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Budget Planning for education: overcoming a challenge

Planificación del presupuesto para la educación: superar un desafío

Planejamento orçamentário para a educação: superando um desafio

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(Teaching case presented at the XXII SemeAd 2019)

Abstract

Purpose: This teaching case was prepared from observations of issues experienced by the municipality of Cachoeiro de Santa Cruz, and adapted for didactic purposes, with the objective of assisting in the construction of an effective government budget planning. Its purpose is to foster reflection on the limitations and potentialities of municipal budget management and also to propose solutions to funds for basic and fundamental education, in scenarios of material and financial restrictions.

Methodology: The proposal presents mechanisms for the construction of planning, in order to mitigate the problems related to the lack of vacancies, the hiring and maintenance of qualified personnel and the investment in quality education. Secondary data were obtained from the website of the Brazilian Institute of Geography and Statistics (IBGE), the Basic Education Development Index (IDEB), the National Institute of Educational Studies and Research Anísio Teixeira (INEP) and the Transparency Portal of the City Hall. All numerical data were intentionally extracted and modified from the 2017 Budget Report.

Results: With the application of this teaching case, students are expected to develop knowledge, skills and attitudes that prompt analysis and critical thinking about the described scenario, allowing participants to take an assertive stance and appropriate decisions budget management.

Contributions of the Study: The case was developed for application in the Public Finance and Budget Management disciplines, both for undergraduate and postgraduate courses in Administration, Accounting, Economics and other related areas, in purpose to discuss issues and encourage the interest of the participants as to the best way to build a appropriate government budget planning.

Keywords: Government Planning; Public budget; Publicfinances.

Resumen

Objetivo: Este caso de enseñanza fue preparado en base a observaciones de problemas experimentados por el municipio de Cachoeiro de Santa Cruz, y adaptado con fines didácticos, para ayudar en la construcción de una planificación presupuestaria gubernamental efectiva. Su propósito es fomentar la reflexión sobre las limitaciones y las potencialidades de la gestión del presupuesto municipal y también proponer soluciones a los fondos para la educación básica y fundamental, en escenarios de restricciones materiales y financieras.

Metodología: La propuesta presenta mecanismos para la construcción de la planificación referida, a fin de mitigar los problemas relacionados con la falta de vacantes, la contratación y mantenimiento de personal calificado y la inversión en educación de calidad. Los datos secundarios se obtuvieron del sitio web del Instituto Brasileño de Geografía y Estadística (IBGE), el Índice de Desarrollo de la Educación Básica (IDEB) del Instituto Nacional de Estudios e Investigación Educativa Anísio Teixeira (INEP) y el Portal de Transparencia del Ayuntamiento. Todos los datos numéricos se eliminaron y se modificaron intencionalmente del Informe presupuestario 2017.

Resultados: Con la aplicación de este caso de enseñanza, se espera que los estudiantes desarrollen conocimientos, habilidades y actitudes que impulsen el análisis y el pensamiento crítico sobre el escenario descrito, permitiendo a los participantes adoptar una postura asertiva y tomar decisiones más apropiadas sobre la gestión del presupuesto.

Contribuciones del Estudio: El caso fue diseñado para su uso en las disciplinas de Finanzas Públicas y Gestión del Presupuesto, aplicable a cursos de pregrado y posgrado en Administración, Contabilidad, Economía y campos relacionados, con el fin de discutir temas y fomentar el interés de los participantes en la mejor manera de construir una planificación presupuestaria del gobierno adecuada.

Palabras clave: Planificación del gobierno; Presupuesto público; Finanzas públicas.

Resumo

Objetivo: Este caso de ensino foi preparado a partir de observações de questões vivenciadas pelo município de Cachoeiro de Santa Cruz e adaptadas para efeitos didáticos, com o objetivo de auxiliar na construção de um planejamento orçamentário governamental efetivo. Sua finalidade é fomentar a reflexão a respeito das limitações e potencialidades da gestão orçamentária municipal e, ainda, propor soluções aos fundos destinados à educação básica e fundamental, em cenários de restrição de ordem material e financeira.

Metodologia: A proposta apresenta mecanismos para a construção do planejamento, com o intuito de mitigar os problemas relacionados à falta de vagas, à contratação e manutenção de pessoal capacitado e ao investimento em um ensino de qualidade. Os dados, secundários, foram obtidos no site do Instituto Brasileiro de Geografia e Estatística (IBGE), Índice de Desenvolvimento da Educação Básica (IDEB) do Instituto Nacional de Estudos e Pesquisas Educacionais Anísio Teixeira (INEP) e no Portal da Transparência da Prefeitura Municipal. All numerical data were taken and intentionally modified from the Budget Report of 2017.

Resultados: Espera-se que, com a aplicação deste caso de ensino, os alunos desenvolvam conhecimentos, habilidades e atitudes que instiguem análise e pensamento crítico sobre o cenário descrito, permitindo que os participantes assumam uma postura assertiva e tomem decisões mais apropriadas quanto a gestão orçamentária.

