In Practice

FINANCE TEAM **LOUDOUN COUNTY, VIRGINIA**

Collaboration Helps County Find the Pathway to Stabilization

BY KATIE LUDWIG

Every four years, Loudoun County, Virginia, produces its program review (loudoun.gov/programreview), a comprehensive inventory of the programs the county provides to achieve its goals and mission, including information on service levels and performance for each program. The county recently released its FY 2024 Program Review, the result of nearly 18 months of collaboration among all county departments. The Office of Management and Budget (OMB) led the development of the program review and intends to use it to help guide budget decision-making over the next four years.

Megan Bourke, OMB director, explained that this project had two goals. The first was, of course, to produce the program review document, and the second goal was "teaching the organization about the concepts and getting them thinking in a new way."

"The second goal was so critical because we intend to use the terminology and concepts of service levels and performance management in the budget process going forward," she said. "We also intend to keep the program review as a living document, meaning that we'll continue to update it after every following budget process to track in real time how departments are moving toward their recommended service levels."

Finding a pathway to stabilization

Caleb Weitz, assistant director of OMB, explained that the FY 2024 Program Review was developed within the context of Loudoun County's changing demographics. For the last 30 years, the county's population has been growing rapidly, from approximately 100,000 people in 1990 to approximately 450,000 today.

"While the county's going to keep growing over the next two decades, we are moving into a what we've termed a 'stable growth environment.' We've challenged our departments to start planning for the next 15- to 20-year time horizon, as we shift out of high-growth mode and into a more stable-growth mode. What is that going to mean for the services we provide to residents? That's the big picture question we approached this iteration of the program review with," Weitz said.

Above, the Loudoun County Office of Management and Budget's Program Review Core Team, from left to right: Caleb Weitz, Emily Vasile, Megan Bourke, Thomas Prior, Paul Hale, Amber Style and Alan Druga.

The population of Loudoun County has been growing rapidly for the last 30 years, increasing from approximately 100,000 in 1990 to approximately 450,000 today.

OMB encouraged department leaders to "look farther under the hood at the data" and consider how they might need to adapt their programs to serve the community. "For example, the composition of our population is shifting. We have more older adults, fewer young people, potentially fewer school-aged children. From that, think about the implications for services. We might need more resources for senior centers, but potentially less for new schools in the future," Weitz explained.

Thomas Prior, organizational performance management analyst in OMB, was supporting the Department of Parks, Recreation, and Community Services while the program review was being developed. "One day I'd be working with the senior centers division, where they're anticipating continued growth, and the next day I'd be talking to youth sports, where they're anticipating a slower growth rate, and seeing the different dynamics. We then brought that together from the entire department's perspective, discussing potential shifts in trends related to recommended service delivery in the long term," he said.

In addition to the changing demographics, the county also considered changes in economic development and county revenue streams over the next 15- to 20-years. Over the past 15 years, the county has experienced an "incredible boom of data center development," Weitz said.

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>
> **CALEB WEITZ**
> ASSISTANT DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

According to the county's Department of Economic Development, Loudoun's "Data Center Alley" is the world's largest concentration of data centers, with more than 25 million square feet currently in operation. The Department of Economic Development says there hasn't been a day without data center construction in the county in over 13 years.

The county recognizes that data center development can't continue at this pace forever. "We expect that robust construction of data centers will continue for probably another five years,

and we'll continue to see revenue growth from that for another seven or eight, maybe even ten years—but at some point, that revenue will stabilize as well. That's really been funding our growth as a government organization over the past decade," Weitz explained. During the development of the program review, OMB shared this information with departments and explained that adding resources, whether it be new employees or external contractual support, might not be an option once the county reaches the point when revenue is stabilized and not growing like it is today.

Weitz said that within OMB, the conversation about revenue stabilization and its eventual impact on the organization was "second nature" and that the budget staff used the FY 2024 Program Review process "as an excuse to really hammer that conversation home" with the other departments.

Establishing a common vocabulary re: service levels

Loudoun County has been producing the program review for many years, but one new feature of the FY 2024 Program Review development process was discussions about minimum and recommended service levels for each program. According to the FY 2024 Program Review, minimum service level is defined as "the lowest level of service for a program to effectively operate that at least meets mandates, if applicable."

Weitz said that OMB staff have had a lot of success over the past six years in getting departments to understand and embrace the concepts of current service level, enhanced service level, and degraded service level. Current service level is what a program is achieving now, with current resources, and then, based on the outcome of the budget process, that service level is either maintained, enhanced, or possibly degraded if resources are not added or are cut. That level then resets into the current service level for the next budget year.

"What we layered on top of that with this program review was the concept of recommended service level, and we defined that as the desired service level provided to the community that is responsible, sustainable, and

equitable," said Weitz, adding that budget staff encouraged departments to think about the recommended service level as their goal. Through this planning effort, departments were thinking about how they can get to the recommended service level, even if that is 15- to 20-years down the road.

