

# Financial Literacy Status of Public-School Teachers: The Case of the Philippines

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## Abstract

To be fully equipped with knowledge and understanding about the basic concept of financial literacy is important. It gives individuals an advantage on carefully and properly managing their financial budget. The present study used mixed method, particularly convergent parallel mixed method. In this method, the researchers combined both qualitative and quantitative research techniques. In the survey, respondents answered questions through interviews and questionnaires. Focus group discussion sessions also contributed in gathering the data. For the instruments to be both reliable and valid, questions were constructed and validated by experts. The collected data analyzed the financial understanding of the public-school teachers. It particularly revolved around the financial literacy status of public-school teachers. There are two major concerns that public school teachers face about their current financial status and challenges. First, they are not satisfied with their current financial income and most of them are struggling financially. They are looking forward for a higher salary increase. Second, there is too much on their plate with regards to their financial responsibilities and this basically implies that there are many expenses. Most of the teachers are heads or breadwinners of the family and a huge challenge exists especially on the allocation of budget.

**Keywords:** *Financial literacy, public-school teacher, financial status, financial challenges, Filipino.*

**JEL Codes:** G40, G50, G53.

## 1. Introduction

Higher levels of education is said to impact increased financial literacy understanding (Marcolin & Abraham, 2006). Those in the field of business have a tendency to exhibit a higher knowledge of financial literacy as compared to other fields of study. However, a research conducted by Mandell & Klein, (2009) about measuring the impact of financial literacy education to subsequent financial behavior of graduate high school students, showed that students who took personal financial management courses have the same understanding of financial literacy to those who did not. This implied that people's behavior and attitude towards money should be considered so that they can understand financial literacy.

There are a variety of available mechanisms that provide financial education and training to most employees. Bayer, Bernheim, & Scholz, (2009) in their study found out the impact of these programs in relation to one's workplace. It was discovered that the presence of these mechanisms contributes to one's general saving and preparation for retirement. Most of the employers greatly participate and actively contribute when it comes to retirement seminars. As a result, it strongly affect the individual's financial choices. However, the majority of the workers only appreciate retirement planning more than saving management, credit management, insurance and investment planning (Mazlifah, 2011).

Deng et al., (2013) cited that as an educator possesses increased level of financial education, financial literacy also improves. On the contrary, Ferrer (2017) stated the other argument. In the Philippines, teachers in government schools, especially in the Metro Manila area continue to combat issues on lending and money matters. According to a survey conducted by Tagupa (2018), most of the public school teachers considered themselves as low-waged workers. In comparison to other professions, a teacher's entry salary is barely enough to cover a local cost of living. For a teacher who has a family, making ends meet is a monthly struggle.

According to the Philippine Constitution (Article XIV, section 5), "The state shall assign the highest budgetary priority to education and ensure that teaching will attract and retain its rightful share of the best available talents through adequate remuneration and other means of job satisfaction and fulfillment." Most teachers complain about meager paycheck that they receive each month. However, teachers are disappointed with the three-year tranches of the salary which is only 11.86 percent increase over the next four years.

According to a study of Philippine Institute for Developmental Studies (PIDS) on households, the current secretary of the Department of Education noted that the propensity of public school teachers to borrow is 50 percent higher compared to government employees like police officers and nurses. Leisure travel topped the commonly listed interests of teachers. Travels that are

planned or unplanned lead to misuse of financial incomes. They also spend most on their budget to their basic needs. These include food, shelter, clothing, and daily fares (Perculeza, 2016).

They also spend for classroom first aid kit and cleaning supplies. Every school year, teachers allot budget for furniture and decorations to make classrooms more conducive for learners. On top of that, teachers have low family income and housing ownership level. Furthermore, they lack skills in financial management and planning which results to high incidence of informal credit and significant housing debt. Those are some of the contributing factors why teachers tend to borrow money (Ferrer, 2017).

## **2. Literature Review**

To be fully equipped with knowledge and understanding about the basic concept of financial literacy is important. It gives individuals an advantage on carefully and properly managing their financial budget.

Financial literacy refers to one's capacity to manage and navigate resources carefully and meaningfully (Mandell & Klein, 2009). Furthermore, it is the combination of awareness, knowledge, skills, attitude and behavior to achieve financial being (Hussain & Sajjad, 2016).