Contribuições do Estudo: O caso foi elaborado para a utilização em disciplinas de Finanças Públicas e Gestão Orçamentária, aplicável a cursos de graduação e pós-graduação em Administração, Ciências Contábeis, Economia e áreas afins, com o intuito de discutir questões e fomentar o interesse dos participantes quanto à melhor forma de se construir um planejamento orçamentário governamental adequado.

Palavras-chave: Planejamento governamental; Orçamento público; Finanças públicas.

Part I – The case

1. Introduction

The case *Budget Planning for Education: Overcoming a Challenge* was prepared from situations observed in the municipality of Cachoeiro de Santa Cruz, with the aim of assisting in the construction of an effective government budget planning. Specifically, the proposal will be a teaching method for the planning construction, in order to mitigate the problems related to the lack of vacancies, the hiring and maintenance of trained personnel and the investment in a quality education.

From the story that will be portrayed, it is possible to identify the challenges to be overcome by the Municipal Administration, to solve problems regarding the budget management of resources destined to education. The example of Cachoeiro de Santa Cruz is one of the many cases in which there is a dilemma about the correct use of the revenues linked to the area, which requires from students specific skills that can help them in case analysis and the best decision to be made, so that the goals and guidelines drawn for the education network can be achieved, meeting the needs of students and their families.

For this, information is provided that will help in the planning preparation, as a source and allocation of budgetary resources for the period from 2014 to 2017, education indicators published by specialized institution, data published by IBGE and also important notes on the PPA, the LDO and the LOA in force. The case will assist in the understanding of planning in the preparation of budget instruments and will provide reflections on alternative forms for public planning usually employed, using the suggestions of literature in the area of Budget Management and Public Finances.

2. The Case

2.1. History

Cachoeiro de Santa Cruz is a Brazilian municipality, located in the state of Minas Gerais, founded on April 1st, 1871 and has an estimated population of 67,863 inhabitants - between fixed and floating, according to data released by the Brazilian Institute of Geography and Statistics (IBGE) for the year 2016. Its territorial area is 259.418 km², with a population

density of 261.59 inhabitants per km² and has a Human Development Index (HDI) of 0.855. The economy of the municipality is essentially based on education, agriculture, livestock and provision of specialized services - basically trade and civil construction.

In addition to the native population, the city continuously receives students and professionals from various parts of the world, due to the fact that there is on site one of the best teaching centers in the country, the University of Cachoeiro de Santa Cruz (UCSC), founded on May 22nd, 1922. Since 1990, the City Council has adopted the slogan "Educational City". In 1999 the Faculty of Higher Education Cachoeirense (FESC) was founded and in 2000 the University of Medical Sciences of Cachoeiro de Santa Cruz (UCMCS), which further reinforced this title.

The city is always a national highlight in terms of education, especially regarding higher educational institutions and also to the Federal College of Education (Cofen), which is linked to UCSC. However, some critics point out that the municipality does not achieve a desirable quality in terms of fundamental public education, not making use of its great cultural and educational potential. This premise is based on the fact that the available infrastructure, the location of schools and the materials offered fall short of the quality presented in private colleges.

Regarding education quality in the municipal network, the greatest challenge lies in the final years of elementary school. More recent data indicate that the municipality achieved, in the Basic Education Development Index (IDEB) evaluations of 2013 and 2015, the respective indices of 3.9 and 4.0 - both below the targets foreseen according to Table 1 (Appendix A). On the contrary, the early years of elementary school exceeded the goals for the period.

According to the IBGE survey, presented in Table 2 (Appendix), in 2015 the municipal education network was composed of 13 preschool educational establishments, in which 718 students were enrolled and 56 teachers worked. Elementary education was offered to 3,243 students in 16 schools, where 214 teachers taught. Ms. Isabel de Alcântara, Municipal Secretary of Education, was concerned about the results of IDEB, because, in addition to these data, in the last school exam held between the last grades of elementary school in the city schools, 56% of students demonstrated great difficulty in assimilating the contents presented.

In 2016, Mayor Joaquim José, in a meeting with the President of the Committee on Education, Science and Technology of Cachoeiro de Santa Cruz, Mr. Carlos Drummond de Andrade, discussed measures that were necessary to improve the quality of basic education. In addition to them, Ms. Isabel, the head of the Department of Basic Education, the Lawyer of the Specialized Prosecutor's Office in Health and Education of the City Hall and some members of the Single Union of Education Workers of Minas Gerais, also participated to propose changes in the Plan of Positions and Salaries of Education Workers, aiming to restructure the career of professionals in the area.

Moreover, it would be necessary to think about improving the structure of classrooms and teaching didactics. For this, authorities should portray in the Annual Budget Law (LOA) the fixing of expenses with new hires, the expansion and construction of new school units, mainly for full-time students, considering the forecast of existing and other revenues to be collected.

The determinations of this group were essential to meet the new requirements of Early Childhood Education: compulsory school attendance from 4 years of age and extension of the full-time period, which require the creation of the position of Coordinator of Early Childhood Education. The discussion about the job plan, the salary of education and the financial impact

on the budget planning of the municipality needed to move forward as soon as possible so as not to compromise the beginning of the next school year.