"We think setting the common vocabulary and deliberately taking time for that is so important because otherwise you just throw out these terms, and I'll be the first to admit it—how many meetings have you sat in where someone's talking about all these terms, and you feel like you should know what they mean? So, you just sit there and nod your head and go, 'uh-huh,'" Weitz said.

Bourke agreed. "We introduced these concepts, especially current service level and enhanced service level, four or five years ago, but we did not do it with the rigor that we had this time around," she said.

Bourke went on to explain that without those common definitions, sometimes the idea of an "enhanced service level" would take on a negative connotation, particularly in conversations with the Board of Supervisors, as if it were something that would be "nice to have." "We had departments year after year portraying everything as a current service level because they felt that was the only way they were going to get additional resources. But that is not the point of what we're trying to do, and that is not the way we intended to run a transparent budget process with our elected officials," she said.

OMB engaged a consulting firm to assist with development of the FY 2024 Program Review. The consultant put together learning modules for the budget staff, covering topics that included service level definitions and performance management concepts. Early in the project, the OMB leadership team set the expectation that the management analysts would spend about eight hours a week over a six-week period on those learning modules.

"We needed to make sure that we understood these definitions back and forth, in and out, so we could support our departments when talking about all of this," Bourke said.

Getting buy-in and maintaining enthusiasm

As OMB was preparing for this project, one of its top concerns was how to compete for the attention of department leaders and get people to focus on developing the program review. Their approach to departmental engagement was multi-pronged. One of the most important elements was having buy-in from the top levels of county leadership. County Administrator Tim Hemstreet worked with OMB on beginning to communicate these concepts to the organization, with Hemstreet making it clear to department directors that this work was a priority.

Another important element was establishing a project steering committee. "We invited staff to be members of that committee very strategically," Weitz said. OMB focused on inviting representatives from departments that they wanted to make sure had strong sections in the program review. Inviting staff from different departments to be a part of the steering committee also helped create champions for the project throughout the organization.

OMB also took time to identify what it has termed "People Who Plan" in all departments. These are key stakeholders who would be involved in developing the program review. "We were able to curate a list of about 300 county employees who were People Who Plan, and then we had an email campaign for those people," Weitz said.

"We sent out what we called 'Pathway to Stabilization Tips.' We sent out probably 15 of those over last year, not only to communicate updates on where we were with the program review project, but also to provide more general information about performance management and where they could find more resources," Weitz explained.

Additionally, OMB developed an intranet site for the project and launched a series of virtual workshops focused on higher-level performance management and planning concepts, as well as practical instructions on how to complete the program review pages and what formatting and phrasing to use.

Bourke believes this multi-pronged approach to engagement and support is a key to the success of the program review. "One thing we realized at the beginning of this project was that we needed to bring substantial resources and expertise to the table because if we were asking departments to really think hard and do something outside of their ordinary day-to-day, they had to have sophisticated resources that would give instantaneous feedback and support," she said. "Our relationship with the consultant we contracted with was a huge contributor to building trust between departments and the budget staff. It showed that we were backing this up with actual resources and budget. If a department really got excited about these concepts and wanted to do even more than we were asking them, our consultant was there, would facilitate as many sessions as they wanted, and did that work on our behalf."
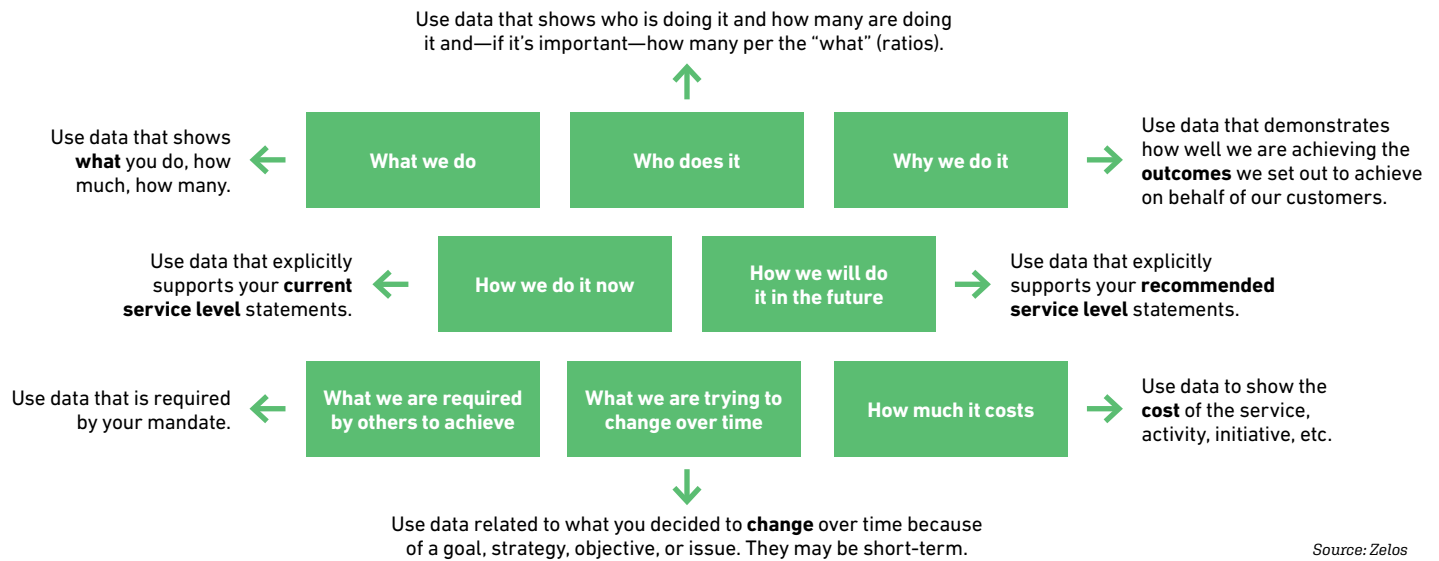
Weitz echoed the importance of trust between OMB and the departments. "Most directors see their budget analysts as a valuable partner and problem-solver. A regular feature in our office is that the operating analysts are having monthly meetings with their departments to talk about routine business, but also larger picture planning concepts as well," he said. "We always tell our analysts you know you've become a trusted partner when your department director starts reaching out to you on non-budget matters for additional perspective or for help."

