Disbursement and Utilization of Maintenance and Other Operating Expenses (MOOE) Funds of Public Schools in the Philippines

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Abstract
This paper presents significant information about the Maintenance and Other Operating Expenses (MOOE) funds provided by the national government to the public schools in the Philippines, the disbursement and utilization of the fund, the problems encountered by the school heads on the disbursement and utilization of the fund, synthesis regarding the problems, and it ends with recommendations from previous research.

This literature review was conducted primarily to present the answers to the questions: what the MOOE fund is, what are the directives that will guide school heads in the proper disbursements and utilization of MOOE funds, what are the common problems encountered by the school heads in the disbursements and utilization of MOOE funds, and what are the recommendations for these problems to avoid in reoccurring.

Keywords: Maintenance and Other Operating Expenses funds, disbursement, utilization, problems

Introduction
The budget is one provision from which the school derives its existence. Not merely to exist but to function productively. The school’s Maintenance and Other Operating Expenses (MOOE) funds are downloaded to the school’s account for the management and disbursement of the school head. The division office tries to see to it that the annual allocation of each school is fully released by the end of the year. This is to ensure that the allocation will be fully utilized by the school for its purpose.

A school is a very important organization or institution in the society. Like any other organization, it needs strong leadership, management, and resources. School administrators hold a critical role in applying different management and leadership principles and practices in the school as well as maximizing the returns of all the inputs or budgets in the school. School heads must be knowledgeable about school planning, the financial aspect of planning, and other related issues. They must be able to identify current challenges to school finance. Aside from this, knowledge of school purchasing procedures/issues including the function, purpose, and process of bidding, requests for proposals, and qualifications are imperative. Management skills in managing school facilities, including internal controls, handling of cash, bank accounts, reconciliations, and processes are needed.

Schlegel (2000) found that the problems in the districts and schools involved money and time. Insufficient funding hindered the type of decisions made by the administrators and teachers because the district had limited resources. If it is happening in developed countries such as the United States much
more in the Philippines. Poor resources are the most common barrier faced by school heads which adversely affects the school clientele, especially the learners.

To avoid such similar problems and to standardize the implementation of school Maintenance and Other Operating Expenses (MOOEs), the Department of Education released DepEd Order No. 12, s. 2014 Implementing Guidelines on the Direct Release of Maintenance and Other Operating Expenses (MOOE's) Allocations of Schools to the Respective Implementing Units. The Department of Budget and Management (DBM) and DepEd released Joint Circular no. 2004-1 dated January 1, entitled "Guidelines on the Direct Release of Funds to DepEd Regional Offices and Implementing Units." This law guides the school heads on the management, operation, and control of the financial operations at the school level. Republic Acts were also enacted which are No. 9155 “Governance of Basic Education Act of 2001” which provides that the appropriations intended for the regional and field offices are to be allocated directly and released immediately by DBM and No. 10533 "Enhanced Basic Education Act of 2013", which provides that appropriations for the operationalization of the enhanced basic education be included in the Department Budget. Schools as organizations have school heads who were given the responsibility of maintaining the stability of every school to achieve the vision, mission, and organizational goals of their schools and the department. The ways the schools are currently funded and how the funds are disbursed have a significant impact on its growth, development and as mentioned earlier, its stability. Given these circumstances, the school heads must learn the proper disbursement and utilization of the MOOE funds.

**Review of Related Literature**

It is interesting that despite the availability of school finance data in mandated transparency boards, very few used these data to look for problems, or to forecast them, to improve the financial systems of schools. Also, the problem might be because DepEd-managed schools heavily rely on the government for their funding (World Bank, 2016), unlike private schools which must perfect their financial management to make the most from the tuition and other fees that their learners pay. Hence, accountability on the efficiency and risk of fund management seems to be higher in private schools than in public schools.

Filipino researchers agree that DepEd has greatly improved in its overall delivery of educational services (Philippine Business for Education & Araullo University, 2013). With the second-highest allocation in the 2018 national budget, DepEd is expected to continue carrying reforms to improve the quality of basic education (Rey, 2018). An increase in the budget for education shows the commitment of the government to implement school improvement plans; however, a detailed costing study revealed that the government-allotted funds for schools are insufficient to ensure that existing service standards are met (World Bank, 2016). Another study revealed that DepEd has yet to improve in budget preparation and implementation. Both of which have been critical in strategic financial management. Furthermore, little participation of stakeholders was reflected in the planning process. The involvement of stakeholders from the planning to the evaluation stages is important to assess the needs effectively and check if the objectives have been met (Philippine Business for Education & Araullo University, 2013). With these problems, intensifying financial management in public schools arises.