First world countries are expected to have a more financial literate population but surprisingly, it was the opposite. According to (Lusardi & Mitchell, 2011), people across these countries thought they were financially educated especially the retirees and the individuals with a degree earned. Same results were concluded by (Chu et al., 2017) when they assessed the financial literacy of countries across Asia. Most Asians believed they possess appropriate financial literacy level but they are actually unable in capturing financial literacy knowledge (Murugiah, 2016). This result proved that education alone is not a factual basis in concluding that educated individuals are more financially literate. In addition, planning indicates signs of financial knowledge success (Fore et al., 2002).

In most researches, young adults have low financial literacy and possess poor financial related decisions (Xiao et al., 2015). Same results were concluded by (Cude et al., 2006) pointing out that parents have a big impact in children's financial education and decisions. One of the respondents stated that financial education is a way of life. Although it is not offered in the schools' curriculum, requiring it to be part of the prerequisite for graduation and accordingly applying it through real scenarios and experiences in life will be a great help for them. Parents need to realize that they greatly influence the behavior and attitude of the children in handling their money and financial decisions. Normally, this process starts at a very early stage of their life. McCormick (2009) suggests that, for children and youth to know about finance-related decisions, situations of

financial distress are perfect opportunities for them to enhance their managerial skills in handling money. Discussing it with the children is a great way of practicing this skill.

People who lack financial literacy have difficulty making important personal financial decisions in their own best interest. There should be a considerable cultivation of financial management knowledge in carrying out financial management (Montalbo, 2017).

Over the past years, financial education has been considered as an essential tool and solution to consumer's financial choices (Fernandez, 2014). Teachers mold this world to become a better place to live in. Empowerment is one of their basic jobs. In addition, successful teachers possess a good grasp of content which they can consequently convert to sound learning objectives. They are able to select and implement the most effective instructional strategies and materials to teach the identified content objectives. They also make instructional decisions on the basis of formative assessment results.

Brandon & Smith (2009) concluded that teachers' perspective in financial planning and literacy is low. Based on the results, 68% of the questions declared that the financial literacy of the teachers was low, especially students taking up education courses. In addition, personal finance must be incorporated into teacher education programs.

One of the most common controversies today is that teachers are underpaid. It is a profession that offers low annual income yet more people are willing to take the teaching course (Liang, 2000). In a survey conducted by (Otter, 2010), the result revealed that there is a need to increase the financial understanding of teachers by including it in the curriculum. At the same time, there is a need to start educating the learners as early as possible. Moreover, there is also a need to consider the number of teachers who teach financial literacy. Teachers nowadays in OECD countries lack financial literacy. They admit that they are ill-prepared to teach economics and personal finance (OECD, 2013).

Public school teachers are facing big troubles when it comes to their financial management. Most of them are in need to improve their practices in handling their money. Most of the scholarly work suggests that they need proper financial guide in financial literacy.

### **3. Methodology**

#### **3.1. Design**

The present study used mixed method, particularly convergent parallel mixed method. The researchers combined both quantitative (phase 1) and qualitative (phase 2) research techniques. Survey questionnaire was used for the phase 1 while phase 2 utilizes focused group discussion.

### 3.2. Participants and Sampling

As the study involves two phases, participants of the study were characterized into survey respondents and FGD participants (beginning teachers, mid-career teacher and teachers ready for retirement). There were 325 teacher respondents who answered the survey, 47 or 14.4% of the respondents belong to the beginning teachers, 209 or 64.1% are mid-career teachers which is most of the respondents, and 69 or 21.2% of the respondents are considered preparing for retirement. Three focus group discussion (FGD) sessions were also conducted. A total of nine (9) teachers were interviewed. The participants in the first FGD were three beginning teachers each for those rendered less than five years, six to 20 years, and retirables.

Table 1 below shows the respondent's demographic profile for the quantitative portion of the research.

**Table 1:** Demographic characteristics of the respondents (Phase 1)

<b>Attribute/Criteria</b>	<b>Frequency</b>	<b>Percentage</b>
<b>AGE</b>		
20-30	47	14.7%
31-50	209	64.3%
51-65	69	21%
<b>TOTAL</b>	<b>325</b>	<b>100%</b>

Beginning teachers represent the participants who already rendered their service in the public school for the past five years. There are two female and one male participants in Focus Group Discussion (FGD) 1. Participants 1 and 2 are both single while participant 3 is married. All of them have finished bachelor's degree. Mid – Career teachers represents the participants who already rendered their service in the public school for the past 6 to 20 years. There are two male and one female participants in Focus Group Discussion (FGD) 2. Both male participants are single while the female participant is married. All of them have finished bachelor's degree in education.

