of Technology Funding Needs

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. DPB has made recruitment and succession planning a priority and has increased staffing over the last five to six years to ensure adequate staffing to serve customers and to begin the process of transferring institutional knowledge to new staff.

Physical Plant

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.

Supporting Documents

Title	File Type
State Budget Page	Link

Budget Development and Budget Execution Services [71502]

Description of this Program / Service Area

This service area consists of two components – budget development and budget execution. The two work in tandem to produce Virginia’s biennial budget and subsequent amended budgets. Each one is described below and is mandated by Section 2.2-1501 of the Code of Virginia. Both components include operating and capital budgets.

Budget development is the methodical process used to create the Governor’s executive budget. It begins with the preparation of budget instructions for state agencies. This initial phase is followed by a second whereby funding requests for new initiatives are submitted by state agencies to the Department of Planning and Budget (DPB) for analysis and evaluation. This phase also requires DPB staff to forecast major budget drivers. Both phases are essential for making recommendations to the Governor on funding issues and levels. They lead to the production of the budget document, budget bill, and any subsequent executive amendments, if necessary. Thereafter, budget development is directed toward analyzing the General Assembly’s committee and conference amendments. This effort assists the Governor in taking actions for the reconvened General Assembly session (amendments and item vetoes) and actions on the re-enrolled budget bill. Budget development concludes with the signing of the budget by the Governor.

Budget execution is the implementation component of Virginia’s budget process that allows state agencies to spend appropriations. Within this component, appropriations and allotments are reviewed and approved, expenditures are monitored, and instructional guidance is issued to state agencies on matters such as year-end close and new-year start-up. Budget execution also includes the preparation of decision briefs that are used in making certain budgetary decisions. Although much of budget execution follows budget development, it is a year-round activity.

More than 70 percent of the agency's staffing supports this service area.

Mission Alignment

Budget development is essential to DPB’s ability to make recommendations to the Governor on funding issues and position levels, in support of DPB’s mission of advising the Governor on how to wisely use public resources for the benefit of all Virginians.

Budget execution includes the preparation of decision briefs that are used in making certain budgetary decisions, which also supports DPB’s mission of advising the Governor on how to wisely use public resources for the benefit of all Virginians.

Products and Services

Description of Major Products and Services

Analysis of budget proposals and development of recommendations for the Governor - leading to production of Budget bill and Budget document

Coordination of year-end close and new-year start-up budget execution actions

Analyses of budget to expenditures

Preparation of decision briefs for budget execution decisions

Analyses of federal budget proposals and actions that may affect Virginia

Participation on legislative and executive task forces

Advisory assistance to various panels, committees, and commissions

Presentations on fiscal and budgetary policy to state and national organization

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Budget Development and Execution	§ 2.2-1501		Required	5,521,714	0

Anticipated Changes

Assuming no further reductions in general fund appropriation, there are no anticipated changes at this time.

Factors Impacting

Over eighty percent of the Department of Planning and Budget’s (DPB) total general fund budget supports personnel costs. Decreasing general

fund appropriations could adversely impact DPB's ability to deliver products and/or services as it directly impacts staffing.

Financial Overview

General fund appropriation supports personal and nonpersonal service costs for this service area.

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	5,688,400	0	5,688,400	0
Changes to Initial Appropriation	0	0	0	0

Supporting Documents

Title **File Type**

Forecasting and Regulatory Review Services [71505]

Description of this Program / Service Area

This service area provides forecasting and regulatory review services. The four primary functions within this service area are: (1) assessing the policy implications and estimating the economic impact of proposed regulations, with the objective of designing regulations that are efficient, effective and least intrusive; (2) coordinating and managing Virginia's rulemaking process; (3) advising the Governor's Secretaries and Policy Office on regulatory matters; and (4) forecasting major budget items such as prison, jail, and juvenile correctional center populations; Temporary Assistance for Needy Families caseloads; Family Access to Medical Insurance Security expenditures; and Supreme Court trial expenditures.

Around 14 percent of the agency's staff support this service area.

Mission Alignment

This service area supports the Department of Planning and Budget's mission of analyzing various fiscal, programmatic, and regulatory policies. The statutory authority of this service area is derived from Chapter 15 of Title 2.2, and from the *Administrative Process Act* (especially Section 2.2-4007.04 of the Code of Virginia.)

Products and Services

Description of Major Products and Services

Preparation of economic impact statements and policy analyses of proposed regulations

Maintenance of the Virginia Regulatory Town Hall application

Coordination of the rulemaking process across state agencies

Training on the Virginia Regulatory Town Hall and state rulemaking process

Forecasts of major budget items such as prison, jail, and juvenile correctional center populations; Temporary Assistance for Needy Families caseloads; Family Access to Medical Insurance Security expenditures; and Supreme Court trial expenditures.

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Regulatory Review and Forecasting	Title 2.2-4007.04 and Title 2.2-1501, Code of Virginia		Required	1,175,974	0

Anticipated Changes

Assuming no further reductions in general fund appropriation, there are no anticipated changes at this time.

Factors Impacting

Over eighty percent of DPB's total general fund budget supports personnel costs. Decreasing general fund appropriation could adversely impact DPB's ability to deliver products and/or services as it directly impacts staffing.