2.2. From the beginning to political rise

Joaquim José was born on October 20th, 1981, in Cachoeira de Santa Cruz. The son of José Bonifácio, an illustrious figure in the cachoeirense political scene, he entered political life at the age of 18, when he was elected as the youngest councilor in history. Like his late father, Joaquim is considered charismatic, humble and communicative, characteristics that eventually conquered the electorate.

During three consecutive terms (2001 – 2004; 2005 – 2008; and 2009 – 2012) Joaquim was one of the most active city councilors, standing out for incisive criticism to the inefficiencies of municipal planning and for the defense of an urgent administrative reform, based on efficiency, efficacy and effectiveness of services and products offered to cachoeirense citizens. At the end of the third term, Joaquim was invited to be Deputy Mayor of the previously pre-candidate for mayor, the doctor and professor Anísio Teixeira, who was running for the first time. Dr. Anísio saw in that young man enormous willingness to work for the necessary changes to the municipality, especially in the education area.

The slate was elected and began to govern in 2013, with the main proposal to improve the quality of elementary education. It was up to them to organize school management in the municipality, to outline strategies that could assimilate the specificities of both administrative area and pedagogical part, with the main focus on implementing improvements to the learning conditions of students, especially in the last years of elementary school. The first two years of office were marked by specific issues that directly involved education and its developments.

On September 30th, 2014, the city of Cachoeiro de Santa Cruz received with regret the death note of Mayor Anísio Teixeira, victim of a cardiac arrest. Joaquim José remained to assume the role of Chief Executive and carry out the project aimed at improving education in the municipality.

Joaquim continued the mandate and ran once again in the elections, now to the post of mayor, alongside his deputy Abelardo Barbosa. There were several campaign proposals in the various municipal portfolios, but mainly promises that students would have a quality education and adequate conditions for learning. As in the previous time, Joaquim managed to be elected, for the period from 2017 to 2020, with a considerable number of votes in relation to his competitor, Quitéria Chagas.

2.3. The problems of education in the municipality

On February 1st, 2017, Joaquim José and Isabel de Alcântara, Mayor and Municipal Secretary of Education of the city of Cachoeiro de Santa Cruz, made an important decision: close three classes of the Dom Pedro I Municipal School, located in the rural community of Santuário, with the consequent transfer of their students to Tiradentes Municipal School, located in the central region of the city. The announcement triggered a wave of protests organized by students, parents and teachers, which even echoed in the City Hall.

Maria Flor, mother of two of the transferred children, was outraged by the situation: "The then candidate, Mr. Joaquim José, on September 25th, 2016, during a debate, assured the community that he would not close any class of the school, even proposed the creation of full-

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time teaching. I went through the same situation that my children are going through now. I know how painful this is for a child. It was a unilateral decision of the city hall”.

In addition, students' parents questioned the dependence on free school transportation, and also claimed the right that children over the age of four can study near their homes, which is guaranteed by Law No. 11, 700/2008. Councilman Bartolomeu Dias also spoke out, saying that the mayor himself, in campaign, promised residents that no student would be prevented from studying at that school and that there would be no risk of class reduction or closure.

When asked about the situation of Municipal School Dom Pedro I, Joaquim José replied: "This measure aims to reduce costs, because there are few students in each grade, and enable the children of Santuário to enjoy a better structure". At the time, the mayor was signing a contract for the construction of the first full-time school, with resources guaranteed by the MEC still in 2016, which would also cost the construction of another nursery for children from zero to three years. Joaquim also commented on the goal of building four more schools by the end of his term, improve education quality in municipal schools and hire trained professionals and train those who already work in the area.

Due to these issues, the mayor failed to fulfill the promise made. The small number of children made it impractical to keep teachers in school, as well as to implement full-time. In addition, in an attempt to improve public education in Cachoeiro de Santa Cruz, the authorities established a revision of the statute and the career plan of the municipal magisterium, according to the deliberations of the meeting requested by Isabel. This should include the levels of Early Childhood Education, Elementary Education (initial and final years) and the Youth and Adult Education (EJA) modality in the fundamental modality, providing professional education.

2.4. Discussing educational guidelines and goals

In order to optimize the services provided by the municipal education network to more than five thousand students, the superintendence of Public Management and City Hall Governance held a meeting with all members of the technical and administrative team of the Department of Education, as well as the directors of schools. Several questions were addressed about the goals and guidelines contained in the Municipal Education Plan, such as strategic planning, accountability, prior attendance plan and school calendar, assignments to the functions of Director and School Coordinator, point control and workload, measures to contain expenses, reference education, definition of priorities and investments in infrastructure.

Regarding strategic planning, superintendent Washington Luis discussed points relevant to teaching. They are: implementation of the program "Management for Development", achievement of quarterly targets, planning of each Municipal Department, and, consequently, of public schools, organization of the school management and management team of the Department of Education for determination of goals, and assessment of indices and indicators, with ongoing monitoring of activities.

The issues of compliance with deadlines and organization of documents for school cash accountability and agreements were also addressed. Execution of the school calendar and annual organization of prior attendance plan were also on the agenda, aiming at the planning of the entire structure of pedagogical activities, calls of professionals, restructuring of classes and the need of tenders for acquisition of school materials, inputs and snack.

