



From Allocation to Impact: Evaluating the Effectiveness of School Budget Models in Indonesia

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ABSTRACT

Pengelolaan dana pendidikan di Indonesia menghadapi masalah serius dari aspek distribusi dan transparansi. Salah satu dampak yang diakibatkan oleh masalah tersebut adalah ketimpangan yang terjadi di berbagai wilayah, khususnya di daerah tertinggal dan terpencil. Penelitian ini bertujuan untuk menganalisis efektivitas mekanisme pembiayaan pendidikan di sekolah. Pendekatan kualitatif digunakan dalam penelitian ini dengan teknik studi kasus di sekolah yang ada di Indonesia. Teknik pengumpulan data menggunakan teknik wawancara, dokumentasi dan data laporan pendidikan. Hasil penelitian menunjukkan bahwa efektivitas anggaran pendidikan perlu menjalankan tiga fungsi dari pembiayaan pendidikan, yaitu kesesuaian, tepat sasaran, dan transparansi. Fungsi ketiganya juga membuka keran bagi elemen dan komunitas lokal di lingkungan sekitar sekolah dapat berperan dalam upaya pengawasan yang lebih maksimal.

The management of education funds in Indonesia faces serious problems in terms of distribution and transparency. One of the impacts caused by this problem is the inequality that occurs in various regions, especially in underdeveloped and remote areas. This study aims to analyze the effectiveness of education financing mechanisms in schools. A qualitative approach is used in this study with a case study technique in schools in Indonesia. Data collection techniques use interview techniques, documentation and education report data. The results of the study indicate that the effectiveness of the education budget needs to carry out three functions of education financing, namely suitability, on target, and transparency. The third function also opens the tap for local elements and communities in the school environment to play a role in more optimal supervision efforts.



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INTRODUCTION

The quality of education is inherently dependent on the allocation of educational funding, which underscores the crucial role the financing sector plays in shaping educational outcomes. Proper allocation and management of resources are key factors in ensuring equitable access to quality education. Without sufficient and efficient resource management, disparities in educational quality are inevitable. As Jones (1997) asserts, the financing of education is a foundational determinant of educational success. However, the problem lies in the frequent mismanagement and inequitable distribution of these resources. When budgets are not carefully managed or appropriately targeted, it leads to imbalances that negatively affect education, particularly in developing countries with constrained financial resources. These issues are further exacerbated in remote and underdeveloped regions, where the lack of funding poses significant barriers to educational development (Evans, 2020; Mbiti, 2016).

In Indonesia, the economic disparity between regions contributes significantly to unequal educational opportunities. Large urban centers, which typically receive a higher share of educational funding, tend to have better access to resources and, consequently, higher educational outcomes. In contrast, rural and less developed areas often struggle with inadequate funding, which leads to disparities in educational quality (Wirandana & Khoirunurrofik, 2024). This issue is compounded by a lack of alignment between budget allocation and local educational needs, as schools in underfunded areas are frequently left with insufficient resources to meet the demands of their students. Such disparities illustrate the need for a more nuanced understanding of how budget allocation affects education and the potential long-term consequences for the nation's educational system (Sugianto et al., 2024).

The misalignment of resources has led to an inefficient allocation of funds, which impedes educational improvement in various regions across Indonesia. As a result, schools in less economically developed areas face significant challenges in terms of infrastructure, teaching quality, and student outcomes. The implications of such resource misallocation are far-reaching, particularly when considering the long-term effects on student performance and the overall education system. Thus, it becomes imperative to critically evaluate the existing school budgeting models to identify areas of improvement, with a focus on ensuring that educational resources are equitably distributed according to the specific needs of each region. This assessment is crucial for enhancing the responsiveness of the education financing system and addressing the needs of underserved populations.

This article seeks to analyze the school budgeting models currently employed in Indonesia, with an emphasis on evaluating the effectiveness of fund management in relation to student learning outcomes. Through a qualitative approach, this study aims to provide an in-depth understanding of how budget allocations impact the performance of schools, particularly those in underserved regions. The research will focus on assessing whether the current budgeting practices adequately address the diverse needs of schools across the country. By analyzing these practices, the study aims to contribute valuable insights into the relationship between resource allocation and educational outcomes.

