Fund Allocation and Budget Utilization Rate in Relation to SUC Leveling Performance

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Abstract: In the academe, the realization of desired educational goals and objectives counts largely on the effective planning and management of school funds by the school administrators. The amount of funds allocated to schools by the government and the budget utilization rate of the recipient are some factors to be considered in meeting the programs, projects, and activities. This study aimed to determine the fund allocation and Budget Utilization Rate (BUR) in relation to SUC leveling performance among technological State Universities and Colleges (SUCs) of Region VIII in terms of Personal Services (PS), Maintenance and Other Operating Expenses (MOOE), and Capital Outlay (CO). The respondents were budget and planning officers in each SUC. Descriptive-evaluative research was utilized in this study since it assessed or examined the level of fund allocation and budget utilization rate in relation to SUC leveling performance. Percentage and mean were used to analyze the pertinent data, and coefficient correlation was applied to establish the significant relationships among the variables. Findings revealed that the bigger fund allocation with a correspondingly high budget utilization rate gave favorable SUC leveling performance. It is suggested to incorporate a conceptual model that links Information and Communications Technology (ICT) that accounts for budget allocation and utilization in future studies.

1. Introduction

Funds for the use of government entities are appropriated following various processes wherein, in return, the estimated expenditures proposed to be utilized properly as set by the General Appropriation

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Act (GAA) [1]. Government spending should be taken care of properly, following sets of standards and guidelines such as cost control in the utilization of funds [2]. Likewise, Cardaba *et al.* [3] opined that transparent governance implies openness of the system through clear processes and procedures and easy access to public information, particularly the utilization of public funds.

Moreover, Lopez-Mariano [4] stressed that transparency should be freely available and directly accessible to the public's awareness of whether the government funds have been utilized efficiently and effectively, especially among State Universities and Colleges (SUCs) in the country. The problem, as observed, is that people are unaware of the status between budget allocation and the rate of utilization, not knowing the effects of these in the delivery of services and the realization of plans, projects, and activities in the academe. This study showed in general the average fund allocation concerning how many percent the fund was being utilized and how this affects the performance in SUC leveling. A detailed summary of the fund utilization and budget utilization rate among the areas in Personal Services (PS), Maintenance and Other Operating Expenses (MOOE), and Capital Outlay (CO) was determined to find if there is a significant relationship with respect to SUC leveling performance. The conduct of a follow-up study is suggested for non-technological SUCs in the region.

This study examined the relationship between fund allocation and budget utilization rate among technological State Universities and Colleges (SUCs) in Region VIII. Specifically, the average fund allocation and budget utilization rate were determined in the allotment classes of PS, MOOE, and CO, where this study may reinforce the knowledge of the reader on the significance of proper utilization of the allocated funds from the government.

2.   Methodology

This study utilized descriptive-evaluative research since the study assessed the average fund allocation and the budget utilization rate among the technological SUCs of the provinces of Biliran, Leyte, and Southern Leyte in Region VIII. The respondent schools were Biliran Province State University (BiPSU) formerly Naval State University (NSU), Eastern Visayas State University (EVSU), Palompon Institute of Technology (PIT), and Southern Leyte State University (SLSU).

Three successive calendar years were considered for the data to be collected. The data for the amount of allocated funds and the amount that has been utilized were taken from the National Expenditure Program (NEP) and General Appropriation Act (GAA) published online by the Department of Budget and Management (DBM). Budget and planning officers among the respondent SUCs were also interviewed to validate the correctness of the data obtained from the DBM. Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances (SAAOB) were also gathered to show concrete evidence of the validity of data. Mean, percentage, and coefficient correlation were used to analyze the gathered data, which were the basis for the discussion of the results of the study.

3.   Results and Discussion

This section presents the outcomes of the study, which examined the average fund allocation and fund utilization among the SUCs in Region VIII for three successive years. The tabular form was used in the presentation of data.

Table 1 displays the comparison among the budget allocated amounts granted by the GAA for the calendar years A, B, and C. The last column shows the average amount received by the four SUCs. It is evident based on the observation that budget allocation varies depending on the size of the school.

