

BRIDGING FISCAL GAPS: AN ASSESSMENT OF BUDGET ALLOCATION AND UTILIZATION PRACTICES IN PHILIPPINE PUBLIC ELEMENTARY SCHOOLS

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ABSTRACT

This study, Bridging Fiscal Gaps: An Assessment of Budget Allocation and Utilization Practice in Philippine Public Elementary Schools, utilized a Systematic Literature Review (SLR) to synthesize existing research on financial management within public education. Guided by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework (Moher et al., 2009), peer-reviewed studies published from 2015 to 2025 were analyzed to identify the root causes of inefficiencies, evaluate strategies for improvement, and examine the impacts of budget practices on educational quality and school operations. Findings revealed that inadequate financial planning, delayed fund disbursement, insufficient administrative capacity, and weak monitoring systems are the main sources of inefficiency. Conversely, practices such as participatory budgeting, transparency mechanisms, stakeholder involvement, and continuous capacity building enhance fiscal accountability and operational performance. The review further established that sound budget utilization improves resource distribution, institutional trust, and overall learning outcomes, while poor management leads to resource wastage and project delays. The study concludes by emphasizing the need for stronger fiscal governance, timely resource allocation, and evidence-based financial decision-making to sustain educational quality in public schools.

Keywords: MOOE, Budget Allocation, Public Schools, Financial Management, Budget Utilization.

1. INTRODUCTION

In the dimensions of ensuring fiscal sustainability and enhancing accountability, budget utilization plays an important role in public fiscal management and good governance. Budget utilization defines as how programs, activities, and projects (PAPs) are delivered effectively and efficiently through the use of government resources after the given implementation period (Ararsa, 2021; Kathungu, 2016). The expenditure policies and priorities are in accordance with the budget allocation aligned with the intended goals and objectives of the country without cost overruns or misallocations (Sinugbohan & Galigao, 2025). Budget utilization is an integral part of the public management cycle which promotes efficiency and accountability (Ho, 2018). The use of the financial resources must bring into line with performance-based budgeting and links to budget allocation to quantifiable outcomes (Hatr, 2015). Therefore, effective budget utilization is not just about the essence of spending money but also ensuring that it meets the expectation to achieve the goals and objectives of the government.

Effective budget allocation and utilization ensures that every peso intended for the public schools is strategically directed toward programs and activities that genuinely support teaching and learning. It guarantees that financial resources are not merely spent but are invested with purpose—to improve the quality of education, promote equity among learners, and strengthen institutional performance. When funds are allocated properly, schools are able to address their most pressing needs, such as the provision of instructional materials, classroom repairs, technology integration, and the conduct of teacher training and student development programs (Lafortune et al., 2018). Moreover, sound utilization of funds especially with the Maintenance and Other Operating Expenses (MOOEs) ensures transparency and accountability in the management of public resources (Almazan, 2023). It builds confidence among stakeholders—teachers, parents, students, and the community—that public money is used responsibly and efficiently. This financial discipline also supports the principles of good governance (Handayani et al., 2023), as it aligns budget decisions with the School Improvement Plan (SIP) and the broader objectives of the Department of Education (DepEd). Schools that maintain proper documentation, adhere to financial guidelines, and implement regular monitoring and evaluation demonstrate integrity and professionalism in managing their finances.

Beyond compliance, effective budget utilization also fosters sustainability and continuous improvement. When funds are spent wisely, schools can develop systems that not only meet immediate operational needs but also prepare for future challenges (Bukuku, 2025). It enables administrators to assess which programs yield the best outcomes, identify inefficiencies, and make informed financial decisions for succeeding fiscal years.

This study explores the various challenges encountered in the budget allocation, and utilization practices of public schools, recognizing that effective financial management is a crucial factor in achieving educational goals. This study aims to attain the following:

1. Identifies the root causes of inefficiencies and gaps in the financial management processes of public schools.
2. Evaluates the strategies employed by school administrators to address these concerns.
3. Examines the broader impacts of budget allocation and utilization practices on the quality of education and the effectiveness of school operations.
4. Analyzes how poor financial management can lead to resource shortages, delayed projects, and decreased stakeholder trust.

2. REVIEW OF LITERATURE

Education is widely recognized as a vital driver of national development, serving as the foundation for economic growth, social equity, and sustainable progress. However, the effective delivery of quality education depends largely on how well financial resources are managed within educational institutions. In public schools, particularly, the availability and prudent utilization of financial resources such as Maintenance and Other Operating Expenses (MOOE) play a critical role in ensuring that learning environments are adequately supported, and educational programs are effectively implemented (Ochada & Gempes, 2018; Ureta, 2024). As such, the assessment of budget allocation and utilization practices has become an essential focus of research and policy discussion in the education sector.

