

## Governance and financial resilience in public education: a case study of budget contingency in Brazil

*Governance and financial resilience in public education: a case study of budget contingency in Brazil*

**Daniel Santo Padilla Garcia** – Federal Institute of Ceara (IFCE)

Specialization in Public Management from the Educational Faculty of Lapa, Brazil (2015)

Degree in Accounting Sciences (2016) and Financial Management (2014), both from Estácio de Sá University.

Public Financial Management Specialist | Leader in Government Procurement | Focus on ESG and Innovation in the Public Sector Federal Public Servant

**Marcia de Negreiros Viana** – Federal Institute of Ceara (IFCE),

Administrator (UFC, 1993). Specialist in Pedagogical Training for Professional and Technological Teaching (IFCE, 2020) Master in Logistics and Operational Research (UFC,

2009) PhD in Education (UNESP, 2017). Tenured professor, researcher and extension worker at the Institute of Education, Science and Technology of Ceará – Aracati Campus, Brazil

### SUMMARY

This case study investigates the management strategies adopted by the Federal Institute of Ceará – Aracati Campus during budget contingencies between 2017 and 2020.

Based on official documents, budget reports and institutional records, the research analyzes public governance practices and resilient financial planning. The research analyzes an integrated set of management measures implemented under technical leadership, including contractual restructuring based on cost-effectiveness criteria, rationalization of operating expenses guided by performance indicators and internal review of contracts, focusing on cost optimization without loss of effectiveness, ensuring efficiency and compliance. In addition, strengthening federative dialogue and innovation in public procurement played a key role in mitigating the impacts of fiscal constraints.

The results demonstrate that the strategic actions of institutional leadership have enabled not only the continuity of educational services, but also advances in efficiency and financial sustainability. The study contributes to the debate on fiscal resilience in Brazilian public education, offering practical support for managers who face similar challenges in austerity scenarios.

**Keywords:** public governance, public budget, financial resilience, federal education, contingency.

### ABSTRACT

This case study investigates the management strategies adopted by the Federal Institute of Ceará – Aracati Campus during the budget contingencies between 2017 and 2020. Based on official documents, budget reports, and institutional records, the research analyzes public governance practices and resilient financial planning. It examines an integrated set of managerial measures implemented under technical leadership, including contract restructuring based on cost-effectiveness criteria, operational expenditure rationalization guided by performance indicators,

and internal contract reviews focused on cost optimization without compromising service effectiveness, ensuring both efficiency and compliance. Furthermore, the strengthening of intergovernmental dialogue and innovation in public procurement played a fundamental role in mitigating the impacts of fiscal constraints.

The results demonstrate that the strategic actions of institutional leadership ensured not only the continuity of educational services but also significant gains in financial efficiency and sustainability. The study contributes to the ongoing debate on fiscal resilience in Brazilian public education, offering practical insights for managers facing similar challenges in scenarios of austerity.

**Keywords:** public governance. public budget. financial resilience. federal education. budget contingency.

## 1. INTRODUCTION

Between 2017 and 2020, the Brazilian Ministry of Education (MEC) was subjected to successive budgetary contingencies that severely compromised the execution capacity of public education policies. The cuts particularly affected spending discretionary, directly impacting maintenance programs, investments and actions structuring in federal educational institutions. This adverse fiscal context imposed challenges significant to educational management, requiring rapid, coordinated and institutional responses based on criteria of efficiency, legality and public responsibility.

The Federal Institute of Ceará – Aracati Campus experienced, during this period, severe restrictions on its budget execution, especially in 2017 and 2019, years marked by blockages significant in the MEC's discretionary budget, which reached up to 24% of the forecast. Despite this critical scenario, the unit managed to maintain its academic and administrative activities in operation, implementing adaptive governance strategies and planning financially resilient.

This article aims to analyze the measures adopted by the management of the Aracati campus in facing the budget crisis, highlighting actions such as contractual restructuring, rationalization of expenses, internal audits, innovation in public procurement and strengthening of the federative dialogue. Based on official documentary sources and institutional records, seeks to understand how technical leadership and strategic management contributed to mitigating

the impacts of fiscal scarcity, ensuring the continuity of educational services and promoting advances in financial sustainability. The research thus aims to offer practical subsidies for public managers in similar contexts and broaden the debate on resilience in the Brazilian education sector.

## 2 THEORETICAL FRAMEWORK

### 2.1 Public Governance and Efficiency in Educational Administration

Public governance is understood as the set of mechanisms, norms and processes by which public organizations are directed, monitored and evaluated, in order to promote integrity, transparency, accountability and effectiveness in the use of resources public (OECD, 2020). In the context of educational administration, governance is expressed in ability to articulate strategic planning, internal control, results-based management and accountability to society.

