

Adequacy of Financial Allocations for Recurrent Expenditures in Public Sector Schools of Punjab

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Abstract

Public sector schools need finances to run their day-to-day activities. Budgets allocated to any school comprise a Salary Budget (SB) and a Non-Salary Budget (NSB). Educational Institutions usually get NSB through financial tiers of provincial and district administration. It meets recurrent expenditures to include payment of utility bills, purchase of expendables, procurement of uniforms and books, purchase of stationery, minor maintenance work of school building, postage, and several other such expenditures. In the present security threatened scenario, NSB also includes the provision of security equipment which although not covered in existing rules but with an administrative order schools were asked to utilize this budget for the purpose. The covered area of school and locality has nothing to do with these allocations, whereas these factors play a pivotal role in increasing expenditures drastically because each school has a variable area. Fewer allocations, coupled with increased recurrent expenditures, create a gap in meeting the school's overall output in delivering quality education. NSB allocation criteria need revision to meet the increased costs. This paper has brought forward the existing standards, including missing links, and has suggested ways to overcome these gaps and make allocation procedures more effective. It was a mixed research, descriptive in nature however quantitative data / results can be verified and adopted for a larger population.

Keywords: Recurrent Expenditures, Educational Expenditures, Insufficient Funding, NSB, SB

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Introduction

Whenever there is a discussion about the schools or educational institutions, the mind automatically diverts towards learning outcomes, knowledge base, and societal development contributing towards a brighter and prosperous Pakistan. Achieving this goal is impossible in the absence of advanced infrastructure and knowledgeable human resources to effectively impact education to achieve the desired targets. Massive funding is required to make this dream possible.

In the current scenario, finances available to schools of Punjab in three broad categories, i.e., Salary Budget (SB), Non-Salary Budget (NSB), and Farrogh-e-Taleem Fund (FTF). SB is for the payment of salaries of teaching/non-teaching staff. In contrast, NSB covers recurrent expenditures of institutions, and FTF comprises dues collected from students. Approved financial tiers allocate these funds less FTF. Such grants should be given depending upon school type and locality, coupled with student enrollment in terms of existing data, but unfortunately, allocation tiers do not follow these standards.

NSB is the only fund available which the school is utilizing for meeting daily needs. Allocation of NSB is dependent on the total enrollment of students as of 31 October of the previous year. The rate of NSB is approximately PKR.1000 per student per year. NSB comes under tied grants, and whatever the provincial government approves is provided to the school. NSB is allocated to schools annually and disbursed quarterly in school accounts maintained in the local bank. NSB covers recurrent school expenditures. These school expenses include repair & whitewash of classrooms, material for gardening, utility bills, accessories for cleaning, restoration of electric wiring, repair of furniture, purchase of furniture, sanitary work, and drinking water. NSB also covers learning material for children and utility bill payments (PMIU, 2016).

NSB plays a vital role in maintaining school quality in terms of academic standards, a secure environment, and comfortable classrooms with requisite facilities. The studies carried out in the past have brought forward the overall lack of fund allocations but could not pinpoint the school's actual expenditures and fund allocation. The current study is significant in identifying and bridging the gap between existing and needed steps to resolve public school financial issues in Punjab. The objectives of the study were:

1. To find out the existing funding options available to schools.
2. To find out the expenditures incurred by schools.
3. To identify other sources available to fund the expenses.

4. To recommend measures to bridge the shortfalls.

To achieve the objectives, the researcher found out the answers to the following questions:

1. What sources of funding are available to meet the recurrent expenditures of school?
2. What are the significant expenditures on the day-to-day maintenance of school?
3. What allocation criteria department follow for the distribution of NSB to schools, and how can it be improved?

Literature Review

Internationally, departments use sophisticated instruments to know about the inflow of public money to state hierarchies. Public Expenditure Tracking Survey (PETS) was a tracking instrument initially tested in Uganda. It produced unmatched results, including a decrease in pilferage of grants to schools from 80% to 20%. Other countries, including Peru, Zambia, India, and Nepal, brought results in crucial areas, including primary education using the same instrument. In total, PETS succeeded in identifying low allocations, pilferages, corruption, bureaucratic hurdles, and political pressures (World Bank, 2015).

