

GOVERNMENT FINANCING AND FINANCIAL SUSTAINABILITY OF EDUCATION IN PUBLIC BOARDING SECONDARY SCHOOLS IN NAIROBI CITY COUNTY, KENYA

Ann Mwhaki Mbaire

Postgraduate Student, Department of Accounting and Finance, School of Business Economics and Tourism, Kenyatta University, Kenya

Dr. Charity Njoka.

Lecturer, Department of Accounting and Finance, School of Business Economics and Tourism, Kenyatta University, Kenya

Mr. James Muturi.

Lecturer, Department of Accounting and Finance, School of Business Economics and Tourism, Kenyatta University, Kenya

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ABSTRACT

Financial sustainability of education has faced unprecedented challenges thus calling for a joint concerted effort by various financiers to ensure sustainable education. This research assessed the government financing and financial sustainability of education amongst public secondary schools in Nairobi City County. This research emphasized on resource-based theory. This research adopted the positivism philosophy alongside explanatory research design. Target population was 39 public boarding secondary schools and their respective 39 principals. This research utilized stratified sampling technique to sample schools whilst all principals were selected using census method. The research used structured questionnaire and relevant ethical approval letters were obtained for data gathering exercise. Data was analyzed

via descriptive statistics and inferential statistics (correlation and multiple regression) using Statistical Packages for Social Sciences version 25.0. The research found that government financing had a positive significant connection with financial sustainability of education. On government financing, the research concludes that government financial overall support was inadequate, untimely, and ignored extremely needy students due to unfair distribution. The study recommends that the government should increase the capitation rate to ensure adequacy of its financial support and should prioritize economically vulnerable learners.

Key words: Financial Sustainability, Government Funding, Public Boarding Secondary Schools.

INTRODUCTION

Background of the Study

In Kenya, public education funding sources include public funds, grants from business investors, individuals, charity and religious groups, and bilateral loans. As per the MoE, huge portion of public education expenditure is from recurring expenditure leaving very little for development (Othoo, Ole, & Gogo, 2019). The increase in inflation rates coupled with poor economic growth has resulted to an increase in education costs. The most affected, especially during the COVID-19 pandemic is the households and donors who have always struggled to meet cost of public education. Further, bodies such as NGOs that have over the time funded public education (usually done at parent-NGO agreement level), particularly for the vulnerable have also experienced heavy finance burden in meeting the cost of public education.

The Kenyan government usually provide capitation for each boarding school student. To meet boarding costs, every parent is entitled to pay a certain amount of boarding fees applicable to

various categories of public boarding schools. Table 1 indicates government financing of secondary education over the years (2019-2024).

Table 1: Government Financing of Secondary Education over the Years

Years	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Amount in KSHS Billions	59,421,865,698	59,421,865,698	67,442,050,616	63,160,788,241	63,958,212,645

Source: BPS-Budget policy statement (2024)

In Table 1, it is clear that there has been a steady increase in the financing of secondary education in Kenya from 2019-2022 financial years. However, a decline in financing of secondary by the government for secondary schools from 2022. Meanwhile, there was a slight increase in the present financial year to 63,958,212,645 (2023-2024) from 63,160,788,241 Kshs (2022-2023).

Based on available government reports, it is clear that there has been an increase in secondary education financing from 2019-2024 financial years. However, a decline in financing by government from 2022 to 2024 has been witnessed in the previous years. Meanwhile, there was a slight increase in the present financial year to 63,958,212,645 (2023-2024) from 63,160,788,241 Kshs (2022-2023). However, the overall budgetary allocation for education including secondary level has witnessed a concerning decrease or a significant in financial budgetary

allocations from Kshs. 88.22 billion in FY 2020/2021 to Kshs. 155.36 billion in FY 223/2024 , before reducing to Kshs. 127.3 billion in FY 2024/2025 (Education Sector Report, 2025/2026). It is clear that with such reduction in funding, Nairobi City County boarding schools will largely remain unsustainable as school fee burden are left to parents who are already burdened due to difficult economic situation in the country. It is in this vein that this study focused on financing options and sustainable education within Nairobi City County.