Retirable teachers represents the participants who are near retirement. These are teachers who already rendered their public service for 21 years and above. All respondents are females, married and have finished bachelor's degree in education.

### 3.3. Research Locale

The study was conducted in five districts of in a city in the National Capital Region, Philippines. There are six (6) school districts in the city namely Districts I, II, II, IV, V, and VI. Teachers from the District VI were excluded to answer the survey questionnaire since one of the researchers had

already performed a previous research work prior to the current study. The researchers purposively chose the research locale due to accessibility and knowledge. Moreover, the proponents of the study possess understanding of the physical and location context of the location during the conduct of the research.

### **3.4. Data Gathering and Analysis**

In the survey, respondents answered questions through interviews and questionnaires. The researchers described the given answers of the respondents after answering the online questionnaires using SPSS and Google Forms. For the survey to be both reliable and valid, questions were constructed and validated properly by experts. The collected data analyzed the financial understanding of the public-school teachers. It particularly revolved around the financial literacy status of public-school teachers.

In the online survey questionnaires, the data were organized, recorded, and stored real time. The data from the focus group discussions and interviews were coded and organized. Additional themes that came from the focus group discussion and interviews were added. In this type of data gathering method, the researcher could interview several respondents analytically and instantaneously. Moreover, it is supported by group ideas that strengthens connection of notions or sometimes referred to as group think. Because of the global pandemic caused by COVID-19, face-to-face interaction has been limited. Proper health protocols such as social distancing and wearing of face mask and face shield are implemented. The same was observed in the conduct of research processes. Advances in technology and the use of the internet has been adapted and enabled researchers to maximize the use of online platforms.

## **4. Results and Discussion**

### **4.1. Teachers are Financially Unsatisfied**

Salary rate motivates an employee to work progressively. However, debts come along with limited savings that contribute to lower financial well-being and satisfaction rate of a worker (Vieira et al., 2021). Table 8 shows the satisfaction rate of public-school teachers towards their salary.

The researchers organized and analyzed the data using Google form and SPSS. Out of 325 teacher respondents, 57.8% of the participants determined that they were unsatisfied with their current financial status. On the other hand, 40.2% of the participants were satisfied. The rest of the choices such as not much satisfied, still needing additional income, slightly satisfied, partly satisfied, and just have enough savings and investments consist of the 0.3% of the respondents.

**Table 2:** Salary satisfaction frequency and percentage of public-school teachers

<b>Salary Satisfaction</b>		
<b>Attribute/Criteria</b>	<b>Frequency</b>	<b>Percentage</b>
I still need additional income	1	.3%
Dissatisfied	188	57.8%
Just enough for everyday living	1	.3%
Not much satisfies	1	.3%
Partly satisfied	1	.3%
Satisfied	130	40.2%
Satisfied enough	1	.3%
Slightly satisfied	1	.3%

According to Ghenghesh (2013), motivation is the process that initiates, guides, and maintains goal-oriented behaviors. These two kinds are intrinsic and extrinsic. ‘A good relationship with people they work with’ and ‘responsibility within the job’ are the top two reasons why teachers are satisfied with their job. This is considered as intrinsic motivation. However, pay/salary top billed the very reason why teachers are dissatisfied. This falls under extrinsic motivation. Teaching is considered as one of the most demanding and stressful professions due to paper works, deadlines, and hours spent inside the classroom. This is even more challenging because of the new normal. On top of that, integration and application of technology is needed to the new normal. Workloads must be proportionate to the paycheck with the job they do to satisfy their needs.

Financial literacy is the ability of an individual to manage and operate his own resources carefully and meaningfully (Mandell & Klein, 2009). Individuals shoulder more accountability for their own financial safety. Furthermore, it is the combination of awareness, knowledge, skills, attitude and behavior to achieve financial being (Hussain & Sajjad, 2016). Globally, sixty-percent of the population save, invest, make payments, and manage risks (Lusardi, 2013). It displayed that individuals are active with regards to expressing their financial abilities, knowledge, and skills. However, policy makers are aware and worried about the lack of financial knowledge of many individuals (Hussain & Sajjad, 2016). It is now acknowledged globally as an important element for economic and financial stability and development and has been a global issue (Astuti & Trinugroho, 2016). Previous study reveals that there is low financial literacy across the world (Bhushan, 2014).

