

RESOURCES FOR EDUCATION AND FISCAL ADJUSTMENT LIMITS

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ABSTRACT: This article analyzes the budget for Minas Gerais state's public school network and teachers' wages from the perspective of government funding between 2003 and 2014. Focuses on governmental administration's modernization and the effects of the program called "management shock" in resources' allocation for education maintenance and the teachers' payment. We also analyze the limitation imposed by the Law of Fiscal Responsibility on personnel expenses. The methodology used consisted in analysing the budget data and the reports from Court of Accounts of the State of Minas Gerais. The work is part of the research "Remuneration of basic education teachers: public settings, impacts, dilemmas and perspectives" held to the Observatory of Education. The analysis showed a financial resources' reduction for education maintenance and the non-implementation of the minimum wage floor for the state's basic education school network.

Keywords: Governmental funding. Educational policy. National professional wage floor

RECURSOS PARA A EDUCAÇÃO E LIMITES DO AJUSTE FISCAL

RESUMO: Este artigo analisa o financiamento da rede pública estadual de Minas Gerais e a remuneração dos professores da rede entre 2003 e 2014. Focaliza a modernização da administração governamental e os efeitos do programa denominado "Choque de gestão" na aplicação dos recursos para a função educação e para a remuneração do magistério, assim como analisa a limitação imposta pela Lei de Responsabilidade Fiscal para os gastos com pessoal. Como metodologia, analisaram-se dados orçamentários e relatórios do Tribunal de Contas do Estado de Minas Gerais. O trabalho constitui-se de parte da pesquisa "Remuneração de professores da educação básica pública: configurações, impactos, impasses e perspectivas", realizada para o Observatório da Educação.

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A pesquisa constatou a diminuição de recursos financeiros para a função educação em Minas Gerais e a não implantação do piso salarial profissional nacional para os professores da rede estadual de educação básica.

Palavras-chave: Orçamento governamental. Política educacional. Piso salarial. Profissional Nacional.

INTRODUCTION

The past three decades have been characterized by the globalization of production systems and financial transfers, by the dissemination of information, and by the intensification of world relations. Due to these conditions, a vast and intense field of conflicts was established among social sectors seeking to assure their interests regarding public administration. One of the most striking aspects of these conflicts is the destination of public resources to the offer of essential services to the population, education being one of them.

The hegemonic field, represented by multilateral financial institutions, upon assessing economic reforms in Latin America, established a prescription for granting credit, whether for education, or the other action areas in the State, which now requires governments to adapt their economy to the deregulation of markets, to free trade, and to the reduction in the State's size and role. Among the specific points in this neoliberal model, lies the State's duty to limit its spending to its revenue, eliminating public deficit. According to these institutions, the 80s crisis, and crises after that, had been diagnosed as resulting from the State's growth, from its intervention in social areas, from the inefficiency of state-owned enterprises, and from the fiscal imbalance in several countries. The entire diagnosis required the change in the nations' responsibilities to eliminate public deficit.

Based on this conception of the economic reality, and as a result from this prescription, financial policies were introduced in Brazil, to evaluate the fiscal policy performance, which up to them made the compliance with goals agreed upon with external agencies more difficult. Brazil was, as were other countries in Latin America, subject to the imposition of these prescriptions. External investments in Brazil, among which the ones directed to educational programs, mediated by multilateral financial agencies, would be granted in accordance with non-payment risk assessments, thus conditioning these loans to fiscal adjustment programs.

As well as in the national sphere, in Minas Gerais, fiscal adjustment policies have also been decisive in the budget consolidation for that period, and the crisis caused by the debt to federal government (to which the

state of Minas Gerais government declared a moratorium), was attributed to the imbalance in public accounts. Education and its professionals as well as other social policies, were strongly affected by the adjustments performed, whether it its expansion, maintenance or development.

The basic argument in this work is the existence of a strict link between fiscal adjustment managerial policies and education funding policies, resulting in relevant effects on faculty valorization and on faculty wages. The article examines the Minas Gerais administration and public management reform plan, as well as the expenses with the wages of basic education teachers in the state system, resulting from the limits posed by the Fiscal Responsibility Law, an instrument created as part of the fiscal adjustment policies determined by multilateral international agencies.