Statement of the Problem

In Kenya, secondary education has been experiencing financial crisis in the recent past calling for government intervention to mitigate the negative trends that inhibit sustainable secondary education (Ooko, 2018). For instance, there are myriads of late delivery and inadequate financial support from the government, sponsors, parents and this impedes sustainable secondary education. In addition, cases of delayed donor and CDF (facing court battles) disbursement of funds have also been reported and this has made some schools to struggle to sustain operation and administrative costs. Again, only 10% of annual CDF allocation goes to bursary education and the remaining is allocated to other projects. Further, the prevalence of parents residing below the poverty level implies that financing their children’s education could be challenging hence making secondary education unsustainable for many (Ndei, Kiumi, & Kaboro, 2018). Additionally, the government has also reduced fee sponsorship from Kshs 22, 244 to Kshs 17,000 in March 2024 and this has had ripple effect on the sustainability of education given the ever-rising number of student enrolment (Kenya Budget Policy Statement, 2024). Furthermore, education funding allocation reduced from Kshs. 155.36 billion in FY 223/2024 to Kshs. 127.3 billion in FY 2024/2025 (Education

Sector Report, 2025/2026). Evidently, funding education is shrinking and this has ripple effect on sustainability of secondary education.

Again, the lack of timely and late fee payment impedes continuous learning/teaching and this could disrupt school operations and, consequently the secondary education will remain unsustainable. Munene (2019) says that the financial struggles facing secondary education in Kenya including Nairobi City County has negatively impacted smooth learning thereby raising concern about its long-term sustainability. If left unchecked, such constraints could render secondary education unsustainable in Nairobi City County thus negatively impacting the quality of future human capital.

A study by Alshubiri (2021) was on financial sustainability for higher education centers among OECD nations. However, it was done in other countries but not among Nairobi County's public boarding secondary schools and did not use explanatory research methods hence a contextual and methodological research gap. Odiyo et al. (2024) study was on funds disbursement effect on Alego Sub-County public secondary schools' financial sustainability. However, the study failed to use government financing as independent variable, was done in a different sub-county hence a conceptual, knowledge, and methodological research gaps. This study thus investigated government financing and financial sustainability of education among public boarding secondary schools in Nairobi City County, Kenya.

Objectives of Study

The research assessed government financing and financial sustainability of education in public secondary schools in Nairobi City County, Kenya

Theoretical Review

Resource Based View Theory

This theory was proposed by Barney in 1991. RBV assumes that better performance is the result of internal resources. To put it succinctly, RBV asserts that an institutions exemplary performance originates from business resources Utilizing possibilities in higher education via the lens of RBV theory has been the subject of numerous empirical researches (Vasudevan, 2021; Williams, 2014). RBV may assist urban education by demonstrating how to acquire and mobilize more resources or make better utilization of resources to boost efficiency and enhance the sustainable education. Urban secondary schools may find it difficult to provide sustainable education because of a lack of funding; in order for these institutions to continue, these resource constraints need to be successfully addressed (Whitley et al., 2018).

As per the arguments put forth by RBV's advocates (Pedro, Leitão, & Alves, 2020) who used the theory in their study and argued for its relationship to availability of sufficient resources, particularly financial ones that put forth effort in organizing or preparing goals for learning and identifying the necessary resources to support learning that results in gaining of knowledge that directly affects the quality of education. Secondary education is especially important since it aims to enhance the broad intellectual skills learned in primary school, which are applicable

to any productive job, including further study. Therefore, by ensuring the sector is well financed goes a long way in enhancing their need to remain financially sustainable.

Despite this, secondary school education still faces certain difficulties, most frequently related to a lack of funding. In the current competitive environment, institutions may suffer from a lack of emphasis on thorough resource planning and plan implementation. The study will make use of the theory's central assumption regarding the availability of funds and resources for secondary education. This is applicable to this study since it correlates well with the factors on government, constituency bursary, and parental financings that supports sustainable education among public secondary schools.

However, despite its relevance in this study, the theory has been criticized as well. For example, one of the critiques of this theory is Kraaijenbrink, Spender, and Groen (2010) who argued that due to RBV's emphasis on internal resources, external considerations like stakeholders' preferences and market trends may not be given as much thought. Ignoring these outside factors as the case of RBV might lead to missed chances and a narrow perspective thus impeding education's financial sustainability.

Empirical Review

Idrees et al. (2021) analyzed role of national government funding and expenditure on education through school enrolment in Pakistan. For empirical analysis, the research employed secondary data from 2000 to 2017. The research project employed the least squares approach to acquire empirical data and descriptive statistics analysis. The findings demonstrated that government spending have a positive connection with school enrollment, meaning that as these spending levels rise, so does the nation's total school attendance. Nevertheless, the capitation rate was inadequate thus excluding vulnerable learners from accessing education. However, the study was limited to learning institutions in Pakistan hence a contextual research gap that was filled by conducting a localized study on government financing' influence on sustainable Secondary education.