During the interview session, when participants were asked if they were satisfied with their current financial situation, Respondent 4 from FGD 2 shared that:

*“Yes. Maybe I am contented. I am contented because I really appreciate my work and I am receiving my whole salary which is 25,000 pesos. I mean, no more deductions from Manila Teachers. So, I’m very happy.”*

Intrinsic motivation is evidently observed. Moreover, finishing a debt contract in a lending company adds more motivation to the teacher to do more and appreciate the job. However, it is hard to budget money when a teacher has deductions. At the same time, there are obligations on financial responsibilities like bills, credit cards, and other essentials. Citing other financial responsibilities, Respondent 5 from FGD 2 explained:

*“No. I’m not satisfied because some portions of the money are used for debt payments and not for attaining my basic needs”.*

Most of the participants in FGD and interviews agreed that it is hard to budget money especially when there is a large amount of deduction made to their monthly income. Furthermore, it depends on how big the monthly income deduction is. Respondent 3 in FGD 1 explained that:

*“It depends on how much is your loan and on how much is being deducted to your monthly salary income. If it is not that much, I think you can cope and budget your money responsibly. In addition, we are receiving quarterly allowance provided by the city government.. Not unless you are only receiving P5,000.00 in a month, you will really struggle, and you will be disappointed in budgeting your own money. It really depends on how much is your loan. If you are still receiving half of your monthly salary, for me it is still okay. Also, if you don’t have much responsibility to your own family, immediate family, parents, and your other dependents, you can cope up with your financial responsibility. Reality check-most of the borrowers are from Teacher I to Teacher III. It depends on a person’s needs.”*

As the discussion and sharing continued, the participants were asked if they can share their realizations after they had their salary deductions. Most of them agreed that it was difficult especially when it comes to budgeting. Moreover, they mentioned that they all need to save and plan ahead of time. Respondent 4 from FGD 2 shared that:

*“I realized that you have to save money and think of your priorities before buying something. Think first of the essentials like food that our body needs for nourishment. And according to my sister and my mother it is better to have a complete salary and have no deduction.”*

Another participant agreed that saving is important especially when there is an emergency. According to conventional economic theory, saving should be practiced in every household for future purposes such as for retirement and emergency funds. However, according to the results of the online survey questionnaire, most of the participants invest more on essentials, house rentals, and household bills. The same results were shown in the study conducted by Kibet et al., (2009). The study focused on saving patterns of farmers, entrepreneurs, and teachers. They pointed out that saving depends on the type of consumer’s occupation. For teachers, they save for retirement planning, household bills, and daily expenses. However, they consider savings as another type of good investment. In the Philippines, public school teachers considered health insurance such as



GSIS, PhilHealth and PAGIBIG contributions are types of savings and investments. This clearly shows that they lack the understanding that aside from their financial contributions paid monthly, savings is another separate investment. This is the reason why Lusardi & Mitchell (2013) concluded that most of the consumers around the world think they are financially literate but speak of the opposite. They cannot properly process economic information and are poor on financial planning especially on financial capability (Ferrer, 2018). Contrary to the results of the online survey, 76% of the participants agreed that they are satisfied to save on a long-term basis rather than to spend money. It clearly shows that there is confusion among the participants when we talked about financial literacy. Reiterating the importance of saving, Respondent 1 from FGD 1 regretfully shared that:

*“I should not have borrowed money. I should have prepared for an emergency fund because it is important. If you have projects, it is important to think ahead. If you have a project in mind, you should set aside enough savings and money. I should have saved for the construction of our house instead of buying things like sweaters and sneakers. My realization is that I should have saved enough money because I am building our family house.”*

Another participant agreed that an emergency fund is important and it will save an individual from borrowing money in times of emergency. According to Balance et al., (2021), an emergency fund can cover finances during unexpected financial bumps and can reduce sudden and unexpected debt. Moreover, financial experts explain that an emergency fund is a liquid fund amounting three to six months of a consumer’s salary income. Looking at the responses of the participants, 67.3% of them said that they have enough emergency funds. Ironically, based also on the online survey results, 63.7% of them have debt.