Regarding duties of the Director and School Coordinator, it was emphasized the importance of the commitment of these professionals and all the duties assigned to the position, respect and compliance with administrative decisions and the permanent dialogue with the other school professionals, parents of students, students and management team of the Department of Education. The issues of compliance with workload, responsibility of the management of each school in the point control, conflict resolution and applicable penalties in relation to the negligence, omission or collusion of the management of people in their respective schools were also addressed.

Washington Luís discussed with directors and management team of the Department of Education, measures of expense containment and the operation of Expense Containment Group (GDC) and Own Equity (GP) in each Municipal Department, pointing out that the municipal network Directors should be a part of the GP of the Department of Education in order to define actions for quality and efficiency of public spending. The superintendent reinforced the concern about the resources obligatorily allocated to basic and fundamental education in the Federal Constitution of 1988, Art. 212, which should be better allocated to meet the needs of students and schools.

In this sense, the secretary of Education, Isabel de Alcântara, said that the goal of her portfolio is the construction of a reference municipal education and also the desire to be a reference in municipal public management, involving all other areas, making an invitation to all managers of the municipal education network to build this process of being a reference in municipal education. Finally, the need to define priorities over emergencies was discussed, defining and elaborating priorities in municipal schools in all aspects: pedagogical, administrative and infrastructure, with a feasible schedule of priorities with prior planning.

2.5. Getting to work

From the realization that elementary school in the municipality of Cachoeiro de Santa Cruz needed improvements, Joaquim José was faced with the challenge of elaborating the government budget planning in the education area for the coming years. To this end, it was decided to take some specific measures, which were exposed during the meeting with the area heads and representatives. “We need to increase the number of places for our students by building new schools and expanding existing ones. It is also necessary to cut some spending, especially with activities in colleges that currently have little demand”.

During his last campaign, Joaquim promised that he would not close any of the city's schools, as rumors were running among the cachoeirense citizens that some classes would be closed, due to small demand for vacancies. However, the promise was not kept.

In February 2017, were transferred the classes of 1st year, with 6 students; of 2nd year, with 8 students; and of 4th year, with 7 students, of Municipal School Dom Pedro I, located in the community of Santuário, to the Municipal School Tiradentes, far from their homes. The decision surprised teachers and parents of students. In an Ordinary Session of the City Council, held on February 22nd, 2017, residents of the community carried posters and a petition calling for the maintenance of classes. On the occasion, Councilman Bartolomeu Dias presented a Motion, endorsed by other colleagues, in repudiation to the attitude taken by the municipal Executive.

"The attitude of the Department of Education and Municipal Executive was taken without dialogue and taking into account exclusively economic factors. We must seek popular participation in decisions that involve education in the city and charge accountability of the

amounts received for the area maintenance, such as the National Education Development Fund (FNDE) and the Direct Money in School Program (PDDE)", Bartolomeu said.

The representative of students' parents of the public network in the Municipal Council of Education (CME) criticized the Executive's inefficiency, due to schedules and dates of Council meetings not being disclosed in advance, thus damaging community participation, discussion of claims and, consequently, the results of their deliberations. "There was a lack of common sense and concern for the population," he said.

This episode was justified by the municipal administration as necessary for containment of expenses. In response to those who considered the measure a unilateral decision, the Secretary of Education, Isabel de Alcântara, stressed that the goal of her portfolio is "the construction of a reference municipal education and also institute a model of municipal public management based on participation of the population and the entire school community".

The municipal Executive needed to find a way to consolidate a more effective school management, which could also meet the needs of the cachoeirense population in school phase. Along with the same team members, who were at that meeting held at the end of 2016, it was necessary to develop a government plan with strategies that could improve the educational level, map the most suitable places for construction of new school units and include the necessary expenses for the investment and maintenance of proposals.

Isabel prepared a report at the request of Joaquim, showing all the income and expenses of education since the year 2014, as well as the projections for 2017 (Appendix B). The statements would serve as a basis for estimates closer to reality, which would help in forecasting resources and fixing expenditures of the next annual budget, respecting the limits established by the Tax Liability Law. These data would be fundamental for the adjustments caused by the new Plan of Positions and Salaries, the new hiring of professionals to attend students, the possible punctual reforms in classrooms and the maintenance of activities of schools that will work full time.

In 2017 the municipality received from the Ministry of Education (MEC) a sum of R\$ 3,494,896.79, intended for the construction of a full-time school, and another of R\$1,201,737.61 for a pro-childhood nursery, linked values that had been planned in 2016. Since then, Joaquim and his team began to analyze possible sites for the works, which should be located in areas that were favorable to low-income students and who lived in neighborhoods far from the center. However, the implications of these investments need to be included in the budgetary instruments of coming years (Appendix B).

In addition, all measures to be taken should be consistent with the guidelines and goals outlined in the Municipal Education Plan, which came into force in 2016 and is valid for ten years. "Issues such as eradication of illiteracy, universalization of school education, improvement in education quality, promotion of the principle of democratic management of public education and appreciation of education professionals, should be part of our strategy," said Isabel.

Faced with so many dilemmas, the mayor and his government team needed to structure the government budget planning, so that the actions reached the objectives proposed for education. "This year we need to develop the multi-year plan, with all the guidelines, objectives and goals, to meet population needs for the next four years. Education programs need to be included in it, especially those of continued duration, since our situation will not be resolved in the short term" - stressed Joaquim.

