

## FUNDING POLICIES ON EDUCATION REFORM IN INDONESIA

**Bambang Ismanto**

bam\_ismanto@yahoo.com

Satya Wacana Christian University – Salatiga – Indonesia

### Abstract

This study examines the management of government funding for education reform in Indonesia. Funding education is strategic in improving the equity and quality of human resources in Indonesia. Regional differences, educational resources between districts/cities and the ability of parents and the community bring about differences in the amount and sources of funding for education. Education funding is the responsibility of the central government, local government and the community. The Indonesian government established a policy meet the needs of the education budget from the state budget in the form of budget of the Ministry, the General Allocation Fund, the Special Allocation Fund and school operating costs. The education fund from the local government is to increase the aid budgets of school operating costs and scholarships. The implementation of education funding is according to the regulations set forth in the financial area of Law Number 17 of 2003. The findings of this study show that the implications of education reform authorizes the regency/city governments in managing education funds both from national and regional budgets. The district government, and parliament establish policies and budgetary priorities of education. More than 20% budget allocations for education in Indonesia state and local budgets. Reform education funding also carries implications for every school and school operational assistance to manage the special allocation fund derived from state and local budgets. The Principal in collaboration with the School Committee do the planning, administration, supervision and accountability of education funding. The problem of education funding reform is the financial systems and procedures, planning and budgeting, financial management and skilled manpower limitations. The legal uncertainty into the management of public financial management in the implementation of education funding problem in Indonesia.

Keywords: Funding, School Reform, Education, Accountability.

### Introduction

The implications of the mandate of educating the nation, the Government is responsible for funding education by allocating a budget for education in the state budget and the budget. Law No. 20 Year 2003 on National Education System Article 49 mandates that education funding in addition to the salary of educators and service education expenses allocated at least 20% of the State Budget (APBN) in the education sector and at least 20% of the Revenue and Expenditure (budget). But unfortunately, this mandate is countered by the Constitutional Court decision No. 13 / PUU-VI I, 2008, the education budget at least 20% of the state budget and the budget, including the salaries of educators in it. Funding education is the provision of financial resources required for the implementation and management of education funds. Management based on the principle of efficiency, transparency, and public accountability.

Financing of education is also the responsibility of society. Parents / guardians of students. Responsible for personal expenses learners i.e costs associated with basic needs and relative of the learners themselves, such as : transport to school, pocket money, school uniforms, books supporting, additional courses, and the like. In addition, the parents / guardians of students also bear some of the costs of the educational unit to cover the lack of funding provided by the organizers and / or educational unit.

In the decentralization of power (autonomy), the government assist local governments in implementing public services that submission. from the above table shows that majority of the basic education budget from the state budget is the transfer to local governments. basic education as the implementation of regional autonomy (Ismanto:2014). Government is obliged to allocate the budget for education to help local governments cope with fiscal needs.

Education Sector Development Policy is directed primarily to: (1) improve the quality of compulsory education nine-year basic education equitable; (2) improve access, quality, and relevance of education universal medium; (3) improve the quality, relevance, and competitiveness of higher education; (4) increase professionalism and equitable distribution of teachers and education; (5) strengthening the implementation of the system national education; (6) improve the efficiency and management effectiveness of educational services; and (7) strengthening education governance to support the efforts improving the quality of education services, the impact on improving the performance of national education. Target development of education in the Medium Term National Development Plan (RPJMN 2010-2014) is increasing access and equity in education ranging from primary education to higher education, indicated by the increase in the average length of school population aged 15 years and over, blind reduction literacy of population aged 15 years and above, the increase in nett enrollment ratio

(NER), and an increase in school enrollment ratio (SER) at all levels of education.

Education is essential for all human beings. It is an effort for realizing their potentials through learning and/or other education activities which are socially recognizable. The 1945 Constitution, Article 31, Verse (1) states that every Indonesian citizen shall have the right to education. Verse (3) also states that the Government is responsible for the provision of a single national education system. Such a system would enable individuals to become faithful and pious to God and to possess morals and noble character, such that augments intellectual capacity and promotes character building, that is stipulated by an Act.

Education is a right for every citizen of Indonesia to improve the dignity and quality of life. Government guarantees education to all citizens without discrimination. The government also guarantees educational evenly throughout Indonesia. This in accordance with Article 5 of Law Number 20 of 2003 which states that :

(1) Every citizen has equal rights to receive a good quality education. (2) Citizens with physical, emotional, mental, intellectual, and/or social deficiencies shall have the right to receive special education. (3) Citizens in the remote or less-developed areas, and isolated areas have the right to receive education with special services. (4) Citizens who are proven intelligent and especially gifted have the right to receive special education.

