

# DE LA SALLE UNIVERSITY

FINANCIAL ANALYSIS OF THREE SELECTED DOMINICAN  
SIENA SCHOOLS FOR THE SCHOOL YEARS  
1983 - 1986

1987

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A Thesis  
Presented to  
the Faculty of the Graduate School  
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In Partial Fulfillment  
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Master of Science in Educational Management

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by  
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## CHAPTER 5

### SUMMARY, FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This paper is an attempt to find out the financial viability of the three selected O.P. Siena Schools.

Statement and expenditures for the past three years starting school year 1983-84 were gathered from the schools under study, to serve as bases for financial projection for the next three years starting school year 1987-88. Past enrolment during the same period were also gathered to serve as basis for an enrolment projection for the next three years starting school year 1987-88.

The findings will be presented by school following the order of questions posed in Chapter 1.

#### St. Michael Academy

There was a decline of enrolment of St. Michael Academy in the last three years. This was due to the yearly decrease in the enrolment in all year levels. Based on the analysis of the data, the promotion rate for First Year is 86.83%, 90% for Second Year, 87.07% for Third Year and 94.88% for Fifth Year. The repetition rate for all year levels is zero. Drop-out rate for First Year is 12.98%, 9.99% for Second Year, 12.92% for Third



Year and 5.12% for Fourth Year.

During the past three years, educational income increased annually, but at the same time the school incurred losses during those years. Teachers' salaries, wages and benefits absorbed more than 50% of the annual income and this was followed by the administrative salaries.

Furthermore, it was found that the average total cost per student each year was higher than the tuition fees paid by each individual student. This goes to show that the school had been operating on a deficit level during those years.

In distributing the average total cost to the different items of expenditures, it was found that Faculty and Administrative Salaries received the greatest share while Faculty-Employee Development had the least.

Based on the average growth rate, First Year enrolment will decrease in 1987-88. However, starting SY 1988-89 a target of 210 Freshmen is attainable. Also, promotion rate is expected to increase by 3% and drop-out rate will decrease by 3% annually in all year levels. With these assumptions, the total population will increase by 12.63% over the three year planning period.



At 90% utilization rate or 31.5 hours per week, 11 classrooms will be needed to accommodate the projected number of sections in 1987-88, 1988-89 and 12 classrooms in 1989-90. This goes to show that the existing classrooms will be enough to meet the projected increase in the number of sections from 1988-89 to 1989-90.

In 1987-88 the number of teachers required is 15; 16 in 1988-89 and 18 in 1989-90.

Financial income were projected on three different alternatives plans. Plan A assumed a 15% increase in tuition and other fees while Plan B assumed a 5% increase. Both plans considered a 5% inflation rate and 10% increase in other incomes.

As projected, Plan A will give a net income of P11,739.87 in 1987-88, P35,816.32 in 1988-89 and P75,893.86 in 1989-90. Plan B shows that the school will have an excess of P947.36 in 1987-88, P22,975.90 in 1988-89 and P42,853.90 in 1989-90. The data reveals that the school will be financially viable following any of the two plans. Plan C is the last alternative which the school can opt to equalize income and expenditure. This means that the school needs to attain a break even volume of students so that it will not gain nor lose but it will be able to perpetuate its missions and objectives. For





St. Michael Academy, it will need 544 students in 1987-88, 532 in 1988-89 and 597 in 1989-90 to break even.

### Milagrosa Academy

The enrolment data from 1983-86 revealed an increase-decrease pattern 556 in 1983-84, 539 in 1984-85 and 600 in 1985-86. Based on the analysis of the data, the promotion rate for First Year is 62.70%, 77.61% for Second Year, 84.84% for Third Year and 93.92% for Fourth Year while the drop-out rate is 37.30% for First Year, 21.61% for Second Year, 14.79% for Third Year and 5.47% for Fourth Year. Repetition rate is zero percent for first and second year and .25% for third and fourth year respectively.

The educational income increase annually as shown by the analysis of the financial statement. The school incurred deficit in 1983-84 and 1985-86 but had a net income in SY 1984-85. Faculty salaries, wages and benefits absorbed more than 60% of the educational income except in 1984-85. This was followed by administrative salaries and fringe benefits. The cost function analysis revealed that the school fees paid by the students are much lower than the cost incurred by the school for each student except in 1984-85 where the total average cost is :



less than the tuition and fees paid by the students.

The breakdown of the average total cost in the different items of expenditures revealed that throughout the period covered by the study more than 70% of the amount spent for each student went to Faculty and Administrative Salaries and only less than 1% was spent for Miscellaneous Expense.

Based on the average growth rate for the First Year for the past three years, the number of freshmen will have a minimal increase which will cause the total enrolment to decrease in 1987-88. However, with a target enrolment of 225 in 1988-90 and the assumed 3% increase in the promotion rate and the 3% decrease in the drop-out rate in all year levels, enrolment will increase by 8% throughout the plan period.