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Appendix A - Education data in Cachoeiro de Santa Cruz

Table 1

IDEB of the municipal education network

IDEB	Observed		Projected Goals		
	2013	2015	2013	2015	2017
Grade/Year					
4th grade/5th grade	5.4	5.6	4.8	5.0	5.3
8th grade/9th grade	3.9	4.0	4.1	4.5	4.8

Source: Survey data.

Table 2

Number of students enrolled in the municipal education network

Modality	Year	2013	2014	2015
Early Childhood Education	Nursery	372	335	313
	Preschool	797	716	718
Elementary School	Early years	2050	1996	1932
	Final years	1326	1295	1311
Total		4545	4342	4274

Source: Survey data.

Table 3

IBGE statistical information (2015)

Municipal Education Network	Number of Schools	Number of Teachers
Preschool Teaching	13	59
Elementary School	16	214
Total	29	273

Source: Survey data.

Appendix B - Revenues and Expenses

Table 4

Current revenues linked to Education (R\$)

Year	2014	2015	2016	2017
Own Revenue	4,091,518.84	5,066,643.95	5,212,513.82	5,508,053.46
IPTU	1,206,762.19	1,364,707.94	1,599,166.32	1,750,000.00
SS	1,685,297.45	2,083,822.05	2,310,315.34	2,475,000.00
ITBI	1,042,601.49	1,288,371.02	1,086,731.83	1,150,000.00
Dep. Rem. – FUNDEB	50,067.85	31,527.93	41,183.21	50,000.00
Dep. Rem. – PDDE	2,220.67	2,900.81	2,282.03	3,000.00
Dep. Rem. – PNAE	5,936.30	118,400.84	130,702.31	24,824.70
Dep. Rem. – PNTE	4,160.35	11,248.16	10,838.56	9,000.00
Dep. Rem. – QESE	24,323.57	23,486.02	15,765.75	25,000.00
Dep. Rem. – SEEMG	149.61	4,389.99	1,145.80	1,900.00
Dep. Rem. – FNDE	69,999.37	137,789.20	14,382.66	19,328.76

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State Transfers	4,558,078.19	4,827,423.58	5,107,649.34	4,996,883.94
ICMS (FUNDEB)	2,939,767.72	2,933,579.58	3,284,994.54	3,200,000.00
IPVA (FUNDEB)	1,377,712.79	1,603,116.00	1,822,654.80	1,496,883.94
Sch. Transp. Agreement	240,597.68	290,728.00	R\$ 0.00	300,000.00
Union Transfers	23,963,091.69	25,149,399.66	28,812,652.99	30,159,777.72
FPM (FUNDEB)	5,767,708.36	6,045,726.28	6,907,153.64	7,087,499.64
IPI (FUNDEB)	53,684.90	42,600.30	37,167.58	42,000.00
IRRF	452,741.18	539,834.03	709,764.05	718,200.00
ITR (FUNDEB)	2,308.74	3,159.46	2,273.81	4,400.00
Education Salary	1,133,672.47	1,270,610.97	1,168,992.38	1,384,678.08
FNDE – PDDE	2,190.00	2,190.00	6,180.00	3,000.00
FNDE – PNAE	521,310.00	737,520.00	762,002.00	750,000.00
FNDE – PNATE	99,757.44	112,571.54	119,282.37	120,000.00
School Main./Des. Funl.	15,929,718.60	16,341,247.80	18,896,255.63	20,000,000.00
Other Trans. FNDE-PEJA	-	R\$ 53,939.28	203,581.53	50,000.00
Total	32,612,688.71	35,043,467.19	39,132,816.15	40,664,715.12

Source: Survey data.

Table 5

Capital revenues linked to education (R\$)

Year	2014	2015	2016	2017
Transf. Prog. Brasil Carin	852,567.07	29,794.64	-	40,000.00
Transf. Prog. Multipurpose Sports Court	194,102.56	-	214,047.09	-
Transf. Equip. Mob. Sch.	20,000.00	-	-	-
Transf. Prog. Proinfancia	633,474.74	-	-	1,201,737.61
Transf. School Reform	1,080,000.00	-	-	40,000.00
Transf. Full Time	-	-	-	3,494,896.79
Total	2,780,144.37	29,794.64	214,047.09	4,776,634.40

Source: Survey data.

Table 6

Current expenses related to education (R\$)

Year	2014	2015	2016	2017
Expenses per Action	30,942,458.34	35,718,022.65	39,402,165.77	41,390,224.59
Nurseries BrasilCarinhoso	-	328,454.94	-	-
Support to FNDE Nurseries	-	41,027.53	-	-
Main. Pro-infância Nursery	-	-	670,751.35	20,355.90
School Snack Main.	675,431.89	809,783.14	522,914.24	882,690.83
Main. of Ens. Snack Early Child.	270,853.73	372,287.08	502,338.89	796,774.46
Main. of SEE Activities	1,535,751.80	1,289,434.73	1,906,888.19	1,880,637.81
Main. of Activ. Elem. School	194,920.00	662,655.00	1,051,269.85	1,048,703.90
Main. of Activ. Early Childhood Ed.	89,837.61	107,352.65	141,840.42	170,779.12
Elementary Sch. Main. Personnel	224,278.31	402,340.59	145,524.71	113,214.87
Subsidy of Edu. Sec.	76,859.12	87,602.03	94,930.57	103,627.69