According to Faria e Silva (2019), public educational institutions with governance structures consolidated companies are able to respond more effectively to crisis contexts, as they have mechanisms that favor data-driven decision-making, risk management and institutional alignment.

According to the Comptroller General of the Union:

“Public governance essentially comprises the mechanisms of leadership, strategy and control put in place practice to evaluate, direct and monitor management performance, with a view to conducting public policies and provision of services of interest to society”  
(BRAZIL, 2020, p. 11).

These mechanisms, when well structured, contribute significantly to the rationality in the allocation of resources, the reduction of waste and the valorization of interest public.

## 2.2 Financial Resilience in Public Institutions

Financial resilience can be defined as the ability of an organization to maintain its essential functions even in unstable scenarios, such as fiscal crises or budget contingencies (PETTERSON; OLIVEIRA, 2018). This capacity is associated with budgetary flexibility, maturity of planning and control processes, and proactive leadership in resource management.

In turn, Cavalcante and Lotta (2015) point out that resilient public institutions are those who can adapt their operations, redefine priorities and implement changes without compromise the quality of the services provided. To do this, it is necessary to develop administrative capabilities that integrate strategic intelligence, institutional innovation and organizational learning.

Along the same lines, Campos and Barbosa (2020) highlight that the articulation between planning strategic and adaptive governance enables more effective responses to budgetary crises, especially in complex organizations such as federal educational institutions, which operate with multiple sources of resources, regional demands and legal commitments.

## 2.3 Budget Crisis Management in the Education Sector

Between 2017 and 2020, the Ministry of Education (MEC) faced successive blockages budgetary. In 2017, the cut reached R\$4.3 billion; in 2018, R\$3.2 billion; and in 2019, the contingency reached R\$5.8 billion, compromising around 24% of the budget discretionary of the portfolio (BRAZIL, 2019a). In 2020, although there was no new formal cut, 90% of payments from the National Education Development Fund (FNDE) until April were allocated to Outstanding Payments (RAP), severely limiting the execution of new actions (TODOS PELA EDUCAÇÃO, 2020).

According to the official report from the Ministry of Education:

“Budgetary and financial management within the department began to require constant re-planning, with review of the commitments made and prioritization of essential expenses, aiming to guarantee the minimum functioning of finalistic activities”

(BRAZIL, 2019b, p. 47).

According to Abrucio (2010), the capacity to face crises in the public sector is linked to the combination of technical skills, organizational structures and leadership with focus on results. For the author, leadership plays a decisive role in conducting critical processes, being responsible for generating cohesion and promoting strategic decisions evidence-based.

Costa and Andrade (2021) add that effective management in austerity contexts demands integrated planning, constant monitoring of institutional performance and communication transparent with internal and external stakeholders. These elements strengthen trust institutional and enable the continuity of public services even in environments of strong fiscal constraint.

In this context, the management of the budgetary crisis required proactive and coordinated action by part of federal institutions. Contract restructuring, service renegotiation, innovation in public procurement procedures and partnerships with federative entities were strategies adopted to maintain institutional functionality. As pointed out by Abrucio (2010) and Costa and Andrade (2021), the effectiveness of public management in times of austerity depends on integration between technical, political and administrative capabilities, with emphasis on the role of strategic leadership as a factor of cohesion and institutional response.

### 3. MATERIAL AND METHOD

This research is characterized as a case study with a qualitative approach, with exploratory-descriptive design. According to Yin (2015), the case study is appropriate when seeking to understand complex phenomena inserted in real contexts, especially when the boundaries between phenomenon and context are not clearly defined. In this sense, this work investigates the management strategies adopted by the Institute

Federal University of Ceará – Aracati Campus in view of the budgetary contingencies imposed by the Federal Government between 2017 and 2020.

The time frame covers the four consecutive years of fiscal restriction, including the impacts on budget planning, financial execution and sustainability institutional. The spatial cut is limited to the administrative and financial reality of the Campus Aracati, a unit linked to the Federal Institute of Ceará (IFCE), which underwent physical expansion and functional during the period analyzed.

Data sources used included:

- a) management reports and internal campus audits;
- b) official documents from the Ministry of Education (MEC), including budgetary data Annual Budget Law (LOA);
- c) reports from the National Education Development Fund (FNDE);
- d) institutional publications and administrative records available in the SIAFI systems and SIGA-ADM;
- e) reports and public notes from organizations such as Todos Pela Educação.

