

Merrett R. Stierheim, Superintendent of Schools

SUBJECT: REPORT ON ZERO-BASED BUDGETS FOR CONSTRUCTION AND MAINTENANCE-RELATED OPERATIONS

COMMITTEE: BUSINESS AND FINANCIAL SERVICES

At the January 14, 2004 Board meeting, Agenda Item D-6 directed staff to prepare Zero-Based Budgets for two non-school site locations or operations as a pilot program with one of the selections to be Construction-related departments. The Board amended the agenda item to include a review specifically of the budgets for Construction and Maintenance-related departments using Zero-Based Budgeting concepts.

The development and implementation of the Zero-Based Budgeting model requires managers to engage in several planning, analytic and decision-making processes. These processes typically would take 6-8 months. Five planning meetings were held to discuss Zero-Based Budgeting concepts and to develop uniform budget forms.

The traditional process of budgeting in Miami-Dade County Public Schools is two-fold. School budgets are based on prior year allocation formulas with the following year Full-Time Equivalent (FTE) student estimates. School support (non-school) site budgets are traditional continuation budgets with a focus on incremental cost increases from year to year. However, under Zero-Based Budgeting, the Department Head is responsible for developing each decision package (e.g. land acquisition) with the resources needed and their dollar costs. Several outcomes may result from this process, such as:

1. additional staff or non-salary budget is required
2. fewer staff or less non-salary budget is required
3. realignment of personnel between departments
4. outsourcing to achieve a less expensive alternative for service delivery

If time permitted, each decision package would have then been ranked based on the greatest potential for achieving the objective (s) of the organization. This step will be completed in the next fiscal year. The last major process of Zero-Based Budgeting is monitoring and evaluation. This activity requires measurable performance objectives to allow the district to review whether or not achievement was obtained. This step will be reviewed through the Strategic Plan process. Typically a Zero-Based Budget process occurs ever 3-5 years. However, it is staff's intent to continue this process for these two areas into the 2005-06 fiscal year to allow for a thorough review of the efficiencies in these areas.

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A report entitled Zero-Based Budgets for Construction and Maintenance-related Operations is being provided to the Board under separate cover. Included in the report are two budget forms for each construction/maintenance function. Each Budget Needs Summary form summarizes the function being reviewed, a listing of activities, justification for the function and alternative methods of performing the service if above the current level of funding. This form also reflects the 2003-04 Budget and the Tentative Budget Request for 2004-05 for each function. The second form, Budget Detail, provides the accounting structure, brief description of the budget request, number of positions requested, salary and related fringe benefits and non-salary budget requested.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, receive the report Zero-Based Budgets for Construction and Maintenance-related Operations.