The number of sections will increase annually, 12, 12, 13, respectively for the three year plan period. At 90% utilization rate or 31.5 hours per week, 11 classrooms will be needed in 1987-88, 1988-89 and 12 in 1989-90. This means that the present number of classrooms is enough to accommodate the projected number of enrolment.

Based on the projected enrolment and the projected number of sections, the school will be needing 16 teachers in 1987-88 and 1988-89 and 18 teachers in 1989-90.



Three alternatives plans were proposed for the projected income. Plan A assumed a 15% increase in tuition and other fees while Plan B assumed a 5% increase. Both plans considered a 5% inflation rate in the expenses. Plan A shows that the school will have a net income of P282.72 in 1987-88; P24,827.46 in 1988-89; and P53,612.80 in 1989-90.

In Plan B, Milagrosa Academy will incur a deficit of P2,928.34 in SY 1987-88 but will recover in the next two school years realizing P12,007.41 in 1988-89 and P24,439.22 in 1989-90.

In Plan C, the school will break even if it can achieve 555 students in 1987-88; 514 in 1988-89 and 505 in 1989-90.

#### Siena School of Naga

Enrolment trends for the past three years had been dwindling. Average promotion rate for First year is 88.67%; 83.37% for second year; 86.64% for third year and 94.80% for fourth year. Average repetition rate is .40% for first year; .62% for second year; .54% for third year and .31% for fourth year. Drop out rates decreased as curriculum year increased. First year showed 10.95% average drop out rate while second to fourth year registered 16%, 12.84% and 4.55% respectively.



During the past three years educational income showed a constant increase, however, inspite of the increases the school had been operating on deficits for the same period. In terms of percentage faculty salaries and benefits absorbed over 50% of the total income.

Average total cost per student was found to be higher than what was actually paid by each student during the three year period. This explains why the school had incurred constant deficits for the same period.

With the average growth rate as the basis for projecting enrolment for Freshmen, enrolment in 1987-88 will decrease. However, with the target enrolment of 200 in 1988-90, a 3% increase in promotion rate and a 3% decrease in drop-out rate in all year levels, enrolment will increase during the plan period by 10.67%.

Based on the number of projected number of enrolment, there will be 10 sections in 1987-89 and 12 in 1989-90. At 90% utilization rate use of classrooms, 9 classrooms will be needed in 1987-89 and 11 classrooms in 1989-90. This means that the existing classrooms will be enough to accommodate the projected number of students from 1987-90.

To service the projected number of students during the plan period, 14 full-time teachers will be needed in



1987-89 and 16 in 1989-90.

Financial income were projected on three different alternatives plans. Plan A assumed a 15% increase in tuition and other fees while Plan B assumed a 5% increase. Both plans considered a 5% inflation rate and 10% increase in other incomes. Plan A shows that the school will have a net income of ₱38,897.89 in 1987-88, ₱74,494.24 in 1988-89 and ₱125,818.87 in 1989-90. On the other hand Plan B, shows that the school will have a net income of ₱33,837.79 in 1987-88, ₱40,444.19 in 1988-89 and ₱76,858.66 in 1989-90.

However, if the projected enrolment will not be attained, the break even point volume at which the school will neither gain profit nor sustain loss should be considered. This is Plan C. To break even Siena School will need to get 384 students in 1987-88; 383 in 1988-89 and 407 in 1989-90.

### Conclusion

The findings based on the analysis of the data led the researcher to draw the following conclusions:

- The decrease in enrolment is primarily brought about by the high drop-out and low promotion rate.
- If trend continues, the expected decline in the

enrolment will be averted if the strategies to check promotion rates and drop-out rates will be properly implemented.

- Classroom utilization rate is not yet fully maximized, therefore the school could absorb more students.
- During the past three years, expenditures exceeded the total income which is a clear indication of lack of budgeting practices.
- The net gain from tuition fee is not enough to offset the net loss brought about by the decrease in the yearly total enrolment.
- Increase in enrolment and tuition and other fees even to the minimal will assure subject schools of survival and viability.

#### Recommendations

- The school may restructure a recruitment program to involve the staff and teachers in the enrolment campaign in their assigned places at least during vacation to attain the target number.
- The school should tap alumni associations or other agencies in the locality for more scholarship funds to help our but deserving



students.

- A research should be conducted to inquire into the causes of high drop-out rate and low promotion rate and propose solution to minimize these problems.
- A study of the scheduling of classes could contribute a lot in improving the efficient utilization of available classrooms so as to make optimal use of them.
- The school should motivate PMA to raise an amount to serve as a trust fund to meet future increase on teacher's salaries.
- There should be a systematic budgetting procedures for the school under study so that school will not incur losses as experienced in the past. This require an idea of break-even analysis which could be the only resort if plans to increase fees annually will fail.
- The financial projection favorable for the school is Plan A where there will be a 15% increase of tuition and other fees every year because it will give a bigger collection for the school.



However, if this alternative will have an adverse effect on the enrolment then Plan B is more favorable.

In view of this therefore, the researcher leaves to the administrators of the schools the full decision to choose the least option. Suffice is to say that both plans are favorable and will assure viability for the school.