First world countries are expected to have a more financial literate population but surprisingly, it was the opposite. According to (Lusardi & Mitchell, 2011), people across these countries thought they were financially educated especially the retirees and the individuals with a degree earned. Same results were concluded by (Chu et al., 2017) when they assessed the financial literacy of countries across Asia. Most Asians believed they were financial literate but in reality, they are weak in measuring financial literacy knowledge (Murugiah, 2016). This result proved that education alone is not a factual basis in concluding that educated individuals are more financially literate. In addition, planning indicates signs of financial knowledge success (Fore et al., 2002).

Most of the respondents are ranked as Teacher 1 to Teacher III. They belong to these three salary grades: Teacher I (SG) 11 with basic monthly salary of P20, 754; Teacher II (SG) 12 with basic monthly salary of P22, 938; and Teacher III (SG) 13 with basic monthly salary of P25, 232. Only 4.5% of the respondents receive a monthly income of P41, 000 and above which is composed of Master Teacher I (SG) 18 with basic monthly salary of P40, 637; Master Teacher II (SG) 19 with

basic monthly salary of P45, 269; and Master Teacher III (SG) 20 with basic monthly salary of P51, 155. It is obvious that there is a huge gap between the salary grades of Teacher III to Master Teacher I. In the recent celebration of National Teacher's Month, the current secretary of the Department of Education announced an important update. The Department of Education is planning to implement new teacher positions of Teacher IV, V, VI, and VII to fill in the gaps with their corresponding salary grades (Tiamzon, 2020). This announcement gives hope and excitement to the teachers around the country. However, based on the online survey, it is quite alarming that 18.2% of the participants receive a monthly income between P11,000 to P20,000. There are 5.5% of the respondents who receive a monthly income below P10,000 and shockingly, 19.4% of the participants have current loans amounting to P300,000 while 17.4% of the participants say the opposite. Overall, according to the online survey results, 83.7% of the participants are experiencing financial challenges now.

#### **4.2. Teachers are Struggling Financially**

Struggle is a situation that most people dislike. It brings discomfort, uncertainty, and irritation. Furthermore, financial struggle is another level that most people are not happy to begin with. According to some experts, a person who cannot afford to make his own credit card, cannot spend more than he earns, borrows money from loans, does not have enough savings to cover emergency expenses is struggling financially. Thus, these financial problems greatly affect personal life.

In Central and European countries, fifty-seven percent young adults lack financial skills (Lusardi, 2013). In most researches, young adults have low financial literacy and possess poor financial related decisions (Xiao et al., 2015). Same results were concluded by (Cude et al., 2006) pointing out that parents have a big impact in children's financial education and decisions. One of the respondents stated that financial education is a way of life. Although it is not offered in the schools' curriculum, requiring it to be part of the prerequisite for graduation and accordingly applying it through real scenarios and experiences in life will be a great help for them. Parents need to realize that they greatly influence the behavior and attitude of the children in handling their money and financial decisions. Normally, this process starts at a very early stage of their life. McCormick (2009) suggests that, for children and youth to know about finance-related decisions, situations of financial distress are perfect opportunities for them to enhance their managerial skills in handling money. Discussing it with the children is a great way of practicing this skill. According to (Lusardi & Mitchell, 2014), consumers who fail to understand the concept of interest compounding spend more on transaction fees, run up bigger debts, and incur higher interest rates on loans. They also end up borrowing more and saving less money.

In the focus group discussions, teacher participants confirmed that most of them are not satisfied with their current financial status. Some of them are struggling financially especially breadwinners, newly hired teachers, solo parents, and heads of the family. Respondent 1 from FGD 1 shared that:

*“I’m not that satisfied. That is why I am pursuing graduate school. I’m still struggling.”*

Adding to this comment in terms of financial satisfaction, Respondent 5 from FGD 2 simply said:

*“You can feel that you are struggling.”*

It only shows that there is a need to upgrade and update the current monthly salary rate of the public-school teachers based on the amount of work and paper works they do every day. According to Hanushek et al., (2004), aside from student factor and teacher’s mobility, salary is another reason why public school teachers leave the teaching profession. Most of them are requesting an increase in salary to compensate for their time, effort and expenses that consume most of their personal finances.