This work is divided into five sections. The Introduction provides the fiscal adjustment context and the basic argument for the work, which assumes there is a strict link between managerial fiscal adjustment policies, education funding policies, and teacher wage policies. The second section is provides the analysis of the state government administrative reform, focusing on the fiscal adjustment and its effects, in Minas Gerais, on the education funding policy. The third section deals with the education funding issue and the analysis of revenue and expenses regarding education in Minas Gerais. The fourth section presents the faculty wage issue and the analysis of initial wages' progress in the Minas Gerais state school system from 2003 to 2014. The final considerations summarize the analyses on the Minas Gerais administrative policy, and its consequences for faculty wages. The challenges of demonstrating the effects Fundeb (Fund for the development of basic education) had on other states and cities in the country is pointed out, and the importance of observing the artifices introduced by “creative accounting” done by the administrations and their acceptance by audit courts is indicated to researchers.

The research on faculty wages gave rise to questions about the administrative reform and its effects on the distribution of resources to education in a specific federative entity: Minas Gerais. How have changes in management affected education funding in this state? Have the current administrative fiscal adjustment policies assured more resources for education, ensuring fair wages and valorization of teachers?

THE FISCAL ADJUSTMENT POLICY AND ITS EFFECTS IN MINAS GERAIS

From the beginning of the implementation of fiscal adjustment policies in Brazil, federative entities (specifically states and cities) have been considered decisive in configuring the external

debt crises, as a large portion of the imbalance of public accounts is attributed to these entities' lack of control.

Abrúcio's (2008, p. 197) analysis identified the cause for such lack of control:

The sum of the states' global debt was also greatly increased throughout the redemocratization process. From 1983 to 1995, the amount grew from R\$ 18 billions to R\$ 97 billions. Several negotiations were made and, with rare exceptions (basically, Ceará and Santa Catarina), the vast majority of the states did not meet their part in the agreements.

Complementary Law 101/2002, known as the Fiscal Responsibility Law (LRF), has defined joint responsibility relations among the different government levels, and has also sought transparency in public management, forcing administrators to disclose reports and statements on their spending. Among its positive aspects, the LRF established the limits for federal, state and city debts, and forced governments to define annual fiscal goals and to specify the revenue source for each permanent expense proposed.

In the states, the maximum limits for expenses with personnel have been defined for the federal, state and city spheres. Article 20 in the Fiscal Responsibility Law defines, for the state sphere:

Art. 20. The division of global limits proposed in art. 19 may not exceed the following percentages: II - at the state sphere:

- a) 3% (three percent) for the Legislative, including the state Audit Court;
- b) 6% (six percent) for the Judiciary;
- c) 49% (forty-nine percent) for the Executive;
- d) 2% (two percent) for the state Public Prosecutor's Office. (BRAZIL, 2000)

The LRF defined an intermediate limit for expenses with personnel (prudential limit) to 95% of the maximum legal limit. If the state exceeds the prudential limit, it will be subject to some restrictions. The prudential limit calculation shall be done for each government branch: for the state executive power, 95% of 49% correspond to 46.5%; for the municipal executive power, 95% of 54% correspond to 51.3%.

If the total expenses with personnel exceed this limit, the states will be subject to several restrictions. The power or agency that incurs in excess may not:

I- be granted advantage, increase, readjustment or adaptation of wages on any grounds, except for those resulting from court decision or from legal or contractual determination, excluding the revision provided in clause X of art. 37 in the Constitution.

II - creation of position, job or function

III - change to the career structure that may result in expense increase

IV- provision of public positions, admitting or hiring personnel on any grounds, except for the substitution resulting from retirement or passing of servants in the education, health and safety areas.

V- contracting overtime, except for the cases provided in clause II of paragraph 6 in art. 57 of the Constitution and the situations provided in the appropriation laws. (BRAZIL, 2000)

It is evidenced, therefore, this prohibition includes new contracts, raises, readjustments, creating new positions, and altering career plans for public school teachers. Article 23 explains the restrictions provided for:

Art. 23. If the total expenses with personnel, for the power or agency mentioned in article 20, exceeds the limits defined in this article, notwithstanding the actions defined in art. 22, the exceeding percentage must be eliminated in the two subsequent four-month periods, at least one third of which shall be eliminated in the first of these, by adopting, among others, the actions provided in paragraphs 3 and 4o of art. 169 in the Constitution. (BRAZIL, 2000)

If, after two years, expenses with personnel had not been adapted to the Fiscal Responsibility Law, all transfer payments to the states would have limited financial operations:

Art.23, paragraph 3o If the reduction is not reached at the defined deadline, and while the excess remains, the entity may not: I - receive voluntary transfers; II - obtain direct or indirect warranty from another entity. III - hire credit operations, except for those destined to refinancing of bond debt and those intended to reduce expenses with payroll. (BRAZIL, 2000)

The Fiscal Responsibility Law (LRF) had an important impact on the state public accounts, as it is the case in Minas Gerais, object of this work, a state where tradition of the previous decades was marked by weak control and adjustment mechanisms for public finances.