Incremental progress on the pathway to stabilization

The county's pathway to stabilization will be incremental, and OMB will continue working with departments to incorporate the work done to prepare the program review into budget decision-making.

"The departments saw all that terminology we worked so hard on appear in our budget forms. They're featured in the budget document we're preparing right now," Bourke said. "We made promises that these concepts would continue to be used beyond the program review, and departments trusted us enough that they went with us and then saw the fruits of their labor coming through and helping them continue to advance their services.

EXHIBIT 1 | LOUDOUN COUNTY'S PERFORMANCE DATA FRAMEWORK

Use data that shows who is doing it and how many are doing it and—if it's important—how many per the "what" (ratios).

Use data that shows **what** you do, how much, how many.

What we do	Who does it	Why we do it

Use data that demonstrates how well we are achieving the **outcomes** we set out to achieve on behalf of our customers.

Use data that explicitly supports your **current service level** statements.

How we do it now	How we will do it in the future

Use data that explicitly supports your **recommended service level** statements.

Use data that is required by your mandate.

What we are required by others to achieve	What we are trying to change over time	How much it costs

Use data to show the **cost** of the service, activity, initiative, etc.

Use data related to what you decided to **change** over time because of a goal, strategy, objective, or issue. They may be short-term.

Source: Zelos

The collaboration and trust were so critical for the success of this project, and we're really going to see continued payoff over the next four years."

Realizing that not all departments currently have access to the kind of data that can help them as they make decisions about service levels, OMB took a flexible approach with departments. "There were some cases where departments realized they did not have good data to be able to track stabilization for their activities, so there are many instances in the program review where departments talk about the data they plan to track moving forward and that we can report on in the future." Weitz said. This flexible approach to data, developing service level narratives with the data that is currently available, was better than using a one-size-fits-all approach and forcing departments to "make up something that didn't exist."

What's next? Incorporating data into decision-making

Bourke is excited about the work the county has done to develop a strategic vision and plan for managing data and then incorporating data into budget decision-making, as pictured in Exhibit 1. "The budget office has a vested interest in budget-related performance metrics, whatever those may be. Typically, with a fast-growing organization, those have been workload measures, input-output type things because we're just churning work. But as we continue to stabilize and our services and programs mature, we need to start understanding output, efficiency, outcome, goal-based performance measures—the 'why we do it' box in our framework," she said.

Bourke said that with the design and implementation of its performance management framework, OMB is not only thinking about how to support the broader organization through training and thought leadership, but also exploring the best options for tracking, storing, and sharing data. "Performance measures for the budget document live in these very archaic Excel spreadsheets, but I don't think departments use those in their everyday work. We're trying to use this framework to begin to understand where departments are and where we can help them start making decisions that are data-informed, or a little bit better-informed than just a simple input-output approach," she explained.

Weitz mentioned that an assistant fire chief printed out the performance data framework graphic and hung it up near his desk. He and Bourke take this as a sign of the enthusiasm for this effort throughout the organization.

Bourke said leaders throughout the county are interested in exploring ways they can serve their residents better. "For years, it's been the budget office that has not been able to muster the resources for that energy," she said. "I'm really excited that we can now be that resource for the organization, and I think a lot is going be accomplished through this framework."

Prior was recently promoted to his current position as organizational performance management analyst in OMB. In this role—which is new for him and for the county—he will focus on working with departments on performance management and moving forward on the pathway to stabilization, ensuring no department is left behind. "Over the past year, through this process, we identified some areas in the organization that need a little bit more focus," he said. "We're really trying to get the organization all on the same foundation so that as we begin to introduce these more complex conversations and topics, we're taking everyone with us as we go forward." 🅾

Katie Ludwig is GFOA's director of resource development.