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School Transportation	1,985,080.00	2,226,186.00	2,258,897.23	2,036,948.24
Main. SEE Goods Serv.	507,310.97	256,301.45	292,948.20	399,591.47
Main. Goods Serv. Elem. School	587,028.53	168,998.36	350,597.73	203,983.30
Main. Goods and Serv. Elem. Early Child.	85,371.93	158,301.20	178,164.28	162,277.28
Transf. FUNDEB Resources	2,290,046.16	2,879,312.59	3,198,027.58	3,291,712.48
Reform of School. Uni.	-	1,104,159.04	-	-
Remuneration of Teachers	17,509,630.48	18,273,182.37	20,820,497.58	23,376,386.69
Dem. Rem. Serv. Edu.	4,910,057.81	6,550,643.95	7,266,574.95	6,902,540.55

Source: Survey data.

Table 7

Capital expenses related to education (R\$)

Year	2014	2015	2016	2017
Expenses per Action	1,287,968.70	980,703.69	609,946.56	1,477,379.34
Ampl. Uni. Sch. Elem. School	326,044.68	-	387,221.52	21,848.83
Constr. Pro-infância Nursery	416,941.65	-	220,142.98	1,183,331.92
Const. Ampl. \Ref. Schools	498,643.44	980,703.69	2,582.06	270,768.59
Multipurpose Sports Court Constr.	46,338.93	-	-	1,430.00

Source: Survey data.

Part II – Teaching Notes

1. Recommended Use

The teaching case was developed for use in disciplines of Public Finance, Budget Management and Public Policies, preferably applicable to undergraduate and postgraduate courses in Administration, Accounting Sciences, Economics and interested in municipal management or related areas, in order to discuss issues related to Government Budget Planning. In this sense, the challenge is to develop knowledge, skills and attitudes that instigate analysis and critical thinking about the described scenario, with the purpose of assuming an assertive posture, which involves more appropriate decisions regarding budget management, taking into account the difficulties now presented.

For this, it will involve the application of empirical, professional and academic knowledge in the judgment of the various possible courses of action to make inferences. Therefore, it seeks to stimulate certain behaviors in the student during the presentation and defense of their point of view, which demonstrate the possibility of satisfactory deliveries and results, which can be applied in practice.

2. Data sources and collections

For the purposes of preparing the case, it was considered a fictional city called Cachoeiro de Santa Cruz. The case is based on secondary data obtained from the Brazilian Institute of Geography and Statistics (IBGE), Basic Education Development Index (IDEB) released by the National Institute of Educational Studies and Research Anísio Teixeira (INEP) and the Transparency Portal of the City Hall of a specific municipality, located in the interior

of Minas Gerais. All numerical data were taken and intentionally modified from the Budget Report of 2017.

The name of the municipality and characters mentioned were merely illustrative, to preserve the identity of those involved. Such adaptations were necessary to compose the desired scenario and portray the most important facts for the proposed situation, as well as assist in the decision-making by the students. In addition, we used information obtained from websites and newspapers of great circulation in said city, which were not referenced to maintain the anonymity previously mentioned.

3. Teaching objectives

The study of this case aims to promote reflection on the difficulties, limits and potentials on budget management at the local level, as well as the challenge of finding possible actions to manage funds destined to basic and fundamental education in the municipality, especially in situations of material and financial crisis. Through the analysis of the Budget Planning case of the Municipality of Cachoeiro de Santa Cruz, it is desired to:

- Compare the conventional budget planning model and the model focused on problems;
- Discuss the implications of the collaboration regime between Union, States and Municipalities in the financing of education in Brazil;
- Analyze the dynamics of revenues and expenses of municipalities from the perspective of the Fiscal Responsibility Law and the Federal Constitution of Brazil;
- Develop the capacity of perception in relation to the needs that need to be addressed in a government budget planning;
- Provide a more comprehensive view of popular participation in decisions involving the public machine actions.

4. Proposals for case analysis

4.1. Construction of budgetary instruments

Through public budget planning, students should be instructed to develop a government program aimed at education, which will include capital expenditures (investments) for the construction and expansion of schools, as well as current expenses that will derive from their maintenance. According to Silva (2014), a program is configured as an instrument that organizes government action so that the intended objectives are realized, measured through indicators established in the Multiannual Plan (PPA) that will come into force in 2018.

Therefore, it is also necessary to include the goals and priorities of the municipal administration for the following year in the Budget Guidelines Law (LDO). In it the same capital expenses as described in the PPA will be detailed, according to the tranche intended for the next financial year. Piscitelli and Timbó (2019) and Silva (2014) point out that, in addition to this purpose, LDO should guide the budget-program preparation, which will include the distribution of funds in each sector. In the case under study, its annexes may assist in estimating the values to be used in education.