When participants were asked about their major financial priorities now, Respondent 3 from FGD 1 shared:

*“I am more concerned on the needs of my child especially food, his necessities and in preparation for his future needs like education.”*

Looking at the results of the survey, food was the top leading answer to this question next to bills and house renovation. Due to the mobility restrictions because of the COVID-19 health crisis, food consumption dramatically increased, and consumers purchased more grocery items than usual. People tend to avoid physical shopping and thus rely more on online or delivery methods and services (Chenarides et al., 2020). Moreover, Respondent 4 from FGD 2 shared that:

*“My priority is food, especially in this time of pandemic. Before, I was only spending three thousand pesos for groceries. But now, I am spending five thousand pesos for food security. My elder sister and I are avoiding going outside because of the pandemic. That is the reason why we added more stocks at home. Aside from food and bills, I send money to our home in the province.”*

Adding to this comment in terms of major financial priorities, Respondent 7 from FGD 3 stated that:

*“It’s still food. Usually, we spend five thousand to six thousand pesos for groceries. What happens inside the house is that they eat a lot. If food is not enough, we go to Supermarket to buy food which is another allocation of account. That is not originally included in the budget. But we think of food for self-consumption and that is okay. Let us add more budget allocation to food. Food is number one.”*

Food is the top priority of the participants. Moreover, during the FGD when asked what budget allocation that consumes most of their monthly income Respondent 3 from FGD 1 shared:

*“As I’ve said earlier, it’s food. It’s not just for the two of us but I buy for everybody in the house.”*

Respondent 1 from FGD 1 added:

*“Yes, I pay for food and loans. I also pay for my mother’s medicines and water bills.”*

Adding to their answers, Respondent 5 from FGD 2 explained that:

*“I agree because I am renting a house. Most of my budget goes to our electricity bill and food. Food consumes most of our budget. 50 kilograms of rice is good for only one month.”*

Emphasizing on the allocations of budget, most of the participants allocate more on food, loan payments, and house bills. According to Malasig (2018), an average Filipino family size of five is in need of a P42,000 monthly budget. This is enough to have a decent living. Moreover, food consumes most of the expenses which amounts to P17,000. It excludes non-food items such as clothing, electricity, water bills, daily needs like transportation and child education. Considering their current salary grades, struggle is real to most of the participants. Salary increase is another promising study that researchers should focus on. Describing their status is more on responsibility rather than challenges. Financially speaking, they are unsatisfied and struggling.

One of the most common controversies today is that teachers are underpaid. It is a profession that offers low annual income yet more people are willing to take the teaching course (Liang, 2000). In a survey conducted by (Otter, 2010), the result revealed that there is a need to increase the financial understanding of teachers by including it in the curriculum. At the same time, there is a need to start educating the learners as early as possible. Moreover, there is also a need to consider the number of teachers who teach financial literacy. Teachers nowadays in OECD countries lack financial literacy. They admit that they are ill-prepared to teach economics and personal finance (OECD, 2013).

Going over the FGD and interviews, when participants were asked if they would consider borrowing again after their debt contract, mixed emotions and answers were drawn. Most of them said they will not renew their loans. Others answered they will and others do not set aside the possibility of borrowing again. Most of them said it depends on the situation and how urgent the need is. When worse comes to worst, there is 100% probability that they will borrow money. Respondent 1 from FGD 1 shared that:

*“Yes of course, especially in times of emergency. If there is an emergency and you do not have enough money, you have no choice but to borrow money.”*

Aside from the fact that teachers need to increase their knowledge and understanding of financial literacy and financial capability (Lusardi & Mitchell, 2013; Ferrer, 2018), savings and emergency