The data were organized and analyzed through documentary analysis, with triangulation of sources and thematic categorization according to the axes: governance, financial planning, innovation in public procurement and sustainability. The interpretation followed the principles of qualitative analysis, seeking to identify patterns, strategies and results based on reality institutional of IFCE – Aracati Campus.

#### 4. RESULTS AND DISCUSSION

During the period from 2017 to 2020, the Federal Institute of Ceará – Aracati Campus faced successive budget cuts that directly impacted its administrative operations and academics. Despite the restrictions, the unit demonstrated significant capacity to adaptation, implementing a series of measures aligned with governance principles public and financial resilience.

#### 4.1 Contract Restructuring and Expense Management

One of the main axes of response from institutional management was the review of contracts outsourced services, with renegotiation of values and resizing of demand.

Cleaning, driver and security contracts underwent technical analyses of cost-effectiveness, generating an average saving of 8% in annual costs, without compromising the quality of services.

The publication of Normative Instruction No. 5, of May 26, 2017, by the Ministry of Planning, Development and Management, represented a milestone in the modernization of public procurement. The regulations established guidelines that require detailed planning, definition of performance criteria and risk assessment in continuous service contracts.

In the context of IFCE – Campus Aracati, the implementation of these guidelines strengthened the bidding processes and contract management, allowing greater control, transparency and efficiency in the application of public resources. These legal devices were fundamental to institutionalize data-driven management practices, focus on results and adherence to legality, especially in a scenario of severe fiscal constraint.

In the same year, the enactment of Law No. 13,467, of July 13, 2017 – known as Labor Reform – promoted profound changes in the Consolidation of Labor Laws (CLT), with direct impacts on outsourced service provision contracts. The changes, such as the regulation of intermittent work and the flexibility of working hours work, required contractual adaptations and operational adjustments from public institutions.

For the Aracati Campus, such adjustments reinforced the importance of contractual management efficient, legally secure and aligned with financial sustainability, ensuring legal compliance without compromising the quality of services.

Additionally, operating expenses were rationalized based on performance indicators. consumption and performance. Internal management tools, such as control spreadsheets, analyses internal compliance and management monitoring instruments, helped in identification of bottlenecks and redirection of resources to final activities — notably in supporting pedagogical activities and laboratory maintenance.

In the same sense, control mechanisms were adopted to optimize the use of vehicles officials, especially when traveling for mandatory technical visits. Whenever

possible, trips were organized to meet multiple institutional demands in a single trip, avoiding fragmented and non-essential trips. This strategy sought to reduce the number of trips and generate fuel savings, without compromising the pedagogical activities provided for in the course projects. The exceptions to this rationalization were applied only in cases where the nature of the technical visit required exclusive travel.

#### **4.2 Innovation in Public Procurement and Strategic Planning**

With support from the Administration and Planning Department, management adopted new public procurement procedures, prioritizing innovation and transparency. The highlight was the adoption of electronic auctions with technical criteria and strengthening of annual planning of acquisitions, in accordance with the guidelines of Normative Instruction No. 1/2019 of the Federal Government Management Secretariat.

These measures not only increased the predictability of spending but also expanded competitiveness in bidding processes, promoting better price conditions and quality in the products and services contracted.

#### **4.3 Federative Dialogue and Interinstitutional Cooperation**

The articulation with the municipal public authorities also proved to be an effective strategy. Partnerships with the city of Aracati helped to ensure complementary services — such as the provision of school transport, since access to the new IFCE Campus headquarters Aracati, located on CE-040, Km 137, approximately 5 to 7 km from the city center, demands an efficient transportation system. In addition, a cooperation agreement with the city government made it possible to transfer the old campus headquarters, located in the center, to the implementation of a municipal school, optimizing the use of public goods and increasing efficiency of the institutional budget.

This federative dialogue reduced pressures on financial management and reinforced the commitment of IFCE with regional development. Another strategic factor was the articulation with municipal entities for the maintenance of services complementary to the operation of the campus, such as

public lighting, road accessibility and safety in the surrounding area. The formalization of these partnerships have allowed us to reduce operating costs and strengthen ties with the local community. Furthermore, the active participation of the General Management in collegiate forums (CONIF, CONSUP) and the dialogue with the rectory and central bodies of IFCE guaranteed technical and political support for facing the crisis.