During the late 90s and early 2000s, Minas Gerais, as well as Brazil, underwent several significant changes, both in administrative structures and in the education system characteristics. The state of Minas Gerais, located in Southeast Brazil, is the federal entity with the highest number of municipalities, 853, fourth largest in territory, 588,528.29 km², and second in population, with approximately 20.1 million inhabitants. Its population density is 33.29 inhabitants per km², and its rural population is the second largest in the country. This scenario demonstrates the large educational challenge in the state of Minas Gerais, where hundreds of municipalities in isolated regions coexist and share resources with developed regions, presenting, therefore, great distortions.

The basic education system in Minas Gerais was the second largest public system in Brazil, with 4,985,864 students enrolled, as per data from the School Census of 2010, of which 2.2 million are enrolled in the State School System, distributed in 3,654 schools. According to data from MEC/INEP, during the early 90s, following a national trend, there was a reduction in the illiteracy rates, as well as the expansion in the school system and increase in number of enrollments. However, also in accordance with national trends, the state had great regional distortions (Brazil, 1997). It was also expected that funding policies resulted in deep administrative changes to the educational systems (COSTA; DUARTE, 2004) along with Law 12678, ratified in 1998, and which reiterated the issue of decentralized teaching, previously advocated in the State Constitution (1989), reduced discrepancies in educational rates at the different areas in Minas Gerais.

The period studied is marked by several governments: Eduardo Azeredo (PSDB), 1994-1998; Itamar Franco (PMDB), 1999-2002; Aécio Neves (PSDB), 2003-2010; Antonio Anastasia (PSDB), 2010- 2014, with different concepts of public policies and administrative concepts.

Data from the late 90s revealed the existence, in Minas Gerais, of high deficits, debt growth, and increased payroll expenses (REIS, 2006, p. 27). At the end of Eduardo Azeredo's government, in 1998, despite the attempts to control them, state finances had not yet been adjusted. During the following administration, (Itamar Franco's government, 1999-2002), faced with a situation of lack of control of public finances, the state of Minas Gerais declared moratorium to the Union in 1999, in an attempt to obtain resources from the federal government and to demonstrate the state's bankruptcy status.

After 2003, in order to equate the fiscal situation to the assumptions of fiscal adjustment and state restructuring, the state government established an administrative program entitled "Management shock", in order to increase revenue and reduce spending. Aécio Neves' government, in order to equate the fiscal situation to the assumptions of fiscal adjustment and state restructuring, the state government established an administrative reform program to increase revenue and reduce spending. The "Management shock" was considered the "line of thinking" to represent the proposed administrative intervention: "the Management Shock project represented the main line of thinking for the Minas Gerais government program" (ANASTASIA, 2006, p. 13).

The bases for the reform undertaken are found in the Monitoring & Evaluation (M&E) system for planning public policy

planning and management. An M&E system consists, basically, of a set of performance indicators and of government public policy evaluations. Based on the M&E system information the management by results is prepared, that is, the use of this information for government action. Its purposes are explained in the World Bank document:

Monitoring and evaluation (M&E) of development activities provides government officials, development managers, and civil society with better means for learning from past experience, improving service delivery, planning and allocating resources, and demonstrating results as part of accountability to key stakeholders. In the development community, the center of attention lies on results. (WORLD BANK, 2004, p. 5)

The Result-based Monitoring and Evaluation system (M &A) is known for being implemented in other countries. In Latin America, it was introduced in Chile, and the selection and monitoring of performance indicators was added in 1994. Colombia uses the M&E system entitled *Sinergia (Sistema Nacional de Evaluación de Resultados de la Gestión Pública - National Evaluation System for Public Management Results)*, and the “*Sistema de Programación y Gestión por Objetivos e Resultados (Sigob - Programming and Management System by Goals and Results)*”, applied to the entire country administration.

In Brazil, the project is justified in the attempt to achieve fiscal balance and in the development:

It consisted of strategic planning supported on two pillars: fiscal balance and a development program that also justified, for society, the initial adjustments of reduction, rationalization of expenses, administrative reform, and increase of tax revenue. (GUIMARÃES; ALMEIDA, 2006a, p. 22)

The Minas Gerais Integrated Development Plan - PMDI for 2003-2020 was based on the document prepared by the Minas Gerais Development Bank (BDMG) entitled *Minas Gerais in the 21st century*, and explained the management model, identifying how to operationalize and materialize strategies based on Result Agreements, as well as the program management:

Undertaking intensive and extensive modernization and innovation work for public management will be as important as the change in mentality and in behavior, and the definition of a clear priority program. Rectifying the finances while maintaining the same operation and management modes is pointless. (MINAS GERAIS, 2003, p. 3).