Public schools in Philippines operate under government funding, primarily through the Maintenance and Other Operating Expenses (MOOE), which are intended to sustain school daily operations, provide instructional materials to learners, maintain school facilities, and support learning development activities (Ureta, 2024). However, despite these allocations, many schools continue to experience financial constraints, delayed fund releases, and inefficiencies in budget execution (Akhter et al., 2018). These challenges highlight the importance of understanding how funds are planned, distributed, and utilized, as well as the factors that influence the efficiency and effectiveness of financial management at the school level (Sinugbohan & Galigao, 2025).

A growing body of literature emphasizes that effective budget allocation and utilization are closely linked to good governance, transparency, and accountability (Amalia, 2023; Bakhtiar, 2021; Cimpoeru & Cimpoeru, 2015). Studies across different educational contexts have shown that when financial resources are aligned with school improvement plans and managed through participatory and evidence-based approaches, schools achieve better outcomes in terms of academic performance, resource sufficiency, and stakeholder satisfaction (Guzman, 2022). Conversely, poor financial management practices—such as weak internal controls, inadequate training of school heads, and limited stakeholder involvement (Dwangu & Mahlangu, 2021)—can result in wastage of resources, underutilization of funds, and diminished trust in school governance (Mugala et al., 2023).

There are various schools still continue to face different challenges in accountability and transparency, and it is crucial to understand the strengths and weaknesses on assessing how the public schools manage the resources and what are the strategies needed to employ.

Therefore, reviewing existing studies on budget planning, allocation, and utilization practices provides a comprehensive understanding of the strengths, challenges, and emerging trends in the financial management of public schools. This review aims to synthesize insights from both local and international research to identify best practices, highlight gaps in implementation, and inform future policy directions for improving the financial efficiency and educational performance of public schools.

Budget Planning and Allocation Practices

Budget planning serves as the foundation of effective financial management in schools. It involves forecasting revenues and expenditures, prioritizing needs, and aligning financial decisions with the School Improvement Plan (SIP) and the Department of Education's guidelines. According to Myende and Nhlimayo (2022), efficient budget planning requires participatory approaches where school heads, teachers, parents, and community stakeholders collaborate to identify priorities. This participatory budgeting ensures that funds are directed toward genuine school needs and fosters a sense of ownership and accountability among stakeholders (Talpin, 2024).

However, WorldBank (2016) observed that in many public schools, budget allocation remains constrained by limited resources and delayed fund releases, which disrupt planned activities and force schools to make reactive rather than strategic financial decisions. Studies by Sinugbohan and Galigao (2025) also highlighted that discrepancies between proposed and approved budgets often occur, resulting in insufficient allocations for essential operational and instructional needs. These findings suggest that while budget planning mechanisms exist, their effectiveness depends on timely fund disbursement and alignment with identified priorities.

Budget Utilization and Financial Management

The utilization phase ensures that funds are used according to approved plans and government financial regulations. Alvarez and Potane (2024) emphasized that the success of budget implementation relies on the capacity and financial literacy of school heads, as they are directly responsible for fund management and compliance with DepEd and Commission on Audit (COA) guidelines. Schools that implement systematic financial monitoring and documentation demonstrate greater transparency and accountability in fund utilization.

Nonetheless, challenges persist. Carpio et al. (2022) found variations in the efficiency of fund utilization among schools in the MIMAROPA region, attributing inefficiencies to bureaucratic delays, lack of administrative support, and insufficient internal controls. Similarly, Ochada and Gempes (2018) reported that some public schools experienced significant gaps between budget plans and actual fund releases, leading to unimplemented projects and reliance on alternative funding sources. These studies underscore that without efficient utilization mechanisms; even well-planned budgets may fail to achieve desired educational outcomes (Duru, 2021).

Transparency, Accountability, and Governance

Transparency and accountability are key pillars of good financial governance in schools. According to DepEd (2016), under Department Order No. 13, series of 2016, that schools are mandated to post MOOE allocations and expenditures publicly to ensure that stakeholders are informed about fund usage. Agu et al. (2024) noted that such transparency practices enhance community trust and discourage misuse of funds. Moreover, when school heads and finance committees maintain open communication and accurate financial reporting, they reinforce ethical governance and compliance with auditing standards.

However, gaps in accountability remain evident. Some studies identified weak internal auditing systems, limited stakeholder oversight, and inconsistent documentation as persistent issues (Graham, 2015). These weaknesses not only reduce operational efficiency but also undermine the credibility of the education system. Strengthening accountability mechanisms through capacity-building programs, regular monitoring, and digital financial tracking tools is therefore critical for ensuring responsible use of public funds.

Impact of Budget Utilization on Educational Outcomes

Several studies have established a connection between efficient budget utilization and the overall quality of education. Efficient financial management ensures that schools can maintain facilities, provide learning materials, and support teacher development—all of which contribute to better learning outcomes. Agu et al. (2024) found that schools that effectively utilized their MOOE allocations were more capable of maintaining conducive learning environments and sustaining school-based programs. Conversely, poor financial management often led to resource shortages, delayed projects, and decreased stakeholder trust, ultimately affecting school performance and learner achievement.