#### **4.4 Observed Effects and Institutional Lessons**

The actions implemented produced concrete results: maintenance of the course offering, holding of academic events and continuity of administrative services. The rate of campus budget execution remained above 95% throughout the four years analyzed, demonstrating competence in the allocation and management of public resources

The experience of IFCE – Campus Aracati proves that, even in an adverse scenario, it is possible to implement good management practices when there is regulatory support, planning strategic and qualified technical leadership. The guidelines brought by IN nº 5/2017 and by Labor Reform worked as normative instruments that made possible and legitimized the measures adopted locally, representing a milestone in the consolidation of a efficient, resilient public management committed to the public interest.

#### **FINAL CONSIDERATIONS**

This case study made it possible to demonstrate how the adoption of public governance practices and resilient financial planning contributed significantly to overcoming challenges imposed by the budgetary contingencies faced by the Federal Institute of Ceará – Aracati Campus between 2017 and 2020. In a scenario marked by severe fiscal restrictions, the unit demonstrated remarkable capacity for institutional adaptation, led by a technical leadership aligned with the principles of good public management.

The analysis revealed that the implementation of measures such as contractual restructuring, rationalization of operating expenses, innovation in public procurement and articulation

interinstitutional cooperation was decisive in maintaining the provision of quality educational services and efficiency. Normative instruments such as Normative Instruction No. 5/2017 and the Reform Labor Law of 2017 provided the necessary legal basis for contractual adjustments, ensuring legal compliance, cost control and satisfactory performance of outsourced teams.

Among the main institutional lessons, the importance of planning stands out continuous use of performance indicators in budget management and the appreciation of administrative autonomy as a condition for effectively facing adverse situations. The case of Campus Aracati serves as a reference for other public educational institutions that face contexts of austerity, by demonstrating that it is possible to combine legality, efficiency and innovation even in scenarios of scarcity.

It is concluded that the experience analyzed reaffirms the strategic role of technical public management, transparent and committed to results, especially in times of crisis. It is recommended, therefore, the strengthening of institutional capacities aimed at contractual management, analysis of risks and federative articulation as paths to the consolidation of an administration more resilient and sustainable public sector.

## REFERENCES

ABRUCIO, Fernando Luiz. Federative coordination in Brazil: the experience of the FHC period and the challenges of the Lula government. *Journal of Sociology and Politics*, Curitiba, n. 24, p. 41–67, Jun. 2005.

BRAZIL. Ministry of Planning, Development and Management. *Normative Instruction No. 5, of May 26, 2017*. Establishes rules on contracting services in the Administration

Public federal. Available in: <https://www.gov.br/compras/pt-br/aceso-a-information/legislation/normative-instructions/normative-instruction-no-5-of-26-may-of-2017-updated>. Accessed on: May 20, 2021.

BRAZIL. Presidency of the Republic. *Law No. 13,467, of July 13, 2017*. Amends the Consolidation of Labor Laws (CLT) – Labor Reform. Available at:

[https://www.planalto.gov.br/ccivil\\_03/\\_ato2015-2018/2017/lei/l13467.htm](https://www.planalto.gov.br/ccivil_03/_ato2015-2018/2017/lei/l13467.htm). Accessed on: June 1, 2021.

BRAZIL. Ministry of Education. *Management Report – 2019 Fiscal Year*. Brasilia: MEC, 2020.

CAMPOS, Adriana; BARBOSA, Luiz Henrique. Government planning and resilience institutional: challenges of public administration in times of crisis. *Public Service Journal*, Brasília, v. 71, n. 3, p. 409–432, Jul./Sept. 2020.

CAVALCANTE, Pedro; LOTTA, Gabriela. *State capabilities in Brazil: strategies for the 21st century*. Brasilia: ENAP, 2015.

COSTA, André; ANDRADE, José Roberto. Governance and control in public management: a approach in times of fiscal constraint. *Journal of Public Administration and Social Management*, v. 13, n. 1, p. 19–31, 2021.

FARIA, Carlos; SILVA, Juliana. Governance mechanisms and institutional performance: a analysis in federal education. *Brazilian Journal of Public Administration*, v. 53, n. 4, p. 789–807, 2019.

OECD. *Government at a Glance 2020*. Paris: OECD Publishing, 2020.

PETTERSON, Daniel; OLIVEIRA, Mauro. Financial resilience in times of crisis: strategies in public administration. *Public Management and Citizenship Notebooks*, v. 23, n. 1, p. 55–72, 2018.

ALL FOR EDUCATION. *Budget Execution for Education in 2020*. Technical Note n. 1/2020. Available at: <https://www.todospelaeducacao.org.br/>. Accessed on: March 1, 2021.

YIN, Robert K. *Case study: planning and methods*. 5th ed. Porto Alegre: Bookman, 2015.