The primary objectives of this study are twofold. First, the research seeks to determine the effectiveness of the current school budgeting model in improving educational outcomes. Second, it aims to explore the relationship between budget allocation and its impact on school performance. These objectives are designed to guide a comprehensive evaluation of the existing system and identify key areas for improvement. By addressing these objectives, the study will contribute to the broader discourse on education financing and its role in promoting educational equity in Indonesia.

In addition to evaluating the current budgeting model, this study also aims to provide actionable recommendations for improving the allocation and management of education funds. These recommendations will focus on making the budgeting process more responsive to local needs, ensuring that resources are distributed equitably across all regions. By offering these insights, the study seeks to contribute to the development of a more effective and inclusive school budgeting model that can better support educational development in Indonesia. Ultimately, the goal is to create a framework that fosters greater educational equity, improves the quality of education across the country, and enhances student learning outcomes.

METHODS

This study employs a qualitative approach to explore the relationship between school budgeting and educational outcomes in Indonesia. The primary aim of the study is to assess the effectiveness of the current school budgeting model and examine how budget allocation impacts the performance of schools, particularly with respect to student learning outcomes. Through this approach, the study seeks to provide a comprehensive understanding of the challenges and opportunities within the current budgeting system and how these issues can be addressed to improve educational equity and outcomes across the country.

Data for this study were collected using a combination of semi-structured interviews, focus group discussions, and document analysis. Interviews were conducted with key stakeholders involved in the school budgeting process, including school principals and teachers responsible for education financing. These interviews aimed to gather insights into their perspectives on the current budgeting model, its effectiveness, and its impact on educational outcomes. Additionally, focus group discussions will be organized with school staff, including teachers, principals, and finance officers, to gather qualitative data on how budget allocation affects daily school operations, teaching practices, and resource management. This provides a deeper understanding of the challenges faced by schools in managing their allocated funds. By examining schools with different levels of funding and performance, the study identifies best practices in budget management and areas where improvements are needed.

The population for this study includes public schools across Indonesia, with a specific focus on schools from diverse geographic locations—urban, suburban, and rural areas. The sample consists of approximately 3 schools, selected based on criteria such as geographic location, budget allocation, and school performance. This selection allowed the study to capture a broad range of experiences and challenges related to school budgeting, providing insights into how budget allocation impacts educational outcomes in different contexts. The data collected through interviews, focus groups, and document analysis was analyzed using thematic analysis. This approach helps identify common themes, patterns, and relationships within the data, which will inform the conclusions drawn about the effectiveness of the current school budgeting model. The following are research flow and data analysis.

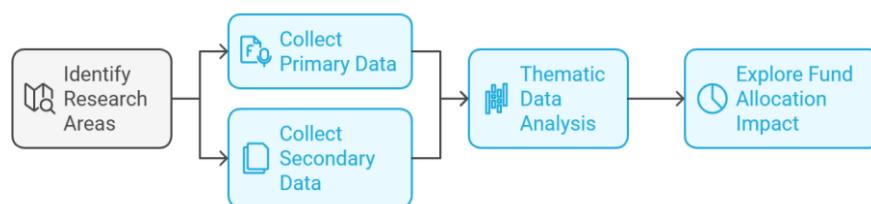


Figure 1: research flow and data analysis

RESULTS AND DISCUSSION

To find out how the series of education budgeting, at least three series of processes generally start from planning, distribution to use of funds (Stevenson, 2010). Planning as the initial step determines what components are needed in education financing, while distribution is in the form of budget distribution to units and schools, and budget use is in the form of realization of education financing aimed at implementing school programs (Reschovsky & Imazeki, 2001).

The education financing model in Indonesia actually does not have a standard and fixed model. This is because the current education financing has various forms and schemes both at the national and local levels. The influence of regional policies, socio-political situations, population demographics, and geographical conditions greatly determine the patterns and mechanisms that are currently running (Kristiansen, 2006).

So it is important here to understand education financing from various aspects. The definition of education financing as a process that makes maximum efforts to utilize all resources and income allocated to run school programs. Meanwhile, according to UNESCO, education financing is a political and social decision-making process through which public revenues and other resources are collected and allocated to finance education and lifelong learning opportunities (unesco.org).