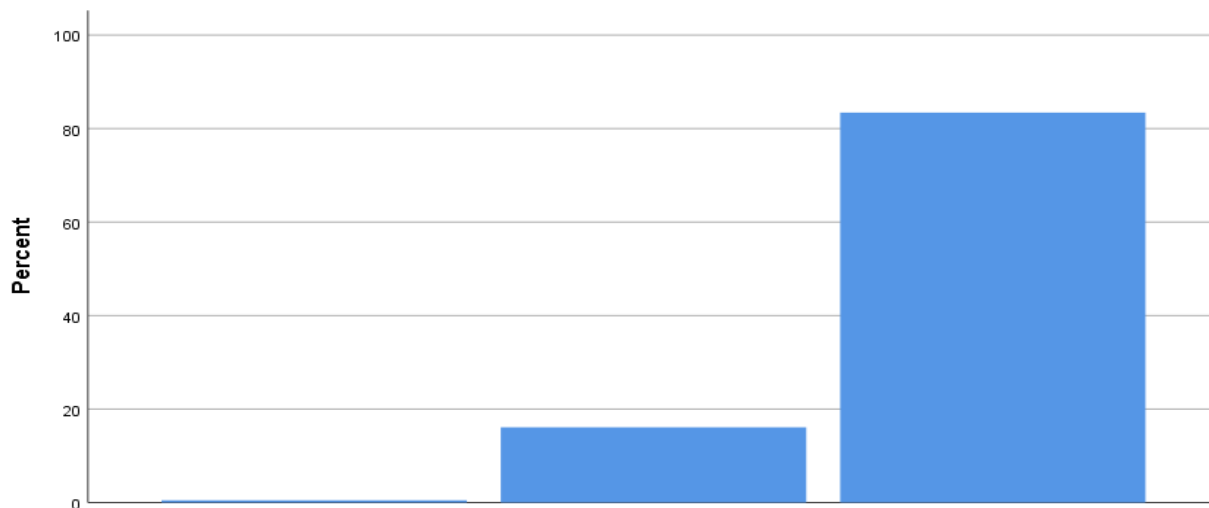
fund is another key factor to consider to lessen the chances of teachers to borrow money from lending companies.

The participants were also asked about the most challenging part of the adjustment period while crediting their deductions monthly. As expected, most of them think they are properly conditioned and prepared at first. But as time goes by, they realize that there is a big difference between deducted and uneducated salary. Respondent 3 explained that it depends on how big or small the deductions.

*“Maybe it depends on how much is being credited to your account. If it is not that much, you can still cope up. The fact that we have expected quarterly allowance from the city government, I think you can still cope up with your living expenses. But if you only have five thousand pesos (P5,000) left in your account, you will struggle even if we have expected support from our local government. I think you cannot cope up until you finish your contract. I already experienced it all. If you are still receiving half of your salary plus the support from our government, it is still okay. Moreover, if your financial responsibility at home is not that much, you can still adjust and cope up.”*

Going back to the results of the online questionnaire survey, 82.8% out of 325 respondents have current loans. Figure 2 shows the current financial condition of public-school teachers.

**Figure 1:** Current loan status of public-school teachers



Ideally, most of the respondents share the same experiences from the FGD and interview participants. Pointing out the results of Ferrer (2017) when examining the personal debt perception of teachers, results show that teachers in NCR or urban area have a higher amount of debt compared to teachers in the rural area. This is despite of the P1,940.17 gap in the salary. One possible reason is because NCR requires a higher cost of living compared to rural areas.

Another participant agreed and supported the statements of the first participant that struggle is real when it comes to salary deductions. Respondent 2 from FGD 1 reasoned out that:

*“For me I experienced struggle after a year. I was challenged in the second year of deductions. During the first year, I still have money. In the second year, I already spent the money to my finances, emergencies, and businesses. That is the time I adjusted on how to manage the money I receive.”*

The damages of debts depend on how much was borrowed. At a reasonable amount, it improves welfare and enhances growth of an individual depending on where it was used. However, there is a real problem if it is uncontrolled and if it is too much for an individual (Cecchetti et al., 2011). As supported by other participants, the bigger the debt, the bigger the challenge and vice versa.

Emphasizing the answers of Respondent 9 in FGD 3 with regards to financial assistance given to public school teachers in the research locale, they also mentioned that the school has its own support program that helps teachers with their finances. All agreed that aside from school, the city local government unit and the national government have programs that seek to help and support struggling teachers with their finances. Respondent 6 from FGD 3 shared that:

*“For me, the biggest help that the city government provided for us are the allowances like the living allowance and rice allowance. Selling cup of soups and juice to pupils was also one of the best supports given by our school. If you sell 40 cups of soup, you get two pesos incentive for every cup. That is a total of P80.00 per tray. We also have incentive for selling juice. If it is your birthday, the school will give you P1,000. You can use this for your school supplies if you return the receipt for MOOE liquidation. Even print outs of modules, lesson plans and lessons are free.”*