Financial Overview

General fund appropriation supports personal and nonpersonal service costs for this service area.

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	1,124,374	0	1,175,974	0
Changes to Initial Appropriation	0	0	0	0

Supporting Documents

Title **File Type**

Program Evaluation Services [71506]

Description of this Program / Service Area

This service area coordinates legislative review processes and handles document management systems used for legislative review in the Executive Branch.

The legislative review process provides information on proposed legislation to the Governor and members of the General Assembly to assist them in making informed decisions regarding budget, regulatory, and policy issues. This process also helps the Governor and General Assembly provide adequate resources to implement those statutory changes that have a fiscal impact. This service area coordinates this process in concert with the budget development and execution services under 71502.

The legislative processes DPB administers and manages are based around three confidential web based systems.

The ePAL system is used by agencies to submit legislative proposals to their Cabinet Secretary and the Governor’s office for consideration. The ePAL system serves as a document management system, Legislative proposals are reviewed in advance of the General Assembly session. This time period is often referred to as “pre-session.”

The eLAS system coordinates and tracks documents associated with the review of all introduced legislation. Executive branch agencies, the Cabinet, and the Governor’s office use eLAS to provide confidential advice to the Governor on legislation. These documents help the Governor formulate a position on the bill. As is the case with ePAL, the system services as a document management system.

DPB is responsible for issuing a fiscal impact statement (FIS) for all legislation introduced during a General Assembly session that could impact state services. DPB uses the eFIS system to interface with the Department of Legislative Automated Services to issue FIS in a timely manner.

The service area also manages the statewide process for developing and updating strategic plans, program/service area plans, performance measures and Executive Progress Reports (EPRs) that make up Virginia’s performance management structure. Agencies update their strategic plans, program/service area plans, EPR’s on a biannual basis using the Strategic Planning module in the Performance Budgeting System. Agencies are also responsible for reporting and publishing all measures results using this module.

Around eight percent of the agency’s staffing support this service area.

Mission Alignment

This service area supports DPB’s mission of analyzing and developing various fiscal, programmatic, and regulatory policies. In addition, it provides assessments to support the wise use of public resources for the benefit of all Virginians. The statutory authority of this service area is derived from Chapter 15 of Title 2.2 of the Code of Virginia.

Products and Services

Description of Major Products and Services

- Instructions for agencies regarding development of legislative proposals
- Recommendations to the Governor on agency legislative proposals
- Publishing of fiscal impact statements on bills introduced to the General Assembly
- Coordination of the statewide strategic planning process

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
Legislative Coordination and Program Evaluation	Title 2.2-1501, Code of Virginia		Discretionary	678,507	0

Anticipated Changes

Assuming no further reductions in general fund appropriation, there are no anticipated changes at this time.

Factors Impacting

Over eighty percent of DPB’s total general fund budget supports personnel costs. Decreasing general fund appropriation could adversely impact DPB’s ability to deliver products and/or services as it directly impacts staffing.

Financial Overview

General fund appropriation supports personal service and nonpersonal service costs for this service area.

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	678,507	0	678,507	0
Changes to Initial Appropriation	0	0	0	0

Supporting Documents

Title **File Type**

Service Area Plan

Administrative Services [71598]

Description of this Program / Service Area

This service area provides employee relations, fiscal, facilities management, clerical, and coordination services.

Through partnerships with the Department of Human Resource Management and the Department of Accounts, DPB staff receive timely personnel and fiscal services. These partnerships blend DPB's internal knowledge and experience while leveraging resources to examine personnel issues, including recruitment, benefits administration, and performance management, and to strengthen internal controls for payroll and invoice processing.

This service area addresses procurement and information technology needs for the agency in accordance with the Virginia Public Procurement Act and standards established by the Virginia Information Technologies Agency (VITA). Budget preparation and expenditure tracking services are also provided to ensure that DPB does not exceed allotted appropriation levels.

Finally, staff in this service area address facility needs (e.g., space allotments, renovations, etc.), provide clerical services, and develop DPB's Continuity of Operations Plan.

Around six percent of the agency's staffing support this service area.

Mission Alignment

This service area ensures that sound management practices and qualified staff members are in place to carry out the mission of the agency. The statutory authority of this service area is derived from Chapter 15 of Title 2.2 of the Code of Virginia

Products and Services

Description of Major Products and Services

Employee relations, fiscal, procurement, information technology, and facility services

Products / Services					
Product / Service	Statutory Authority	Regulatory Authority	Required Or Discretionary	GF	NGF
General Administration	Title 2.2-1501, Code of Virginia		Discretionary	472,584	0

Anticipated Changes

Assuming no further reductions in general fund appropriation, there are no anticipated changes at this time.

Factors Impacting

Over eighty percent of DPB's total general fund budget supports personnel costs. Decreasing general fund appropriation could adversely impact DPB's ability to deliver products and/or services as it directly impacts staffing.

Financial Overview

General fund (GF) appropriation supports personal and nonpersonal service costs for this service area.

Biennial Budget

	2019 General Fund	2019 Nongeneral Fund	2020 General Fund	2020 Nongeneral Fund
Initial Appropriation for the Biennium	472,584	0	472,584	0
Changes to Initial Appropriation	0	0	0	0

Supporting Documents

Title	File Type
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