NSB allocations are part of the overall budget given to the education sector. If we critically look at the educational budgetary allocations, Ex-Prime Minister of Pakistan Mian Muhammad Nawaz Sharif promised at the Oslo Summit on 7 July 2015 that government will spend 4% of Gross Domestic Product (GDP). In contrast, the actual budget figures never exceeded 2.59% in 2013-14, 2.62% in 2014-15, and 2.68% in 2015-16 (Alif Ailaan, 2015). These allocations give an idea that very meager portions were made available for education. Out of these allocations, about 3% counts for NSB, increasing to about 15% in 2013-14 (School Non-Salary Budget, 2015). In Punjab, NSB allocations/expenditure from 2010 to 2014 was about 11%, 11%, 7%, 7%, and 8%, respectively, of the total educational budget (Institute of Policy and Social Studies, 2014). The pattern of allocation of NSB gives a fair idea that in existing resources, maintenance of building in addition to other allied expenditures was unachievable despite how best we plan.

Public Expenditure Tracking Survey (PETS) report of Jhang District, Punjab province, delineated the cost incurred per student per school (Shoaib, 2015). The unit cost calculation is based on per student and schools using the district budget statistics and enrollment of the target

district. During the year 2013-14, 294365 students went to 1664 schools, while 210885 students went to 1326 primary schools. During FY 2013-14, the government spent PKR 15,285 on each primary school student, out of which only PKR 129 spent on account of NSB expenditure per student. Whereas an average of PKR 2,430,963 was spent on each primary school with a meager average of PKR 20,587 as NSB expenditure during FY 2013-14. The formula is the same for the whole Punjab; hence, we can expect an identical scenario in other schools of a particular district.

A study carried out by UNESCO Pakistan in 2013 (Education Budgets, 2013) regarding the budgeting process in Pakistan has observed some severe system flaws. Most of these flaws are prevalent in the budget-making process as the process is neither open nor participatory. Government educational echelons exclusively dominate the budgeting process while teachers, parents, students, and communities are set-aside in the process of ascertaining needs and priorities. Decision bodies take the budget-making approach as a confidential process without consulting civil society.

Furthermore, the determination of developmental priorities in an informed, transparent or fair manner is missing. As provided in the Budget Rules of 2003 (District Budget Rules, 2003), the Budget Calendar is not followed and does not ensure efficiency and public participation in the budgeting process. The budget-making process starts very late; thereby, timely completion remains a question mark.

In 2014, the Punjab government introduced a step to improve school security by issuing a notification on 16 December 2014 asking schools to utilize NSB to enhance school security (Government of Punjab Home Department, 2014). Using already depleting NSB to strengthen security with no additional security grant drained meager NSB at the school level. The pattern of allocations of the educational budget clearly shows that enough funds are not available in terms of the developmental account. Most of the budget chunk pays the salaries, whereas NSB allocations are insufficient to improve building infrastructure or meet the school's recurrent expenditures.

The study "An Analysis of Public Expenditure on Education in Pakistan" (Hussain, Qasim, & Sheikh, 2003) analyzes the allocation of funds to the education sector at various tiers. At the provincial level, only 20% to 30% share goes to the education sector. A significant proportion of the provincial education budget meets the recurring expenditures for maintaining existing infrastructure. The development expenditures necessary to generate future infrastructure, on the other hand, are less than 10% for Sindh and Punjab. In contrast, for KP and Baluchistan, it is 15%

to 20% of the total education budget. The allocation of resources at Punjab and Sindh's districts depicts a similar picture for the provincial level. There is no disparity between the distribution of funds to various districts for education. However, a positive correlation is between the district's literacy rates and allocating funds to the education sector.

The “Financing Education in Pakistan – Opportunities for Action” was a country case study carried out to highlight Pakistan's education problems and presented at Oslo Summit (Malik & Rose, 2015). It has highlighted that since 2000 government of Pakistan did promise the increase in educational spending, but in any FY, the promised spending never exceeded 4% of GDP. In actual the maximum spending merely reached 2.5% of GDP. The significant budget portion goes to debt servicing, Public Service Development Projects (PSDP), and defense, leaving a meager amount for health and education. As per the research, a maximum chunk of the educational budget goes to recurrent expenditures that form 90% of salaries, leaving 10% for other developmental costs. Hence improvement or maintenance of existing infrastructure or developing new is a difficult task.