The National Education functions to develop the capability, character, and civilization of the nation for enhancing its intellectual capacity, and is aimed at developing learners' potentials so that they become persons imbued with human values who are faithful and pious to one and only God; who possess morals and noble character; who are healthy, knowledgeable, competent, creative, independent; and as citizens, are democratic and responsible (Article 3 of Law Number 20 of 2003). The principles of education in Indonesia is based on (1) the principle of democratic, equitable and non-discriminatory based on human rights, religious values, cultural values, and national pluralism. (2) as a systemic unit with open systems and multi-meaning; (3) as a lifelong process of instilling cultural values and empowering learners. (4) based on the principles of modeling, motivation and creativity in the learning process. (5) is done by developing a culture of reading and writing and, arithmetic, for all members of society. (6) is done by empowering all components of society through their participation in the implementation and monitoring of the quality of educational services.

The reform movements in Indonesia in general require the implementation of principles of democracy, decentralization, justice, as well as respect for human rights in the spirit, which characterizes both the nation and the State. In relation to education, these principles shall have

fundamental impact on the contents, processes, and management of the national education. The reforms in education system are intended to renew vision, missions and a strategy of the national education. Education funding reforms will set the standard of education funding for each unit of education according to the principles of equity and justice.

Funding policy must be able to secure community education equalization of educational services across the country. Reform education funding should be able to set a standard preparation of educational funding for any educational institution according to the principles of equity and justice. Resource potential differences between regions affect the facility's ability to provide educators, teachers, facilities and personal abilities of students and parents.

In 1945 responsibility for the nation's education, especially basic education is the responsibility of the government. This is especially the government described in section '31 paragraph (2) that "every citizen is obliged to follow the compulsory basic education and government finance". Critical issues arise in this discussion is how the government's commitment to addressing this constitutional mandate, even though we know that basic education has not enjoyed by the whole society, and the cost of education to date are still to society itself. That is, the 9-year basic education is still not completely free, even still impressed still expensive for the poor.

Arrangements regarding education funding in Article 46, Article 47, Article 48, and Article 49, Law Number 20 Year 2003 on National Education System is based on spirit of decentralization and autonomy of the educational unit in financial balance (funding) between the central and regional education. Responsibility of the Government and local authorities to provide education budget based on the principle of fairness, adequacy, and sustainability. In order to meet the funding responsibility, the Government, local governments, and mobilizing community resources available in accordance with the laws and regulations that are managed based on principles of equity, efficiency, transparency, and public accountability.

Funding education is a shared responsibility of government, local governments and communities. Government Regulation Number 48 of 2008 brought about fundamental changes to the implementation of education in order to carry out the mandate of the nation's founding to the intellectual life of the nation. In Article 2, paragraph (1) of Government Regulation No. 48 of 2008 clearly stated that funding education is a shared responsibility between government, local governments and communities; in paragraph (2) explained that the society in question is included (a) providers or educational unit established community, (b) learners, parents or guardians of students, and (c) the other parties that have a role in the field of attention and education. Understanding on Article 2 of the regulation further than Chapter XIII of Article 46 paragraph (1) Law of the Republic of Indonesia Number 20 Year 2003 on

National Education System, the point is that funding for education is a shared responsibility between government, local governments and communities. Article 3, Section 4, and Section 5 describes in detail about the definition and components of cost of education is the responsibility of government is allocated in the state budget and that is the responsibility of local government budgets allocated in accordance with the budgeting system in the legislation.

The euphoria society in the implementation of the decentralization of education, polarization occurs on the responsibility of education and school funding. The 9-year compulsory education established by the government in the implementation of the mandate of basic education, public perception about education funding is the responsibility of government, provincial governments and local governments. The campaign by the government of a free school is also one of the things that weaken the participation of parents and communities in support of education funding. This is an obstacle for local governments and education departments and school principals in the search for alternatives in solving the shortage of financial resources of the parents and the educational community.

### Findings and Discussion

Decentralization of education as the implications of decentralization that began in 2001 gave the authority of local governments to manage resources according aspiration needs of the community. In fact, most of the local governments in Indonesia have not been able to provide the necessary budget authority intended to hold. Over the last 10 years, most of the needs of local government budgets to support with State Budget. Approximately 82% of the budget of local governments in Indonesia funded by the state budget transfers. the remaining approximately 18% is revenue of the local government concerned. This condition as the implications of the government's responsibility in the public service are met secure community include education, health, and infrastructure. In addition to the transfer of funds, education funding from the Government consists of school operational assistance and special allocation fund. The implementation of this national program to support government school operational assistance in order to accommodate for the population of primary school age.