Finally, the Annual Budget Law (LOA) should be drawn up according to four stages (Silva, 2014, p. 41): "i) planning: definition of the objectives to be achieved; ii) programming: definition of the activities necessary to achieve the objectives; iii) project: estimation of the

work resources necessary to carry out activities; iv) budgeting: estimation of the financial resources to pay for the use of work resources and predict the sources of resources”.

In the vision of Lima (2018), the budgetary process has as its primary purpose the prediction of public resources for their effective allocation, that is, the estimation of revenues and the permission for expenses execution in a given year are entirely within the budget piece. For the public administration, it is the central artifice of work of the managers and it is through it that the execution of their tasks is designed, defining the priorities and benefits for the community, through the allocation or specific authorization of spending or even the decentralization of credits.

It is in the budget proposal that we find the budget-program, with the corresponding work program defined, organized based on the PPA and what has been planned and what is intended, in terms of revenue and expenses, for the next financial year. At this point, the Municipal Administration should be attentive to the requirements established in the Law of Fiscal Responsibility (LRF), especially regarding the Annexes of Fiscal Targets and Risks, as can be observed in its art. 5th.

The Constitution of 1988 recognized education as a right of all and a duty of state and family and provided that it should be “promoted and encouraged with the collaboration of society, aimed at the full development of the person, their preparation for the exercise of citizenship and their qualification for work” (art. 205). Other provisions throughout chapter III, section I, also provide for the organization of the teaching service by all entities (art. 211), where the Union will organize, finance and provide technical assistance to subnational governments. Despite the role of funding, the Union will apply at least 18% and States and Municipalities 25% of its revenues with taxes for education (art. 212).

It is also important to note that, in a proportion of not less than 60% of the resources of the Fund for the Maintenance and Development of Basic Education and for Valuing of Education Professionals (FUNDEB), shall be allocated each year on the remuneration of teaching professionals (teachers and professionals who are involved in pedagogical support activities, such as: direction or school administration, planning, inspection, supervision and pedagogical coordination and educational orientation) in effective exercise in public basic education (Art. 60, item XII, Constitution of the Federative Republic of Brazil, 1988). It is up to the Department of Education of the municipalities the correct allocation of these resources, effectively and efficiently.

Only the remaining portion of FUNDEB's resources, of a maximum of 40%, can be allocated in actions for the maintenance and development of public basic education. These actions include expenses related to the acquisition, maintenance and operation of facilities and equipment necessary for teaching, use and maintenance of goods and services, remuneration and improvement of education professionals, acquisition of teaching materials, school transportation, among others.

This refers to the concern about the government's financial health, which is an important requirement for the provision and maintenance, in an adequate and uninterrupted way, of the different types of services that are provided by the state. The proper use of resources made available for education is of paramount importance for the fulfillment of established objectives, since the area is considered as an essential function. The ability of the municipality to meet the demands presented is due to its financial condition, that is, to maintain the provision of services without compromising the balance between resources and financial obligations (Lima & Diniz, 2017).

4.2. An alternative to the conventional approach

Among the approaches to be made on this case for teaching, is the criticism made by Waterston (1970) to the model of conventional budget planning, characterized by the creation of long and medium-term goals. For the author, in addition to presenting technical flaws because it is based on insufficient and inconsistent data, this model is inadequate to the scenario commonly found in low-income countries, in which political instability and economic uncertainty, coupled with inadequate administrative systems result in difficulties to execute and give continuity to development plans.

According to Giacomoni (2017), Albert Waterston recommends the adoption of a system that emphasizes the annual plan associated with multi-year sectoral programs, at the expense of the old medium and long-term plans usually used in the country. To this end, each sectoral program would act as a link between the medium-term plan and the projects drawn up by ministries, departments and technical bodies, contributing to those being undertaken (Waterston, 1970).

The annual action plan is important for coordinating the medium-term plan and the annual public budgets, since only the points provided for in the budget will be implemented. In addition, the annual action plan optimizes the distribution of scarce resources, ensuring immediate results by directing available funds to the most urgent public investment projects (Waterston, 1970). The role of providing guidance for preparation of annual budgets, in the model used in the country, is in charge of the Law of Budgetary Guidelines (LDO), which also highlights the multiannual programming, goals and priorities to be implemented in each budget, as highlighted by Giacomoni (2017).

However, used alone, annual plans are configured as a limited budget planning tool, since the largest portions of available resources are committed to the programs and projects in force. The possibility of unfolding projects included in the annual action plan into sectoral programs, as proposed by Waterston (1970), permeates the issue of rational choices from the election of the problem to be faced, in the vision of Barcelos and Calmon (2014). The authors argue that from the election of unfulfilled demands, the identified deficiencies and opportunities, it would be more “logical” to allocate the resources that should be allocated in the budget.

According to Waterston (1973), conventional planning consists of a global plan that spans several years and can be summarized as follows: political leaders outline the goals and targets, the technicians involved infer the distribution of resources and select the appropriate policies and means to achieve the purposes. Plan execution is responsibility of technical departments and bodies linked to the sectors or programs; political authorities are responsible for the supervision and control of plan execution.