Table 1. Average Fund Allocation Among SUCs

SUC	Calendar Year			Average
	A	B	C	
1	248,591,976.00	367,001,266.00	272,781,083.90	296,124,775.30
2	120,243,385.00	108,247,000.00	147,051,000.00	125,180,461.70
3	100,746,000.00	92,154,000.00	103,382,000.00	98,760,666.70
4	161,161,000.00	170,495,000.00	192,845,000.00	174,833,666.70

Table 2. Budget Utilization Rate Among SUCs for Personal Services (PS) Allotment Class

SUC	Allocation	Disbursement	Percentage of Utilization
A	196, 374, 160.96	189, 703, 114.11	96.60%
B	80, 626, 385.00	73, 376, 529.95	91.00%
C	76, 627, 252.00	75, 587, 353.00	98.60%
D	129, 488, 151.50	122, 969, 440.50	94.90%
			$\bar{x} = 95.28\%$

Table 2 shows the budget utilization rate for the Personal Services (PS) allotment class. This was computed by calculating the quotient between the disbursement amount and the allocation amount. The proportion was then converted into a percentage. This revealed that the utilization rate for Personal Services arrived at a mean of 95.28% which is described qualitatively as very high based on a 5-point Likert scale. SUC B is quite low from the others, and based on analysis, this is due to unfilled-up vacant items, which is due to poor projections on the number of faculty who will retire for a particular period.

Table 3 shows the budget utilization rate in the Maintenance and Other Operating Expenses (MOOE) allotment class. It displayed an average utilization rate of 81.95% for Maintenance and Other Operating Expenses which can be depicted as low. Among the four, SUCs A and B were far in terms of percentage utilization rates of 73.70 and 74.10, respectively, relating to an average percentage rate of 81.95. This

implies that the expenses incurred for travel, training, supplies and materials, utilities, general services, scholarships, communication expenses, *etc.* were not fully utilized.

Table 3. Budget Utilization Rate Among SUCs for MOOE Allotment Class

SUC	Allocation	Disbursement	Percentage of Utilization
A	46, 296, 345.33	34, 159, 888.64	73.70%
B	34, 954, 743.33	25, 920, 229.75	74.10%
C	14, 077, 081.30	12, 534, 126.60	89.00%
D	34, 628, 348.50	31, 550, 974.80	91.00%
			$\overline{x} = 81.95\%$

Table 4 shows the budget utilization rate in the Capital Outlay (CO) allotment class. The proportion between the amount of disbursement and allocation was computed and converted into a percentage. Unfortunately, the mean percentage of 31.50 in the allotment class for Capital Outlay (CO) utilization was very low for all SUCs. The lowest, which is SUC A, with a difference of close to 10%, denotes poor performance in the acquisition of fixed assets such as building construction, machinery, office fixtures, land, *etc.*

Table 4. Budget Utilization Rate Among SUCs for Capital Outlay (CO) Allotment Class

SUC	Allocation	Disbursement	Percentage of Utilization
A	53, 454, 269.00	11, 879, 064.16	22.20%
B	14, 402, 000.00	4, 228, 221.92	29.30%
C	8, 056, 333.30	3, 417, 693.30	42.40%
D	25, 823, 000.00	8, 311, 942.92	32.10%
			$\overline{x} = 31.50\%$

Among the three utilization rates, Capital Outlay (CO) was the lowest. The reason behind these very low figures was some uncontrollable factors like board approval, low bidding cost, failure of bidding, poor planning, *etc.* The board approval played a big role in the realization of a proposed project, in which any disapproved proposal could lead to low utilization. Similarly, low bidding costs affected the utilization rate since the proposed budget could not be met, which was already set in the annual plan. The worst scenario was the failure of bidding, which could delay the implementation of any project or program. This led to a waste of time, and the planned project sometimes could be cancelled, and the outcome was a poor rate of utilization. Moreover, poor planning was always evidence of low utilization

since there would be various problems that might occur as the project progressed. The last two allotment classes arrived at a big question: why is the utilization rate low and very low?

Table 5 shows the combined budget utilization rate among the various allocation classes. The mean percentage was calculated among the individual percentages garnered from Personal Services, Maintenance and Other Operating Expenses and Capital Outlay. The last two columns summarize the performances in percentage and the corresponding interpretation of each SUC in terms of fund utilization. Table 5 drew the summary of expenditures among the three budgeted classes among these four SUCs, which gained a grand mean of 69.58% with a verbal description of very low.

Table 5. Consolidated Budget Utilization Rate (BUR) in the Different Allotment Classes Among SUCs

SUC	Personal Services	Maintenance and Other Operating Expenses	Capital Outlay	Mean ($\bar{x}$) Percentage	Interpretation BUR
A	96.60% VH	73.70% VL	22.20% VL	64.17%	Very Low (VL)
B	91.00% VH	74.10% VL	29.30% VL	64.80%	Very Low (VL)
C	98.60% VH	89.00% M	42.40% VL	76.67%	Very Low (VL)
D	94.90% VH	91.00% VH	32.10% VL	72.67%	Very Low (VL)
			Grand	$\bar{x}$ = **69.58 %**	Very Low (VL)