Methodology

Research Design: It was descriptive research comprising of both quantitative and qualitative data. The results of the study can be verified and adopted for a larger population at a later stage. The study had two phases. Phase-I was a purely quantitative survey in which questionnaires were served and taken back from respondents by hand. Phase-II was of qualitative data sources used to support and clarify already collected Phase-I data. This phase consists of interviews, document analysis, and video / photographic analysis.

Participants: This study's population was all school heads of primary schools of Attock because these are higher in the count. The rationale for choosing Attock was, being less developed and farthest district from the provincial centre. The researcher used 98 respondents out of a total population of 1118 primary schools, including 95 School Heads, one DEO, one DDEO, and an Assistant from EDO F&P as a representative sample. The researcher took schools using the purposive sampling technique from 3 categories, i.e., schools with less than 100 students, schools with less than 200 students, and schools with less than 300 students. The reason was that the allocations of NSB are basing on enrolment and not the area. School heads filled a questionnaire and a checklist to give the expenditures

of the school. Interviews from DEO, DDEO, one school head, and an Assistant EDO F&P gave knowledge about NSB allocations and process.

Instruments: Data used was collected through a survey method using a structured questionnaire. The first part of the questionnaire was a checklist where respondents answered “YES” or “NO” The second part of the questionnaire comprised questions asking pupil strength. Furthermore, asking financial figures gave a fair idea about the allocations and spending. Document analysis included budget allocation and other grant papers. Interviews were conducted to counter-check the data gathered during the survey and explore any other factors left out. A photographic interpretation of aerial photographs clarified the school's area, which never played any part in NSB allocation. The transcription and open coding procedures were adopted to get the correct interpretation from interviews and document analysis as specified by Strauss and Corbin (Corbin & Strauss, 2015) and Johnny Saldana (Saldana, 2009). Coding emerged into main themes and sub-themes by giving the gist of findings to achieve precise results.

Reliability and Validity: The researcher consulted subject specialists for content and construct validity of the questionnaire. After validation, reliability ascertains through pilot testing. The questionnaire was pilot tested on 10% of the sample outside the population. Since the answers were figures supported by documents, a statistical test was not required to be applied. However, grey areas were addressed and corrected in the light of feedback. Interview protocols for semi-structured interviews were made and finalized in light of the subject specialists' guidance.

Results

The researcher distributed the questionnaire data into three parts. The first part was to know about the existing sources available for financing at the school level, i.e., NSB / FTF. The second part comprised the exploration of additional sources other than current sources. The third part was to know about the average annual expenditures of the school. Besides, the researcher calculated the security expenses for three types of school sizes. The calculation was done based on an expert opinion obtained from security specialists about the equipment needed and price quotations obtained from security equipment providers. This data gave a fair idea about the allocation of NSB from financial tiers and collection of FTF from the school students.

Table 1
Existing Sources of Funding for School

Codes to Interpret the Answers of Table 1												
Codes	Q.1 Funding Sources	Q.2 Annual NSB receipts	Q.3 Annual FTF receipts	Q.4 Any Security Head in NSB/FTF								
1	NSB and FTF	Below PKR.50000	Below PKR.50000	Yes								
2	All funds / Grant	Below PKR.100000	Below PKR.100000	No								
3		Below PKR.150000	Below PKR.150000	N/A								
4		Below PKR.200000										
5		Below PKR.250000										
6		Below PKR.300000										
7		Below PKR.350000										
8		Below PKR.400000										
9		Below PKR.450000										
10		Below PKR.500000										
N/A stands for Not Applicable												
Question	Label	Responses										
		1	2	3	4	5	6	7	8	9	10	Total
1	Funding Sources	99%	1%	-	-	-	-	-	-	-	-	100%
2	Annual NSB receipts	2%	6%	8%	69%	6%	5%	1%	1%	1%	1%	100%
3	Annual FTF receipts	63%	35%	2%	-	-	-	-	-	-	-	100%
4	Any Security Head in NSB/FTF	0%	100%	-	-	-	-	-	-	-	-	100%