Most of the funding to the public schools is provided by the government through the MOOE funds (World Bank, 2016). In 2013, MOOE allocations accounted for 68% of all discretionary funding, and in the case of over 10% of schools, these were the only sources of operational funding they received (World Bank, 2016). The MOOE funds of a school are based on the following factors, namely: total school enrolment, number of teachers, number of classrooms, and number of graduating students (DepEd, 2017).
While more than 50% of school principals claim to know the formula of MOOE funding, a national survey conducted proved otherwise. The Public Education Expenditure Tracking and Quantitative Service Delivery Study (PETS-QSDS) found that less than 10% of principals know the correct MOOE formula. Moreover, only 40% of parents are aware that schools receive MOOE funds. Hence, with limited knowledge of the formula and the MOOE itself, schools would not be able to confirm if they are receiving the correct amount of funds (World Bank, 2016).

Disbursement and Utilization of MOOE Funds

Maintenance and Other Operating Expenses is the school budget downloaded from the government to all public schools for the utilization in running school operations. The budget includes the procurement of school supplies necessary for classroom teaching, utilities and communication, training activities, graduation rites, security, janitorial services, and minor school repairs as stated in the approved School Improvement Plan (SIP) for the current school year and in the Annual Improvement Plan (AIP) of the school, procure small capital expenditure items worth Php 15,000 and below as provided in the new Government Accounting Manual issued by the Commission on Audit and subject to separate guidelines to be issued by DepEd. Connectedly, DepEd Order 12 s. 2016 otherwise known as - Implementing Guidelines on the Direct Release and Use of MOOE allocations of the schools, including other funds managed by schools aims to provide guidance to all public schools on the derivation, release, and utilization of school MOOE funds, ensure timely and optimal use of school resources and institute mechanisms for transparency and accountability can be well-maintained so that it becomes the center of the locality. At the start of the year, principals craft their budget for MOOE funding and incorporate this into their School Operating Budgets (SOB), Annual Improvement Plan (AIP), and Annual Procurement Plan (APP). These yearly budgets are based on their three-year School Improvement Plan (SIP). Hence, the concerted efforts of the school principal and his management team are encouraged to make sure that the school funds are managed effectively. Moreover, MOOE funds are allocated based on the number of learners, number of classrooms, number of teachers, and other characteristics.

Still under DepEd Order No. 12 s. 2016, in the budget for schools in consideration with other special programs nationwide, the budget for these special programs or activities are already incorporated in the funds, “(1) financial support with regards to the assistance of the curricular programs in Science (special science in every elementary school, Science High Schools in every region, Science, Technology and Engineering Program in every High Schools), Sports in all high schools with special programs in sports), Arts (high schools with special programs in arts) and Special Education, (2) DepEd internet connection program, (3) “gulayan sa paaralan” (vegetable garden in school), and (4) funds for the SBM operations of every primary and secondary schools”.

DepEd Order No. 15 s. 2020 further includes the following which are eligible expense items to be charged to MOOE funds: production, reproduction, and distribution of Alternative Learning Materials; development of home learning guide; Personal Protective Equipment, Production and Distribution of Information, Education, and Communication collaterals, Maintenance of respiratory and hand hygiene; rehabilitation of water and sanitation facilities; and minor improvements in the classroom for proper ventilation.

In the allocation of MOOE funds, most of the principals or school heads prioritized more in setting funds for utilities over minor repairs of facilities, building and grounds maintenance, and upkeep of the school. Despite some drawbacks regarding MOOE, still, most of the principals are still flexible in handling
it since they look for some generous stakeholders. They are also smart in allocating their budget to be stipulated in their AIP because they prioritize academic excellence like allocating budget for the contests of the teachers and students (Abellon, R. J. et al. 2020).

The practices of the school administrators in disbursing and utilizing the MOOE funds for Student Development; Teacher development; Physical facilities maintenance and development; Materials and equipment; Water, Illumination and power services; Supplies; Communication services; and other services were much extent as assessed by the school administrators themselves observed by the teachers under their supervision (Miranda, M. N. & Perez, D. R. 2021).