79% & below = Very Low; 80%-84% = Low; 85%-89% = Moderate; 90%-94% = High; 95% above = Very High

Table 6. Performance of SUCs in the Four KRAs in SUC Leveling

SUC	Quality & Relevance of Instruction (16)	Research Capability & Output (14)	Service to the Community (14)	Management of Resources (7)	Total Points (51)	Level
A	14.20	8.375	11.00	3.00	36.575	III
B	11.70	8.750	12.00	4.00	36.45	III
C	8.05	3.625	4.00	2.375	18.05	II
D	11.95	10.190	11.00	3.50	36.64	III

Table 6 exhibits the detailed points earned by each SUC in the 2016 SUC leveling outcome. Specific points are displayed in each respective Key Result Area (KRA), showing the maximum point to be earned. Furthermore, the total points were gathered to determine the equivalent performance level. In this table, the SUC leveling performance of the four SUCs is displayed. Except for SUC C, which is in level II, the three other SUCs are one level higher. They got a majority double-figured score for the first three KRAs and arrived at a total of points very close to each other.

Table 7. Correlation Between Fund Allocation/Utilization to SUC Leveling Performance

Variables	SUC	Leveling	Performance	
	N	r-value	r^2	Critical r-value
Fund Allocation	12	0.783*	0.613	0.708
Fund Utilization	12	0.720*	0.518	0.708

significant at 0.01 level

Two observations are reflected in Table 7. These are the correlation coefficient values between fund allocation and SUC leveling performance and the correlation coefficient values between fund utilization and SUC leveling performance. This shows the correlation among the variables. Two observations are reflected here, which indicate that both fund allocation and budget utilization rate have an impact on achieving better SUC leveling performance. Moreover, based on the r2 values, 61.30% is attributed to fund allocation, and 51.80% is accounted for the budget utilization rate, which increases the chance of gaining better performance in SUC leveling.

Relating to the results, the study of Ramos and Lumapenet [5] showed that strategic planning and stakeholder involvement in budgeting significantly improved program performance in Philippine universities. Effective fiscal management, particularly through training and seminars, led to better outcomes in instruction and research. In addition, Li and Guo [6] demonstrated that using a comprehensive budget management model and optimizing fund allocation enhanced financial efficiency in universities. This aligned with Ramos and Lumapenet's [5] findings, emphasizing the importance of careful resource allocation for improving institutional performance. Furthermore, Tsyhaniuk and Akenten [7] highlighted the negative consequences of poor budget planning in Ghana's universities, where the breakdown of norm-based budgeting resulted in inefficiency.

As indicated in the aforementioned studies, when an institution fails to plan appropriately or allocate funds efficiently, it negatively impacts the development of programs, infrastructure, and essential services. Sound budgeting practices lead to better outcomes, such as more effective programs, while poor financial planning hinders institutional progress.

4.   Conclusion and Recommendations

Based on the findings, it can be concluded that SUCs with higher fund allocation were mostly big schools. This is apparent because of the number of students, faculty, and employees who were

shouldered by the government financially. Moreover, the acquisition and maintenance of supplies and facilities contributed to this bigger budget for big schools. However, it was the opposite way around in terms of budget utilization rate since it was the smaller SUC that had a higher percentage of spending in the allocated funds. The 2016 SUC leveling scorecard for each SUC displayed how they performed in the last rating period. As analyzed in this study, failure to conform with the indicators reflected in each KRA gave an unfavorable score to these SUCs, which resulted in a lower performance rating.

Lastly, an advantage to gain better performance in SUC leveling could be attributed to the amount of fund allocation and proper utilization of funds. This is justified by the findings of this study, which showed a highly significant relationship to both fund allocation and utilization in correlation with SUC leveling.

The need to create and open new programs and plan more projects and activities is recommended to attract more students so as to increase the enrollment, and, in such a way, the school can appeal for a bigger budget or funds. Moreover, it is suggested that the utilization of funds be maximized with thorough attention to the alignment to KRAs of the SUC leveling instrument.

It is highly advised to do research that can be used as a basis for the extension activities. The two KRAs in SUC leveling (research capability and output and service to the community) should have congruency.

It is also recommended that the school financial managers adapt the proposed program in the management of funds so as to properly comply with the SUC leveling KRA and management of resources. The different stages in the procurement processes may maximize the utilization of funds judiciously. Furthermore, the conduct of the orientation seminar on awareness in SUC leveling is highly regarded by all concerned. This will guide them to plan and strategize well on any programs and projects to be implemented if these will conform with the criteria in SUC leveling.

Finally, to substantiate further the findings of this study, it is recommended that a parallel study be conducted in a wider scope with ICT integration.

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