Officially, the government's policy on education financing is accommodated through Government Regulation Number 18 of 2022 concerning Education Funding (Ad'hiah. Et al, 2022). It is stated there that in general the mandate of the law on the allocation of the education budget is

20% of the APBN and APBD to meet the needs of education implementation (Government Regulation). Although each region has the authority to regulate the standards for education budget planning, the percentage guidelines in the education sector must still be met (Kurniati & Fauzan, 2021).

The government's mandate on the implementation of education is important to note because of the declining quality of education (Saputro. et al, 2023), which indicates a reflection of the quality of national education from the results of the PISA report (Sari, 2023). So it is necessary to find the best way to improve the quality and effectiveness of education. The discussion on the evaluation of education financing is quite sharp and has drawn many comments on the extent of its impact on the quality of education (Kurniati & Fauzan, 2021).

Effectiveness of Fund Allocation

The striking difference in the allocation of education funds is between the conditions of schools in urban and suburban areas (Logan & Burdick-Will, 2017). This occurs in almost all areas, where urban schools have more adequate infrastructure and educational programs, compared to remote and disadvantaged areas that experience various educational limitations (Diamond & Posey-Maddox, 2020). There is no greater need than an effective mechanism used to achieve education.

The principal in a rural area of South Sumatra stated:

"The aid funds we have received so far are still far less than the needs of all components of education here, such as facilities-rooms and learning media. Not to mention accommodation and transportation which are sometimes much larger."

The statement above shows that educational institutions face real challenges in areas outside Java and remote areas, especially related to financing and management of the education budget.

There are three issues here that can be highlighted, namely: first, the problem of inequality in funds and the scale of educational needs (Wirandana & Khoirunurrofik, 2024). The gap that occurs between planning for allocation and reality in the field has not considered local conditions and the actual needs of schools. Second, limited educational infrastructure. In order to support the learning process, educational facilities in the form of classrooms and learning media have not been a priority for the government (Kusharjanto & Kim, 2011). Even though educational facilities are available, financing for maintaining educational infrastructure is also not fully available. Instead of supporting learning, it is often found that several educational facilities are actually neglected due to lack of maintenance originating from low or no funding in this aspect. Third, national education policy. In this case, education policy is often criticized because it has not responded much to social, economic, and geographical conditions, especially in rural and disadvantaged areas (Prasetyia, 2019). Fair policies will have a more humane impact on all regions, as well as equal distribution of quality improvements thanks to the support of systematic, measurable and appropriate policies.

Education Funding and Impact on School Performance

Education funding that is measured based on performance or results will encourage increased school performance. The performance of schools and human resources of teachers or education staff that increases is also driven by the allocation of school human resource performance. For example, teacher certification budgeting also depends heavily on teacher performance.

As a teacher in the Kupang area said:

"because the allocation of funds that we receive depends on teacher performance, so we are required to have improvements in the learning process, yes, more creative, innovative in learning so that student learning outcomes also increase."

If we look at the 2024 budget portion, in fact the allocation of education funding in the regions is already quite high, amounting to 346.56 trillion out of a total of 665.02 trillion rupiah. The distribution of budget portions in the regions indicates the central government's attention as an

effort to equalize access to education. Several ministries such as the Ministry of Education, Culture, Research and Technology received a portion of 98.99 trillion and the Ministry of Religion received 62.30 trillion, also showing attention to general formal and religious education. In addition to the budget portion, the 2024 education budget allocation was also issued for several specific items, such as the non-ministerial/institutional education budget of 47.31 trillion, Financing expenditure of 77 trillion and for other ministries/institutions of 32.86 trillion (puslapdik.kemdikbud.go.id).