International studies, such as those by Bakhtiar (2021), similarly emphasize that inadequate financial management contributes to reduced institutional effectiveness and teacher morale. This demonstrates that prudent budgeting and utilization practices are not only administrative responsibilities but also educational imperatives that directly influence the quality and accessibility of education.

3. METHODOLOGY

This study utilizes a systematic literature review to synthesize existing research on the Bridging Fiscal Gaps: An Assessment of Budget Allocation and Utilization Practices in Philippine Public Elementary Schools. The Systematic Literature Review (SLR) approach was chosen because of its rigorous, structured, and evidence-based process that enables researchers to obtain a comprehensive understanding of a specific topic. Under the SLR method, it follows a transparent and replicable procedure—including the careful identification, selection, evaluation, and synthesis of peer-reviewed research. It is guided by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework (Moher et al., 2009) which ensures that the conclusions drawn are grounded in verified data and not influenced by personal bias or limited scope. By reviewing a wide range of scholarly works, the researcher can present a holistic picture of the current state of knowledge on the topic—in this case, budget planning, allocation, and utilization practices in public schools. This method also allows for the comparison of results across different contexts, helping to determine which practices are most effective and which challenges are universally experienced.

The systematic approach addresses gaps in the current understanding on assessment of budget allocation and utilization practices of public schools by compiling many relevant studies that explore barriers, effective practices, and outcomes, with particular attention to the Philippine context.

The review sought to answer the following questions:

1. What are the root causes of inefficiencies and gaps in the financial management processes of the public schools, particularly in the Philippines?

2. What are the strategies that school administrators to address the budget allocation and utilization concerns in Philippine public schools?
3. What are the broader impacts of budget allocation and utilization practices on the quality of education and the effectiveness of school operations?
4. How does poor financial management lead to resource shortages, delayed projects, and decreased stakeholder trust?

A comprehensive search was performed across multidisciplinary academic sources and aggregators (Google Scholar, ResearchGate, JSTOR, ERIC, institutional journal sites) using Boolean strings such as: ("budget planning" OR "budget allocation" OR "budget utilization") AND ("public schools" OR "basic education") AND ("MOOE" OR "financial management" OR "budget management") AND (Philippines OR "Southeast Asia" OR "developing countries"). Reviews, descriptive, correlational, and mixed-methods empirical studies that addressed one or more of the budgeting stages (planning, allocation, utilization) and reported findings on causes, practices, outcomes, or governance were included. Exclusion criteria: opinion pieces without empirical data, non-education sector budgeting studies (unless directly comparable), and sources that did not present methods or results. Several recent systematic reviews and regional syntheses were prioritized to identify thematic patterns and consistent findings.

4. RESULTS AND DISCUSSION

The reviewed literature consistently highlights that effective budget allocation and utilization are fundamental to ensuring that public schools operate efficiently and deliver quality education. Common themes emerging from these studies include the need for participatory budgeting, timely fund releases, financial management training, and stronger accountability systems. Despite the presence of established financial frameworks, inefficiencies persist due to bureaucratic constraints, lack of capacity, and weak monitoring mechanisms.

Overall, the literature suggests that improving financial management in public schools requires a comprehensive approach—combining policy reforms, administrative support, and stakeholder participation. By synthesizing findings from local and international research, this review underscores the importance of aligning financial management practices with educational goals to enhance the effectiveness, transparency, and sustainability of public-school operations.

5. CONCLUSION

The assessment of budget allocation and utilization practices in public schools underscores the intricate relationship between sound financial management and the overall quality of educational service delivery. Findings reveal that the root causes of inefficiencies and gaps in financial management processes primarily arise from inadequate fiscal planning, insufficient financial literacy among school administrators, delayed fund disbursement, and the absence of robust monitoring and evaluation mechanisms. These systemic challenges impede the efficient translation of allocated resources into meaningful educational outcomes. Poor financial management often results in resource shortages, delayed implementation of projects, and diminished stakeholder trust, which collectively undermine educational performance and institutional credibility.

6. RECOMMENDATIONS

Based on the findings and conclusion of this study, several recommendations are proposed to enhance the efficiency, transparency, and effectiveness of budget allocation and utilization practices in public schools. In addressing these concerns, various strategies have been employed by school administrators, including the adoption of participatory budgeting approaches, the enhancement of transparency and accountability practices, and the strengthening of coordination between schools and education authorities. While such measures have contributed to incremental improvements in fiscal discipline, their success largely depends on sustained institutional support and consistent implementation across all school levels.

Moreover, the study highlights that effective budget allocation and utilization significantly influence the quality of education and the operational efficiency of schools. Schools that practice prudent financial management tend to demonstrate improved resource provision, well-maintained facilities, and enhanced instructional support for teachers and learners. Ultimately, the findings emphasize the imperative for continuous capacity-building initiatives in financial management, the institutionalization of transparency and accountability frameworks, and the reinforcement of monitoring systems. These measures are essential to ensure that every peso allocated to education is optimally utilized to promote equitable, efficient, and sustainable development within the public school system.

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