Shaturaev (2021) focused on financing and Islamic (Madrasah) education' management in Indonesia. There are two primary subsystems within Indonesia's education system: madrasah education and religious education run by the Ministry of Religious Affairs (MoRA) and funded by Ministry of Education and Culture (MoEC). 87% of 49,402,000 pupils enrolled in these educational facilities have registration in state schools, while the remaining 13% constituted institutions registered in madrasah. Among the roughly 233,517 state schools and madrasah, 82% were state schools and the other 18 percent were madrasah. The researcher employed field surveys and descriptive statistics. It was discovered that the nation's public educational institutions were unable to function properly due to a shortage of school fees. Moreover, it was found that funding formula disadvantaged needy learners. However, the study generalized its findings on both primary and secondary schools. Further, it was done in a country with a different geographical scope and education system hence the need for the current research with a local setting.

Seleman (2022) explored education stakeholders' perception on free education in schools in Nkasi District. The investigation recruited 97 people in five secondary schools as a sample. There were three ways to gather data: interviews, questionnaires, and documentary evaluations. It established that the degree of funding provided by the government did not meet the expectations of the stakeholders. The research found that the funding was insufficient, which had an impact on the impoverished children's capacity to finish their education. Nevertheless, notwithstanding stakeholders' demands for capitation grants in schools, student enrollment and attendance increased.

Mashala (2019) analyzed the impact of Free Secondary Education (FSE) implementation in Tanzania. Secondary data of ministries and other government agencies was gathered for the purpose of the research. Data was given after statistical analysis. Four assumptions regarding the enrollment rate, student success rates, and rate of dropping out served as the basis for the data gathering. It revealed that administration effectively implemented FSE scheme was the right one. Yet, following the policy's implementation in 2015, it has been shown that the Free Education Policy has, in many cases, had a negligible/insignificant effect on secondary education due to inadequate funding and delayed fund delivery to schools. The study however failed to assess how government funding influences the sustainability of education in Tanzania.

RESEARCH METHODOLOGY

Research Philosophy

The study used a positivist ideology, which holds that since reality exists independently of humans, researchers may observe it objectively (Collis & Hussey, 2014). The role of the researcher therefore follows scientific approach in discovering specific nature of cause and effects' relationship (Saunders, Lewis, & Thornhill, 2009).

The study used an explanatory research design. It was used since it quantitatively generated study questions (Skinner & Dancis, 2026). Through explanatory, researchers benefited from the information gathered via questionnaire to provide descriptive investigation on area that has been researched by several authors.

The target population was 39 schools (unit of observation) research while 39 principals were the unit of analysis based on the selected public boarding secondary schools at the County Government of Nairobi City (Teachers Service Commission (TSC, 2024)

This research used empirical model to examine the connection between government financing, sponsorship and financial sustainability of public boarding secondary education (dependent variable).

$$Y = \alpha_0 + \beta_1 X_1 + \epsilon_i$$

Where:

Y - Financial sustainability of education

α_0 - The constant

X_1 - Government financing

β_1 - Coefficients

ϵ_i - the residual error term

Descriptive Findings

In this subsection, the study presented the descriptive results as per the research objectives. The results are illustrated in the following sections.

Influence of Government Financing on Financial Sustainability of Public Boarding Secondary Education

Table 2: Influence of Government Financing on Financial Sustainability of Public Boarding Secondary Education

	No extent (%)	Small extent (%)	Moderate extent (%)	Large extent (%)	Very large extent (%)	Mean	Std. Dev
Funds are timely disbursed by national government to aid learning	22.9	68.6	8.6	0.0	0.0	1.86	0.550
The capitation rate need to be adjusted to meet increasing school demands	0.0	0.0	0.0	51.4	48.6	4.49	0.507
There is enough funding for school infrastructure expansion	40.0	40.0	20.0	0.0	0.0	1.80	0.759
The funding model ignores extremely needy and vulnerable households	5.7	5.7	5.7	34.3	48.6	4.14	1.141
County bursary funds adequate and timely	17.1	57.1	11.4	8.6	5.7	2.29	1.045
CDF allocation sufficient	5.7	74.3	20.0	0.0	0.0	2.14	0.494

Source: Researcher (2025)

In Table 2, the study found that funds were timely disbursed by national government to aid learning to a small extent as reported by 68.6% while 22.9% said funds were timely disbursed to a no extent (mean, 1.86) while nil respondents gave large to very large extent responses. This means that funds were majorly delayed. The study established that capitation rate needs to be adjusted to meet increasing school demands as reported by 51.4% (large extent) and 48.6% (very large extent) with a mean of 4.49 whereas none provided a no or small extent responses.