The priority actions to meet this goal specified in the document include:

3 - Disseminating the practice of implementing projects and programs focusing of results, with priority being given to Government “Structuring Projects”. (MINAS GERAIS, 2003-2020, p. 101).

In this document, the government organized the state public administration into 30 Structuring Projects, entitled GERAES (acronym for *Gestão Estratégica de Recursos e Ações do Estado* - Strategic Management of the State's Resources and Actions) and subsidized the preparation of the *Plano Plurianual de Ação Governamental* (Multiannual Government Action Plan) – PPAG (2004-2007). Structuring projects are summarized in the notion of Management shock, which, in itself, has four priorities: 1) meet fiscal balance; 2) intensify the effort for generating revenue and improving the collection of the revenue generated; 3) care for the quality of spending; 4) find a solution for the social security issue.

In order to use the M&A system, a team of specialists was assembled at the Geraes, who were in charge of monitoring the intervention system. Geraes was structured as a project office connected to the State Department of Planning and Management (Seplag). Structuring Projects were created, defined by area, and monitored by result evaluation. The low percentage budget expense for projects considered priority deserves special attention. In the first two years (2003-2005), there were 31 projects (4% of the budget expense in 2005) and, in 2007-2011, there were 57 projects (9% of the budget expense in 2007).

The “Management shock” program sought legitimacy in the Minas Gerais Integrated Development Plan (PMDI) for the (2003-2007) period. However, the reconciling the first PMDI and the actions designed to streamline the state apparatus did not take place without forging non-existing conciliations and affinities.

Several plans were prepared in the 2003-2020 PMDI, and, during the second administrative reform phase, the 2007-2023 PMDI was prepared, in order to articulate the development plan and administrative intervention “State for Results”.

After 2007, Result Agreements were the instruments used to align institutions and, consequently, civil servants. During this second stage, the pacts with public administration agency directors defined the priority indicators and the results to be achieved. The 2007-2023 PMDI upon providing the Result Areas, or focal areas where the best efforts and resources are applied, aiming at the desired transformations and improvements introduces the idea of finalist results for public administration. Among the 13 focal areas, education participated with several structuring projects, among which:

- » Full Time School;
- » New Management and Compliance Standards for Basic Education;
- » Quality Evaluation System for Teaching and Schools;

- » Teacher Performance and Qualification;
- » Improvement of structures and activity scope for the Regional Teaching Superintendences;
- » Strengthening of partnerships (quantitative/qualitative) with the Third Sector (public-private partnerships).

In the education area, the Result Agreements were established with the Board of Education, with Higher Learning Institutions, and with other educational agencies, which resulted in mandatory obligation to be taken on by the managers (superintendents, directors), which, in turn, were responsible for making teachers accountable for students' performance results, evaluated by means of standardized tests.

As to the Quality Evaluation System for Teaching and Schools, students' and schools' performances were to be presented, in order to:

- » Promote an increase in the average education level of the population, formed in an effective system, with high equity levels, and guided by international cost and quality standards;
- » Reduce regional learning discrepancies in Minas Gerais;
- » Promote an increase in teaching quality, guided by international standards.

Based on the results, grounded by the evaluation of indicators defined to measure teachers' and schools' individual performances, teachers would receive an annual bonus corresponding to one month's salary.

The analysis of strategic personnel management, proposed by the "Management shock" evidences that it consists of a policy regarding human resources designed to increase the ability of civil servants to execute their job so as to meet the Result Agreement goals. To reach finalist goals, state servants in the education area, teachers become the protagonists in charge of the "Management shock" results. However, budget expenses for education and faculty wages constitute important challenges to be analyzed.

With the administration model continuity, represented by Antonio Anastasia's win at the 2010 elections, the administrative guidance sought, according to the government, greater involvement of civil society, in preparing and monitoring public policies, being named "Management for Citizenship". For such, the 2011-2030 PMDI was redesigned with regional goals and strategies that revealed a new institutional articulation, which would take place after the "Connected State" project operation had been organized.

The Integrated Development Networks, provided by law, around which the goals and strategies defined for the 2011-2030 Minas Gerais Integrated Development

Plan - PMDI are organized seek to integrate actions by the state government in different areas, and, at the same time, provide a cooperative behavior with other government levels and with other public and private institutions, to add more value to the Minas Gerais society. It is not about, therefore, formal institutional structures, but, rather, of organization forms and joint efforts around major choices and priorities. (MINAS GERAIS, 2011, p. 26)

The 2011-2030 PMDI also argues that the intensification of globalization brought a significant increase in volume of financial and productive capitals circulating around the world, in search of higher interests, and international competition for these resources is tough, which requires the state to play the role of attracting investment by improving systemic competitiveness of local economy. Therefore, the state of Minas Gerais should seek to strengthen competitiveness and increase the innovation capability of companies and production arrangements, with special attention to the access to new markets, the maintenance and expansion of markets that have already been conquered, the increase of exports, and the increase in added value of products and services.