**Disbursement and Utilization of MOOE Funds Problems Encountered by the School Heads**

In the disbursement and utilization of MOOE funds, most school heads encountered issues/challenges/problems. There are some principals and SGBs that have been investigated by the Department of Education due to misuse of funds through misappropriation, fraud, pilfering of cash, theft, and improper control of financial records (Mestry, R. 2006). Studies also revealed that the government-allotted funds for schools are insufficient to ensure that existing service standards are met (World Bank, 2016) wherein, despite the increasing annual MOOE funding, it is still insufficient to require school management personnel to stretch their allotted budget just to cater to all the school operation requirements (Al-Samarrai, 2016). In addition, in many instances, the school heads experience difficulties in reporting MOOE funds disbursement for the purchase of school equipment due to non-availability of hired personnel for repair and maintenance and in preparing liquidation reports without hired administrative staff (Cooley and Shen, 2003; Pañares and Abocejo, 2019). Further, school heads in public schools overcome various trials of the DepEd VMOs. These trials include, among others, the monthly liquidation of MOOE funds (MAYOR, 2019). Furthermore, there are the dominant challenges encountered by the school heads in their financial management such as the delayed release of school monthly cash advances, insufficient funds, lack of adequate experience or training, numerous bookkeeping tasks, absence of a permanently stationed bookkeeper, preparations of required documents and adherence to complex laws and policies (Espiritu, 2020). Moreover, a study revealed an apparent lack of efficiency of school heads in their role as financial managers because of several factors which include work overload, and inadequate knowledge of the provisions of pertinent laws of the Philippines and its implementation (Dabon, 2021).

**Synthesis**

The above-stated issues/challenges/problems encountered by the school heads in the disbursement and utilization implies that the financial management capability of the school heads should be enhanced for them to enable the school to achieve effective financial management in their respective schools and comprehensive allocation of MOOE funds in the preparation of School Improvement Plan (SIP), School Operating Budget (SOB), Annual Improvement Plan (AIP) and Annual Procurement Plan (AAP) should be one of the major consideration. The enhancement of their knowledge regarding the policies, procedures, rules, and guidelines in the disbursement and utilization of MOOE funds; training in the preparation of SIP, SOB, AIP, and AAP; and training in preparation of documents before and after the disbursement and utilization of MOOE funds is highly important. The involvement of teachers and stakeholders in the budgetary process and budgetary planning is also important to prevent doubts in their minds on where and how the MOOE funds are disbursed and utilized which creates a positive impact on transparency. Engagement in school budget planning will enlighten the minds of the teachers and the stakeholders on
how the MOOE funds are being allocated. This will lessen complaints and eradicate misconceptions about spending MOOE funds. Conducting orientation about MOOE disbursement and utilization to the teachers and School Governing Councils (SGCs) for their awareness and participation is necessary because when teachers and stakeholders are involved in the decision process, it increases a sense of fairness and trust in the school. Furthermore, due to insufficient funding from the MOOE, school heads need to generate other sources of funds like putting up a canteen, facility rentals, and the like which will be added to the MOOE funds. These initiatives of school heads may also save them from being investigated by the Department of Education due to misuse of funds through misappropriation, fraud, pilfering of cash, theft, and improper control of financial records.

**Recommendations**

1. School heads must ensure that the drafted AIP is based on MOOE to make the programs and projects attainable and applicable to the school (Abellon, R. J. et al., 2020).
2. The school heads may make MOOE funds allocations and formula components based on the DepEd directives and treat school MOOE funds as a grant to simplify reporting requirements (Bonso & Benavides, 2020).
3. The school heads may review and strengthen the role of School Governing Councils (SGCs) in the planning, budgeting, and controlling of MOOE funds and ensure that MOOE and other school-level funds are incorporated into school improvement plans (Bonso & Benavides, 2020).
4. The division office may reduce the frequency of downloading and increase the time allowed for schools to produce liquidation reports (Bonso & Benavides, 2020).
5. The division office may provide additional support to schools on MOOE management from district offices and provide school-level training (Bonso & Benavides, 2020).
6. There is then a need to upskill school heads’ competence as financial managers and upgrade their ability to implement RA 9184 otherwise known as the Government Procurement Reform Act and RA 9155 or the Basic Education Act (Dabon, 2021).
7. The Department of Education with the support of all the school administrators should design and initiate a professional development training program for the school heads and teachers on the transparent and ethical disbursement and utilization of the MOOE (Miranda & Perez, 2021).

**References**