Table 1 indicates that schools only use NSB and FTF to meet all expenses. Only 1% of schools had shown other funds, i.e., SMC (a discontinued fund). Annual NSB receipts per school on average were around PKR.150000 to PKR.200000. Annual FTF receipts per school were around PKR.60000 received from students on account of the monthly fee. These amounts also included the leftover / unspent amount of previous years. The picture becomes more evident once we scan the table as a whole as it gives an idea about the exact amounts. Because of the above answers, it was clear that no head other than NSB and FTF was available to finance school expenditures, including strengthening security. There was a need to ascertain some other source of financing available to the schools through other questions. Details of responses are as under: (This part was also the continuity of the same questionnaire)

Table 2
Identification of Sources other than NSB/FTF for Financing

Question	Label	Responses			
		Yes	No	N/A	Total
5	Any grant received since 2014 other than NSB	0%	100%	0%	100%
6	Amount of grant if received	0%	0%	100%	100%
7	Any financial help from community/NGO	0%	100%	0%	100%
8	If help received from community/NGO, give amount	0%	0%	100%	100%
9	Suggest any other financing mean	2%	98%	0%	100%

Table 2 shows no additional funding to primary schools. Schools did not receive any amount from the community or NGO to supplement the existing funds. Only 2% of school heads suggested allocation of additional funds for meeting security-related expenses. Alternatively, they suggested providing and installing equipment by the educational management at the district level in each school.

After knowing about all the financial funding, the researcher verified the spending through a questionnaire cum checklist from the school heads. Table 3 gives requisite details.

Table 3
Actual Average Expenditures of School

Type of Expenditure	Amount in PKR		
	School with 100 Students	School with 200 Students	School with 300 Students
Electricity	12000	24000	48000
Gas	0	0	0
Water	0	0	0
Stationary	12000	24000	40000
Expendables	5000	10000	15000
Travelling	5000	8000	12000
Transportation	1000	2000	3000
Telephone / Cell	500	1000	1500
UPS Maintenance	15000	15000	15000
Computer Maintenance	3000	3000	5000
Internet / DSL	2000	2000	2000
Gardening / Plants	5000	10000	15000
Postage	300	500	1500
School Uniform	5000	10000	15000
Building Maintenance	30000	40000	50000
Furniture	8000	15000	25000
Electric Fixtures	5000	10000	15000
Library Books	5000	10000	15000
Medicines for First Aid	3000	4000	5000
Hot and Cold Charges	6000	10000	15000
Total	122800	198500	298000

The expenditures produced in Table 3 clearly show that schools need a minimum of PKR.122800 for a small school, PKR.198500 for medium, and PKR.298000 for a large school, which does not include security expenditures.

Data collected amply supported that the allocations as given by school heads are not sufficient to cater for the recurrent expenditures, but it was to be counter-checked. Interviews were conducted from administrative tiers to know about the actual allocations and problem areas. There are 1118 primary schools in district Attock. Examination of the budget document acquired from the DDEO office gives the following figures:

1. A maximum quarterly allocation in NSB to any school is PKR.126238.00. It means that this specific school would get in total Rs.504952.00 per annum. This amount was the maximum allocation which only 1% of primary schools are getting in total NSB.
2. A minimum quarterly allocation in NSB to any school was PKR.293.00. It means that the specific school would get in total Rs.1172.00 per annum. This NSB allocation was the minimum that any primary school was getting in total.
3. 33 Schools were those which were getting below PKR.4000.00 as quarterly NSB allocation. It means that they would get in total less than PKR.16000.00 per annum.
4. Only 14 schools were getting quarterly above PKR.100000.00, making it PKR.400000.00 per annum.
5. All remaining schools of the district were between PKR.1172.00 to PKR.400000 per annum.