Quarterly, the public-school teachers in research locale are receiving their living allowance amounting to P8,100.00. On top of that, P6,000.00 rice allowances every December. These are the mentioned benefits shared by the participants during the FGD and interviews. Every Principal in research locale has their own way of helping their teachers save more and help in their finances daily. The participants also shared that their school head had a financial program that aims to lessen the burden of their daily finances. Their school canteen offers soup and juice every day that the teachers will sell. Each cup of soup costs P8.00 and the juice costs P10.00. Only P6.00 per cup and P9.00 per juice will be remitted to the school canteen and the remaining P3.00 pesos will be the profit of the teachers. For example, if the teacher sells a total of 40 cups of soup and 20 pieces of juice, he/she will have a total earning of P140.00 per day. Multiply it by five, a total of P700.00 per week will be his/her additional income. That is enough to buy for lunch or daily transportation allowance. They also mentioned that during birthdays, the office of the Principal gives them P1,000.00 as a birthday gift. In return, they will spend the money on buying school supplies or any other school related expenses. The receipt will be collected and will be used as part of the report on School Maintenance and Other Operating Expenses (MOOE). They also added that every quarter, the office of the Principal gives them free bond papers, markers, and pens in preparation

for computing of grades and card giving day. Their school head also claimed that he/she will support his/her teacher because they are the true assets of the school. They also added that these treatments will continue if they remain to be on top. In the past two years, their school remains on top in almost all events, activities, and contests in the city. They also bagged the best school performance for the past two years recognized by the Division office. Transactional leadership is a leadership style that requires an exchange of something of value, which is clearly the leadership style of their school head. According to Baptiste (2019), it is an effective way to inspire and change the performance and behavior of teachers as well as the students. In connection to financial wellbeing of the teachers, leadership styles greatly affect their financial decision-making skills making teachers financially aware and financially equipped. Moreover, Tran (2017) explains that rewards to employees is a successful way to increase the return of assets of a company.

## **5. Conclusion**

Public school teachers play a significant role in molding the future generation. Their contribution and principle in education shapes a young individual's mindset and direction towards a better future. The quality of the younger generation depends on the quality of teachers. Studies suggest that understanding financial literacy and its concepts must be acquired by individuals in the early stages of their life. More practice and understanding results to better application in the future. This can be achieved by having a good financial literacy program for the students, most especially to the ones whose building them. Each public school needs to have a good financial literacy program for teachers for them to apply it personally and professionally.

There are programs offered by the government and other private sectors about financial literacy programs. However, it is obvious that most of the schools do not have a financial literacy program designed for teachers. Without such, teachers will continue to be misled basic concept and importance of financial literacy. Public school teachers must have proper financial education so they can be free from debt traps.

The absence of a financial literacy and understanding is very evident. When a new teacher receives his/her salary for the first time, they will be encouraged by their colleagues to apply for loan services. This is a common scenario and becomes a part of their tradition and practices. This extends even in the Schools Division Office. Once they see pay slips without deduction, they will encourage new teachers to apply for loan services. With these observations, it is necessary to develop a financial literacy program to address and correct these issues and concerns.

Guided by the research problems, the findings of the study are hereby summarized. There are two major concerns that public school teachers face about their current financial status and challenges.

First, they are not satisfied with their current financial income. Most of them are struggling financially. They are looking forward for a higher salary increase. In addition, nearly all of them are hoping for the approval of filling the salary gap between Teacher III SG and Master Teacher SG. Most of the teachers belong to Teacher 1 to Teacher 3 category. They find it very difficult to reach Master Teacher position because of its demanding requirements.

Second, there is too much on their plate with regards to their financial responsibilities. This basically implies that there are many expenses. Most of the teachers are heads or breadwinners of the family. There is a great challenge especially on the allocation of budget. This includes basic needs such as food and daily life expenses on top of house renovation, educational plans, medical expenses, and emergency funds.

In terms of financial literacy and its components, public school teachers show overconfidence on financial knowledge. Most of them think they are financially literate but they behave the opposite. They make poor financial decisions that lead to informal borrowing. In relation to their financial decision-making skills, they lack financial capability. Teachers do not secure, plan, and invest for an emergency fund. Most of them engage in borrowing money when emergencies arise. In addition, teachers perceived their money management as personal responsibility.

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