For the author, this model fails when: 1) there is an absence of internal coherence between inputs and products, as well as between the factors that influence the internal development and the framework or conceptual model on which the plan is based; 2) planners choose to use as few variables as possible to reduce work complexity, generating simplistic answers and limited solutions to problems; 3) data gaps and a lack of reliable statistics undermine planning potential; 4) uncertain assumptions about the environment affect plan formulation, as they disregard the political, economic and administrative obstacles that may hinder execution.

In addition to the reasons cited, the “problem” of conventional planning is due in part to the unfavorable environment in which it operates, but mainly because this model does not

meet social needs. Waterston (1973) proposes a planning focused primarily on solving problems, based on the adaptation of available resources, formulation of strategies, setting of goals and deadlines, selection of general social objectives and selection of projects and policies that contribute to solving the issue.

It is at this point that it is important to reconcile government action with popular participation, through the various institutionalized instruments, such as Municipal Councils and Participatory Budgets, because, during the deliberation plenaries, it is possible to know population's desires, especially regarding their needs. The strengthening of the Municipal Council of Education, a body made up of representatives of various segments of the community, is essential to promote shared management with municipal managers, whose objective is to achieve improvements in education quality.

Although marginal in the political and administrative culture of the state, these mechanisms of popular participation emerge as options for access to citizens, so that they, or through democratically elected representatives, can express their desires and decide, together with public managers, on the allocation of resources linked to the budget (Gouveia, Ferreira, Santana & Faroni, 2018). In this perspective of a greater popular participation in decisions regarding the allocation of resources, in a more effective and consistent way, it is the prerogative so that municipal resources can be applied efficiently (Anjos, Vieira, & Abrantes, 2017).

In a democratic management, the population has the right and duty to participate directly in the discussion and definition of the direction of the issues that involve their municipality. Such participation can occur both through social movements independent of the Executive power, and through the aforementioned legal mechanisms. These are configured as important forms of control of society over the state, because they provide transparency in the Executive actions, in addition to linking the desires of the population to decisions regarding interventions in the city.

5. Possible tasks to propose to students

It is suggested, as tasks or activities to be developed, based on the above scenario, for students to present possible actions of cuts, containment or prioritization of expenses to be implemented by the municipality. The purpose would be to enable the construction of schools and meet the possible demands of students in existing ones. In addition, the following practical issues can be addressed, with the purpose of exercising students' reflection on the scenario itself and the complexity of making appropriate choices of resources made available in a linked way by the state and federal levels:

1. What technical issues should be addressed by the Municipal Department of Education?
2. What resources (budget revenues and transfers) are available for achievement of the outlined goals? What are the revenue projections for next year?
3. Are there enough professionals to meet the demand? Is it necessary to hire new staff or to open a public tender?
4. Based on budget management, propose actions to reduce expenses and operating costs in education in the municipality, especially those related to personnel and costing.

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5. How to enable and enhance popular participation in discussions involving budget planning? Open plenary so that the population can expose their interests and demands. Also check if the representatives of the population are active in the Municipal Council of Education.
6. Could problem-centered planning provide more viable solutions to the case?

6. Lesson plan for case use

To apply the case in the classroom, it is necessary that the mediator, whether a teacher, tutor or discipline monitor, perform previous reading on issues related to public accounting, municipal management, budget, planning, public policies and mandatory destinations for Education. In addition to the indications made in the bibliography, the mediator may carry out other readings at their discretion, provided that they relate to the topics in question.

It is suggested that students take a position in which they can represent those involved in the case, whether as Mayor, Secretary of Education, Citizens or any other character who would have a direct interest in the issue of education in the city. Thus, a representative, participatory and deliberative discussion methodology can be applied, through the formation of groups to analyze the teaching case studied here. In this way, a more democratic analysis of the established issues is provided, allowing interaction between group members, as if they were deliberating on a participatory budget, for example.

Table 8 presents a suggestion of methodology, as well as the procedures to be adopted by the teacher, tutor or monitor, for use of teaching case in the classroom, in two moments. The first concerns the analysis of the case itself, with its stages and timelines. The second is the very execution of the activities, with the specific periods and without timing.

Table 8

Suggested methodology for case analysis and application

Moment 1 – Case Analysis		
	Evaluation Steps	Suggested Time
1st Step	Divide students into groups.	5 minutes
2nd Step	Reading and analysis of the case by the groups (without the questions).	30-35 minutes
3rd Step	Presentation of questions to groups by the mediator	5 minutes
4th Step	Discussion and analysis of the case among group members.	15-20 minutes
5th Step	Debate between groups, guided by the mediator.	40 minutes
Moment 2 – Case Application (Execution Periods)		
1st Period	Ask for solutions of the issues to each group.	
2nd Period	The group will choose a member to submit the requested answers.	
3rd Period	The other groups will analyze the answers and give their opinion about them.	
4th Period	Evaluation of the mediator as to the possible effects of the proposed solutions.	

Source: *Elaborated by the authors.*

The case allows students to work together, applying what has been learned in the theory of the discipline taught. Thus, it will be possible to select possible budget solutions for the situation experienced by the municipality of Cachoeiro de Santa Cruz or, even, propose a series of destination options for spending during the budget process of the Municipal Department of Education. It allows participants to be involved in a real process of setting

priorities, as well as promoting the importance of carrying out adequate planning for education in the city.

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