Administrative echelons pointed out that the school heads are inexperienced in independent handling of financial matters, thereby not meeting demand and supply. The reason for variable holdings of NSB in schools was non-spending by school heads in fear of audit objections. Monitoring and Evaluation Assistants (MEAs) did not provide requisite assistance to school heads or highlighted the grey areas. Verbally instructions to schools for spending from NSB on additional security-related expenses for which no written instructions issued. Financial and Planning department staff (F&P), in reply, said that PIMU does not approve enhancement in the annual budget and is reduced equivalent to old allocations despite forwarding of enhanced demands.

Aerial view of schools clearly showed that some schools were constructed on about 1-2 Kanal whereas many were with an area exceeding 10 Kanal. The covered area of classrooms was almost the same for both categories allowing the same student strength. Hence, the area

plays an important role, and schools with more areas need more maintenance efforts than the school with less area. Likewise, the school with more area needs more funds than the school with less area. Since financing depends on strength and not space, both types of structures will get the same funding.

Discussion

Researchers reported in earlier studies mentioned in the literature review that educational financing was not sufficient where the promised goals were mostly not met. Pakistan spends 2.4% of its GDP on education. At a national level, 89% of education expenditure comprises current expenses such as teacher salaries, while only 11% comprises development expenditure, which is insufficient to raise education quality (Aftab, 2015). Even from this 11%, a very meager amount goes for NSB, thereby contributing to schools' deplorable situation in general and primary schools in particular. It is a fact that money matters in educational outcomes/achievements, the significance of educational financing plays a pivotal role in shaping society. Deborah & Richard concluded from 35 years of production function research a positive and significant relationship between expenditure and student performance in education (Deborah & Richard, 1998).

The researcher selected the study after a deliberate analysis of national as well as international researches. There are national studies aimed at strategic financing in education. Still, significantly less work was found at a micro level to determine the bottom tiers in financial allocations. The researcher felt to bridge the gap between recurrent expenditures and financing at the lowest levels. The study aims at making school productive for coming generations. Numerous problems were highlighted, including financing, administration, and non-availability of funds. The questions posed included; availability of funding, existing expenditures, and funding options.

The research study had addressed the financing issues and identified weak links which, if addressed, will help in improving the financial condition of the schools. The study will help the administrators at decision tiers to address management and financing issues.

Conclusion

At times there are flaws in policies because the centralized management issuing policies may not be fully conversant with the general situation prevailing in a specific region. It is an obligation of the recipients that they highlight the problem areas for practicability in implementation. Despite the redress of many aspects, the on-ground situation was not as healthy as it should be. The analysis of data and the findings of the study draws the following conclusions:

1. Existing budgetary heads with schools include NSB and FTF, which are for routine expenditures, but the subheads in these funds do not justify certain expenses like security spending.
2. School heads are not proficient enough in handling accounts and financial matters and primarily dependent on clerks.
3. None of the primary schools received any special grant for enhanced expenditures, not covered in existing heads.
4. School heads did not suggest improvement of funding options. Thereby, it is clear that they have no interest or lack the proficiency to think about such issues.
5. The budget demanded as per requirement was not approved and reduced to the previous year's allocations by the Program Monitoring and Implementation Unit (PMIU).
6. Allocation of NSB is basing on total student strength in a particular school as of 31 October each year. Area of schools that varies from 1 Kanal to more than 10 Kanal has no link with budget allocation in NSB head. Due to this anomaly, two schools with the same strength but different sizes get equal funding, which may not be sufficient for large-sized schools.

Recommendations

The data shows that procedural anomalies contribute to the low financing of schools. School heads do not raise voices to highlight their problems, or their voices do not reach the higher echelons. Following is recommended for streamlining the financing issue to meet recurrent expenditures at the school level:

1. NSB allocation criteria, i.e., PKR.1000 per student per annum, should be revised to at least PKR.2000 per annum. Some fixed grant, e.g., PKR.50000 per Kanal of area, is added to variable school sizes.
2. Budgeting heads of NSB must be revised to include new heads to avoid audit objections later.

3. In-service training of school heads in basic accounts to enable them to handle accounts and forecast future expenditures.
4. Allocations are to be as per policies, and PMIU should not make unnecessary cuts to feed developmental heads.

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