Tabel 1. Indonesian Education Budget 2024

| No | Expenditure | Amount (trillion) | Percent |
|-------|--|-------------------|---------|
| 1 | Transfer to regions and village funds (TKDD) | 346,56 | 52% |
| 2 | Kemendikbutristek | 98,99 | 15% |
| 3 | Financing expenditure | 77 | 12% |
| 4 | Kemenag | 62,30 | 9% |
| 5 | Education budget on non-ministerial/institutional spending | 47,31 | 7% |
| 6 | Other ministries/institutions | 32,86 | 5% |
| Total | | 665,02 | |

source: puslapdik.kemdikbud.go.id

Considering the large total budget, the effectiveness of its distribution and use is actually vital to achieve the targets and objectives of the quality of education in Indonesia. The portion of the budget in each field so that it can be right on target and there is an increase in performance. The relationship between financing and the quality of education is very clearly interconnected (Brown, 2016). Ignoring one of the two is the same as placing the quality of education at its lowest point.

The significant impact of targeted education financing is actually a link in the chain of improving the quality of human life. The aspects of strengthening literacy, increasing the economy and income, and advancing the nation's civilization are strongly influenced by the quality of its education. As a developing country and a projection of the four largest world economic growth, education in Indonesia must strengthen all instruments to realize these targets (Pambudi & Mardati, 2019).

The role of the education budget for human quality, it is not impossible to increase opportunities for improving other aspects. By viewing financing as something crucial, so that education financing must uphold the principle of effectiveness and right on target (Chin & Chuang, 2015).

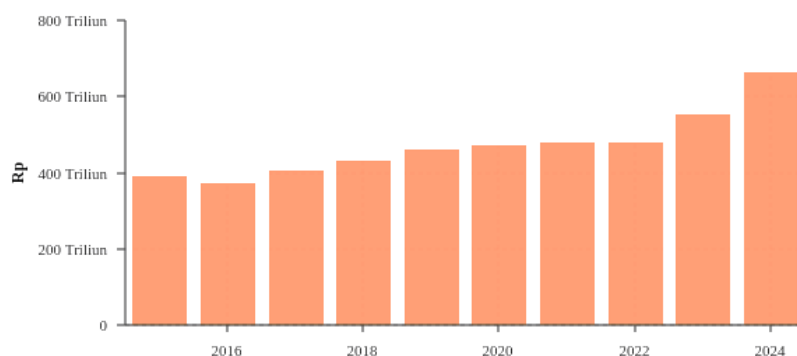


Figure 1. Total education budget in Indonesia 2016-2024

Source: databoks.katadata.co.id

Supporting and Inhibiting Factors: An Analysis

One of the things that often plays a big role in the realization of the education budget is the monitoring mechanism (Moswela, 2009). In addition to government and structural devices from financial institutions, monitoring can also involve local communities as supporters. Community instruments and school communities as part of the local community play quite an important role. Because they are organizationally outside the formal structure of the ministry, they can be given the authority to monitor and supervise the use of the education budget within certain limits.

Not a few in this local community, educational monitoring, especially the use of the budget, is increasingly on target and supports the implementation of education programs. Even the involvement of these community elements is often integrated into school programs that actually start from the initiative of the community environment around the school itself (Turrent, 2009). As a supporting factor, the local community has an additional function in the external monitoring mechanism system.

In addition to support from various parties, in reality, the lack of transparency in the use of education funds has almost been in effect in many places (Chang, 2018). Due to the lack of supervision, the unclear report on the realization of the education budget is possible. With the complexity of the bureaucracy in Indonesia (Turner. et al, 2022), especially in terms of disbursement of funds, it has added a new burden for educational institutions to carry out legitimate alternatives to run their programs (Turner. et al, 2022). Complaints and harsh criticisms about the difficulty of disbursing some education funds for certain reasons raise many big question marks. Although the source of funds comes from the Ministry of Finance which is distributed across many ministries and institutions, the clarity of the disbursement flow often faces a deadlock. A picture where education continues to face complex and complicated challenges from various directions.

CONCLUSION

This study emphasizes the basic findings of the effectiveness of the education budget in schools must emphasize three aspects, namely suitability, on target, and transparency. All three are increasingly effective when the involvement of local communities is given a role in supervising school education funds. The research locus in Indonesia illustrates how the impact of budgeting effectiveness in schools on performance improvement. With the diverse dynamics in the field, new alternatives have emerged with patterns on how to wisely finance education by looking at the social, economic and geographical context in each region. Similar research can follow up by developing clearer mechanisms on certain aspects with sustainable and continuous goals.

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