It was also found that the funding model ignores extremely needy and vulnerable households as supported by 48.6% (very large extent) and 34.3% (large extent) with a mean of 4.14 while only 5.7% gave small extent responses. Again, on whether County bursary funds were adequate and timely disbursed, 57.1% said it was adequate and timely to a small extent while 11.4% said it was moderately adequate and timely (mean, 2.29) against 8.6% large extent responses. In support, Richard et al. (2019) found that CBF was not adequate thus having a negative effect on internal efficiency. The study also revealed that CDF allocation was sufficient to a small extent (74.3%) and to no extent (5.7%) with a mean of 2.14.

Normality Test

The reliability of the data was evaluated in this research utilizing the Shapiro-Wilk test. According to the Shapiro-Wilk Test, a value larger than 0.05 often denotes a normal distribution. The results are summarized in Table 3.

Table 3: Normality

Variables	Sig.
Government financing	0.213
Educations' financial sustainability	0.454

Source: Researcher (2025)

In Table 3, the results imply that data for all the variables was normally distributed since all have their sig-values >0.05.

Heteroscedasticity

The research utilized the Breusch–Pagan test to determine whether or not the data was heteroscedastic. Heteroscedasticity is more likely to exist anytime the constant variance requirement is violated. The research tested for heteroscedasticity using a p-value of 0.05. The results can be found in Table 4.

Table 4: Heteroscedasticity

Variables	Heteroscedasticity	
	t	Sig
Government financing	0.685	0.135
Educations' financial sustainability	0.476	0.431

Source: Researcher (2025)

As shown in Table 4, government financing, sponsorship, parents' financing, education policy, and Educations' financial sustainability all had significant scores of 0.135 and 0.431, respectively. Therefore, it can be reported that there no heteroscedasticity given that all sig. scores were >0.05.

Direct Relationship between Government Financing and Financial Sustainability of Education

In this subsection, the study set to determine the overall regression results for the variables. The results are subsequently presented in the subsequent tables.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.645 ^a	0.415	0.338	2.22783

a. Predictor: (Constant), Government financing

Source: Researcher (2025)

In Table 5, the study established that the R (coefficient of correlation) and R² (coefficient of determination) were 0.645^a and 0.415, respectively. Using R for interpretation, it is evident that the government financing accounted for 64.5% of the variance in the financial sustainability.

The rest of the percentage (35.5%) can be accounted for by other variables that this study excluded.

Table 4.11: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	105.845	4	26.461	5.331	.002 ^b
	Residual	148.897	30	4.963		
	Total	254.743	34			

a. Dependent: Financial sustainability of education

b. Predictors: (Constant), Government financing,

Source: Researcher (2025)

The ANOVA results in Table 4.11 indicates that the F-statistics of 5.331 was significant as depicted by a sig. value of $0.002 < 0.05$. From the results, it can be reported that the model was significantly reliable hence a good fit for this research.

Table 6: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	46.914	10.533		4.454	0.000
	Government financing	0.622	0.208	0.422	2.993	0.005

a. Dependent: Financial sustainability of education

Source: Researcher (2025)

Table 6 show coefficients' results. The research found that government financing had a positive significant relationship with the financial sustainability of education amid public boarding secondary schools in Nairobi City County ($\beta=0.622$; $p\text{-value}=0.005 < 0.05$). The results can be interpreted to mean that a unit increase in government financing will lead to the financial sustainability of the schools by 62.2%. In concurrence, Oketch et al. (2019) revealed that funding from the Siaya SCEBF significantly and positively increased secondary education continuation; an indication of sustainability.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study conclude that government financial overall support was inadequate, untimely, ignored extremely needy students (unfair allocation), and the capitation rate was also low thus compromising financial sustainability of education amongst public boarding secondary schools in Nairobi City County. Both correlation and regression found that government financing had a favorable significant connection with financial sustainability of education.

Recommendations

The study recommends that the government should increase the capitation rate to ensure adequacy of its financial support. The capitation policy should ensure that economically vulnerable kids receive the highest proportion of government subsidy to promote financial sustainability of education.

The study recommends that the secondary school subsidy can be broadened by the government to ensure that it represents a greater percentage of operating expenses, particularly for institutions with a high proportion of underprivileged students. The schools will have greater financial stability under a standardized and frequently reviewed funding arrangement.

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