Important reflections are required regarding the evaluations and criticism to the Management shock policies, in their concept. Assuming that productivity gains are generated by the human factor in production, labor, therefore, if qualified by means of education, would be one of the most important means to expand economic productivity and, thus, capital interest rates. This theory is found in documents in multilateral agencies (World Bank, IDB, UNESCO, ECLAC), which consider that basic education, a privileged instrument for social insertion, is the means to revert social inequality. The apologia to competitiveness and the importance of the human capital theory are not explicit when social insertion, employment, and professional performance problems are displaced to the individual sphere. The multilateral agencies mentioned, by conceiving education as an economic value, equate capital and labor as if they were both equally mere production factors, disregarding the fact that education could not correct that which is built upon the existing economic structure.

EDUCATION FUNDING

In 2006, after the Constitutional Amendment 56 and Law 11494/2007 created and regulated the Fund for the Maintenance and Development of Basic Education (Fundeb), its composition was extended. Participation of states and municipalities was raised from 15% to 20% of the tax collection amount allocated to the fund, and its action

sphere was extended to elementary education, high school and education of young adults and adults. Supplementation by the Union, in turn, was directed only to states in the North and Northeast areas of Brazil (in 2014 – Alagoas, Amazonas, Bahia, Ceará, Maranhão, Pará, Paraíba, Pernambuco, Piauí and Rio Grande do Norte), frustrating expectations of resource contribution by the Union for a higher number of states.

After the approval of Law 11738/2008, which instituted the PSPN (National Professional Wage Floor), the initial national value was defined at R\$ 950.00 (2008), for teachers with middle level education and maximum weekly workload of 40 hours.

Although Law 11738/2008 defined that no teacher in the country could be paid wages lower than the amount defined nationally, in Minas Gerais, the amount was reduced proportionally for the state workload of 24 hours/week, as provided by the Career Plan – Law 15293/2004.

After 2003, payroll expenses underwent an adjustment that enabled, as early as 2004, drastically reduce the percentage spent in this item for the adjustment provided by the Fiscal Responsibility Law (LRF).

This reduction took place, mainly, in the Executive Power payroll expenses, which represented, in 2002, 55.87% of the Current Net Revenue (RCL) and, in 2003, dropped to 43.49%, below the 49% limit, as well the prudential limits (46.5%), provided for in the LRF for payroll expenses by the Executive.

The research data, reported in this article, resulting from the project entitled “Wages for basic public education teachers: configurations, impacts and perspectives”, financed by Capes/Inep/Secadi for the Education Observatory, evidence that the results of the “Management Shock” had significant impact on civil service (lower wages and frozen careers), especially for the Executive Power, which represent 95% of the state’s staff members.

Payroll spending indicators for the staff in education were the first and main target for which in Minas Gerais, accounting artifices were used to demonstrate their suitability to the new fiscal adjustment rules. During the first years in which it was applied, the so-called “creative accounting” enabled including it its calculation of expenses that are not specific of education, as specified in the LDBEN - National Educational Bases and Guidelines Law (BRAZIL, 1996).

One of the critical aspects, as pointed out by Davies (2013) for the analysis of public finances in the educational sector is the inclusion of subterfuges in payroll expenses. Thus it should be carefully analyzed whether, in the state of Minas Gerais, Fundef and, later Fundeb complied with their initial role to operate as a mini tax reform, in favor of education. Research conducted by Davies (2013) in Minas Gerais

show that operations authorized by standards issued by the Minas Gerais Audit Court (TCE-MG) make it difficult to analyze data. In this sense, the author points out that accounting mistakes or “creative accounting” may be found in the inclusion of retired employees, as well as in not including fines and interests on tax and the active debt. He also points out that the fact that the provision not to include additional revenue in accounting also represents “creative accounting”.

In its report on the 2003 state accounting (MINAS GERAIS, 2004b), the Audit Court records that the state government did not include fines and tax interests, nor outstanding debt with its interests and fines, in the calculation basis. Another mistake by the institutions is that, at no point do they provide for accounting of additional revenue to the minimum, such as education wages, partnerships, credit operations for education, etc. In the absence of this control, such additional revenue may be used to finance expenses, which could only have been paid with the 25% of taxes. (DAVIES, 2013, p. 525)

Therefore, after 2004, expenses with the education function were much below the prudential limits required by law. The repetition of subterfuges entitled “creative accounting”¹ continued to exist and include expenses with education, in disagreement with provisions in the LDBEN (Law 9394/1996), as shown in annual technical reports by the Minas Gerais Audit Court.

The research revealed the funds’ (Fundef and Fundeb) effective period corresponds, in Minas Gerais, to a relative decrease of spending with education.

Expenses with the education function represented 28.0% in 1999 and 22.0% in 2002. After Aécio Neves was elected to office, in 2003, this percentage value decreased, reaching 19.6% in 2004, 12.4% in 2006 and 12.2% in 2008. The decrease in spending continued, and the education function corresponded to 11.7% in 2009 and 11.5 % in 2011.

The research data may be confirmed by the Technical Reports issued by the Minas Gerais Audit Court. In 2011, the report states that there has been a decrease, in the period between 2006 and 2011, in the spending with the education function in relation to the total state spending, in the period between 2007 and 2011:

In comparison to the total state expenses, the progress in spending with the education function along the last five financial years, however did not accompany the rising curve of the state’s total expenses. Although expenses with education have increased nominally, the participation of the spending with education, in relation to the total state spending, decreased from 12.49%, in the financial year of 2006, to 11.58% in the financial year under analysis. (MINAS GERAIS, 2011, p. 24)

The research reveals, therefore, the funds’ (Fundef and Fundeb) effective period corresponds in Minas Gerais, to a relative decrease of spending with education.

As pointed out by Oliveira (2009), in the analysis of the Minas Gerais state fiscal adjustment, data that indicate compliance with the Fiscal Responsibility Law shall be differentiated from a possible structural adjustment, whose governmental purpose would be to eliminate deficit. The imprecision in the concept of deficit used mislead public opinion - as well as some technical and academic circles in the country - giving the impression that the new administration had achieved the structural adjustment of its accounts, as well as the removal of barriers that inhibit public investments and the offer of public policies essential for development (OLIVEIRA, 2006).

The structural adjustment, however was not performed, as data show that revenues were inflated with resources from external agencies. Under this perspective, considering the budgetary balance only may be a mistake, as revenues may include resources that do not constitute revenues in themselves, such as those regarding, for instance, loans contracted. Therefore, the idea that the state government accounting imbalance was equated, due to the management shock implemented, and that debt was no longer a problem for the finances. According to Oliveira (2006), although it is necessary to recognize that annual budget flows have improved in Minas Gerais, during this administration, the state's accounting is still in deficit, during this administration.

Improvement to budget flows is explained by the better collection performance - favored by the macroeconomic situation and by extraordinary revenues, not originated from the management shock policy (OLIVEIRA, 2006).

One of the state administration arguments for not implementing salary raises is the impossibility to exceed the limits defined by the Fiscal Responsibility Law. This is the argument used by Antonio Anastasia (2003, p. 17), at the start of the so-called "management shock" implementation:

The state must be effectively impregnated with greater responsibility in fiscal management, as determined by Federal Complementary Law 101, of May 4, 2000, seeking to rectify the imbalance of its public accounts and to reduce deficit that threatens the exercise of its activities. It is necessary, therefore, to establish limits and conditions to the generation of higher spending with payroll, social security, materials, among others, as well as to tax breaks.

In this work, we argue that Article 22 in the Fiscal Responsibility Law (LRF) enables equating the wages public teachers in basic education to the wage floor to which Federal Law 11738/2008 refers. This happens because instituting and updating the corresponding wage floor constitute an obligation originated by Federal Law 11738/2008 and finds legal support in Federal Complementary Law 101/2000.

Law 11738/2006, it should be noted, was prepared, discussed and voted at the National Congress, which ensures its inclusions in the exceptions defined by the Fiscal Responsibility Law.

Law 101/2000 defines the cases in which there are exceptions:

Art. 22 I – granting of advantage, increase, readjustment or adequacy of wages, on any grounds, except those originating from court decision or from legal or contractual determination, excluding the revision provided in clause X of art. 37 in the Constitution. (BRAZIL, 2000)

Therefore, the argument used by public administrations that claim to fear imbalance in local public finances due to the faculty salary raises in the implementation of the National Professional Wage Floor (PSPN) is not legitimate.

In Minas Gerais, Davies (2013) attributes to the mistaken Normative Instructions by the Minas Gerais Audit Court, the limits to expenses with maintenance and development of education, based on the Fiscal Responsibility Law.

Normative Instruction 2/2002 and subsequent instructions provide for similar restriction, based on the Fiscal Responsibility Law, LC 101/2000 (Brazil, 2000), defining that the 60% of Fundef and Fundeb should comply with “the limits with payroll spending defined by LC 101/2000”. That is, priority, according to the Audit Court, is compliance with these complementary laws, rather than the 60% of Fundef or Fundeb, which does not make sense, as Fundef and Fundeb were created by means of constitution amendments, and, therefore, were/are above complementary laws in the legislative hierarchy. (DAVIES, 2013, p. 523)

WAGES² FOR BASIC EDUCATION PROFESSIONALS

The research reveals that wages for basic education teachers in Minas Gerais, during the period studied, have not resulted in significant gains, as to the initial wages, and verifies that bonuses and advantaged added as if their were equivalent to the PSPN.

State administration considered that equivalence to the PSPN could be accounted for with existing bonuses and allowances, that it, as the sum of bonuses and allowances that made up the total wages. Therefore, the significant recovery of teacher wages in the state system was not implemented. If the provisions in Law 11738/2008 were complied with, the National Professional Wage Floor would have to incur on the initial³ wages, not being considered as total wages.

Data regarding remuneration between 2005 and 2014 show the difference between the initial wage and PSPN up to 2010. If remuneration is in the form of subsidy, there are no initial wages, but total remuneration.

TABLE 1 – Progress of basic wages and subsidy – Minas Gerais (Fully licensed teachers – Weekly workload of 24 hours (2005-2014))

Year	MG - Wage Initial - College Degree	MG - Bonuses Allow - ances	MG - State wage floor	PSPN
2005	453.96	PRC* Variable	Allow	—
2006	476.66	**VTI	Variable	—
2007	500.49	VTI PCRM***	Variable	—
2008	500.49	VTI PCRM	850.00	950.00
2009	500.49	VTI PCRM	935.00	950.00
2010	500.49	VTI PCRM	935.00	1,024.60
2011	—	VTAP****	Subsidy 1,320.00	1,187.08
2012	—	VTAP	Subsidy 1,386.00	1,451.00
2013	—	VTAP	Subsidy 1455.00	1,567.00
2014	—	VTAP	Subsidy 1,455.00	1,697. 37

Source: Minas Gerais State Board of Education.

Upon analyzing the table, it is possible to verify that there are successive bonuses and gratifications from 2005 to 2010, due only to tenured teachers. However, the number of temporary teacher hired is three times greater than the number of tenured teachers. Law 100/2007 granted tenure, with no need to public recruitment process, 98 thousand civil servants, 70 mil of which were teachers and employees allocated at the Board of Education.

In 2014, Law 100/2007 was declared unconstitutional by the Supreme Court of Justice. The fact that no public recruitment processes were held maintained, from 2004 to 2014, most teachers as “appointed teachers”, initially hired for a one-year period, but

who have been keeping these contracts for long periods. After the approval of State Law 18975/2010, which institutes the subsidy⁴ as means of remuneration for public school teachers, remuneration of teachers in the state system, as shown in table 1, was not equivalent to the PSPN, regarding basic wages. To these wages, in all teaching systems, portions are added to the PSPN, such as quinquennial bonuses, biennial bonuses, transportation fees, meal plans, and other variable items, such as Faculty Incentives and others, at the discretion of the teaching system. A teacher who had been working for ten years, for instance, receives a much higher remuneration than that of a hired teacher, in Minas Gerais, in the form of subsidy.

Law 18975/2010 defines that subsidy be “a) established as a single payment, to which adding any other allowance, additional fees, bonuses, premiums and representation budgets, or any other kind or remuneration may not be added”. This amount incorporates, in addition to basic wages, the following bonuses and allowances:

- b) faculty incentive bonus to which art. 284 of the State Constitution and articles 2 and 4 of Law 8517, of January 9, 1984 refer;
- c) special education bonus provide for in art. 169 of Law 7109, of October 13, 1977;
- d) graduate degree bonus, provided for in the sole paragraph of art. 151 of Law 7109, of 1977;
- e) allowance for special work duty, as provided in art. 145 of Law 7109, of 1977, and in art. 72 of Law 11050, of January 19, 1993.

Sole paragraph. In addition to the items provided for in the header, the subsidy to which this law refer incorporates other pecuniary advantages to which the servant is entitled, especially:

- I - additional fees for time worked, as provided in arts. 112 and 113 of the Temporary Constitutional Provisions Act – ADCT – in the State Constitution;
- II - personal advantage provided in paragraph 3 of art. 1 in Law 10470, of April 15, 1991, and in art. 1 of Law 13694, of September 1, 2000;
- III - meal plan, as provided in Decree 37283, of October 3, 1995;
- IV - performance bonus, as provided in art. 31 of the State Constitution and in Law 14693, of July 30, 2003;
- V - personal advantage to which art. 49 of Law 15293, of 2004 refer;
- VI - temporary advantage that may be incorporated – VII – as provided in Law 15787, of October 27, 2005;
- VII - teaching remuneration complementary installment – PCRM – as provided in art. 4 of Law 17006, of September 25, 2007;
- VIII - transportation fees to which art. 48 of Law 17600, of July 1, 2008 refers;
- IX - personal advantage to which sub-item 4 of art. 1 of Law 14683, of July 30, 2003 refers, as well as any other advantage resulting from full or proportional annotation in provision functions in commission. (MINAS GERAIS, 2010)

In 2011, Law 19837/2010 defines subsidy as compulsory remuneration for all teachers, incorporating all bonuses and allowances. Career progress was frozen in 2011 by Law 19837, postponing to 2016 the advancement and promotions defined by the Career Plan in effect starting in 2004.

In short, setbacks in career implementation, artifices for equivalence between the state wage floor and the PSPN, and decreased spending in education are evidences demonstrated by the research.

FINAL CONSIDERATIONS

Throughout this article, the configuration of the “management shock” in Minas Gerais and its articulation with fiscal adjustment policies were analyzed. The work was based in the premise that there is a strict link between fiscal adjustment managerial policies, and education funding policies, resulting in effects on faculty remuneration and valorization.

The analysis of the administrative management implemented in the period studied shows that it was constituted as a fiscal adjustment policy based on the needs to establish limits to payroll spending, in order to comply with the Fiscal Responsibility Law. The article argued that this policy had negative effects on the financing of education.

The reduction with education spending that took place simultaneously to the reduction in teachers’ wages.

Analyses on reports issued by the Minas Gerais Audit Court showed their complicity in giving priority to an ordinary law (the Fiscal Responsibility Law) in detriment of constitutional determinations that provide for attaching 25% of states’ tax revenues for Maintaining and Developing Education, and also defines taxes linked to Fundeb.

The reduction in the teachers’ remuneration percentage, throughout this period, is one of the implications of the decreased resources allocated to education.

The research about teacher wages for the Minas Gerais state Basic Education teachers has revealed that state administration has considered that equivalence to PSPN could be accounted for as the sum of bonuses and allowances that made up the total remuneration. Therefore the significant recovery of teacher wages in the public system was not implemented. If the provisions in Law 11738/2008 had been considered, the National Professional Wage Floor should have incurred on the initial wages, but it was not computed in the total remuneration.

It has also been verified that successive bonuses and allowances, from 2005 to 2010, were owed to tenured teachers only. However the

number of temporary teachers hired is three times greater than that of tenured teachers. It has been evidenced that, even after the subsidy was instituted in 2011, as a form of faculty remuneration that incorporated allowances and bonuses, teachers' wages in the Minas Gerais state system does not correspond to the PSPN, which refers to basic wages.

We conclude that teacher valorization, provided by the constitution did not represent a priority dimension of government administration during the period investigated.

The allocation of 60% of teacher remuneration resources provided for application both in Fundef and in Fundeb could not break the barriers imposed by the administrative reform and by the adjustments attributed to the Fiscal Responsibility Law in Minas Gerais.

Education financing researches in other states and city are faced with the challenge to demonstrate the effects Fundeb had on teacher remuneration for these federative entities.

On the other hand research signals to researchers that investigate education funding the importance of considering the artifices introduced by "creative accounting" of administrations and their acceptance by audit courts.

We hope the researches on education funding contribute to explain the subterfuges used in applying budgets allocated to education, enabling the social control of these resources.

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NOTES

¹ The term creative accounting is used to represent a manipulation, with the sole purpose of altering the actual patrimonial, financial and/or economic situation of the entity. For Davies

(2013), creative accounting means using accepted (effective) accounting standards in a flexible and possible manner, because the standards allow for omissions and/or different interpretation possibilities, which lead to practices different from those expected to be in place.

²The term “wage” or “vencimento” is defined in the legislation as the “pecuniary remuneration for the exercise of public functions, whose value is defined by Law (Law112/1990)”.

³ Remuneration is understood as the entire economic consideration for services provided by the worker. In public service, the term “remuneration” is also used to assign all amounts received by the servant, including basic wages, benefits, additional wages, allowances, amount others (PEREIRA, 2011).

⁴ Subsidy is the remuneration model approved by the Minas Gerais State Legislative Congress (Law 18975/2010) which incorporates wages and all bonuses and allowances received by the teachers, such as quinquennial bonuses, graduate degree qualification, faculty incentive and others.

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