Revenue Sharing between the Government and the Regional Government is a subsystem of the State finances as a consequence of the sharing of task between the Government and the regional government. Revenue Sharing between the Government and the regional government is a comprehensive system in the funding of Decentralization, Deconcentration and Coadministered Tasks (article 2, Law Number 33 / 2004). The funding of basic education funding from the state budget (APBN ) consists of: a. Revenue

Sharing Fund (DBH); b. General Allocation Fund (DAU), and c. Special Allocation Fund (DAK). Special Allocation Fund (DAK) shall be allocated to certain region to finance special activities being the affairs of the region. Special activities shall be in accordance with the function as established in APBN. The Government shall establish criteria for DAK, including general criteria, special criteria and technical criteria. General criteria shall be established with due regard to the financial capacity of the region in APBD. Special criteria shall be established with due regard to the prevailing laws and regulations and the characteristics of the region. A regions receiving DAK shall provide Matching Funds in an amount of at least 10% of DAK allocation. Matching Funds shall be budgeted in APBD. A region with a certain fiscal capacity shall not be required to provide Matching Funds. Further provisions on DAK shall be established by Government Regulations. To improve access to basic education, the government provides school operational assistance (BOS) and help poor students (BSM). (Ismanto:2014).

According to the Minister of Education Rule number 69 of 2009, operating expenses non personnel standard is the standard cost required to fund operations nonpersonnel for 1 (one) year as part of the overall education funding to education units can conduct educational activities on a regular basis and appropriate ongoing National Education Standards. BOS is a government program which is basically the provision of funding for operating costs for units nonpersonnel basic education as a compulsory program implementers. However, there are several types of investment financing and personnel are allowed financed with BOS.

BOS program aims to ease the burden of financing public education in order to 9-year compulsory quality. Specifically BOS program aims to: (1) Freeing levies for all elementary students / SLB country and SMP / SMPLB / SMTP (Open) country towards the operating costs of the school, except for the pioneering international school (RSBI) and international standard schools (SBI). Donations / levies for schools RSBI and SBI should continue to consider the function of education as a nonprofit activity, so donations / fees should not be excessive; (2) Freeing the entire collection of poor students of all charges in any form, both in public and private schools; and 3) Ease the burden of the cost of operating a school for students in private schools (The Ministry of Finance :2013).

Fund transfer from the state budget aims to reduce fiscal gap between the Government and Local Government and inter-Regional Government. This is in accordance with article 2 of Law 33/2004, which states that Financial Balance between the Government and Local Government is the country's Finance division as a consequence of The Government and Local Government. The source of the financial to Regional governments in order to implementation of Decentralization is based on the handover by the Government to local government in participating districts with fiscal balance and stability

attention. Financial Balance between the Government and Local Government is a system, a comprehensive in order to finance the basis of Decentralization, within assisting task, and Deconcentration. Funding sources include the transfer of the general allocation fund (DAU) and special allocation of funds (DAK). General Allocation Fund, here in after referred to as the DAU is funding sourced from the state budget revenues are allocated with the objective of equity inter-regional financial capacity to fund The area requirement for

the implementation of decentralization. DAK Education Sector is sourced funds from the state budget revenues allocated to the regions with the aim to help fund educational activities in the region in accordance with national priorities in education.

The government allocated the necessary budget to implement the decentralization of education across districts / cities in Indonesia. Details of the education budget is described in the following table.

Table 1. Table 1. Education Budget 2010 – 2014 (Rp. Billion)

No	Education Budget	2010	2011	2012	2013	2014
1	Central Government Expenditure	96.50	105.40	117.00	126.20	130.30
2	Transfer to Region	127.70	159.00	186.60	214.10	238.60
a	Revenue Sharing Fund (DBH)	0.70	0.90	1.00	0.90	1.00
b	Special Allocation Fund (DAK)	9.30	10.00	10.00	11.10	10.00
c	General Allocation Fund (DAU)	95.90	104.30	113.90	128.10	135.60
d	Additional income of teachers	5.80	3,7	2.90	2.40	1.90
e	Teachers' professional allowance	11.00	18.50	30.60	43.10	60.50
f	Special Autonomy	2.30	2.70	3.30	3.70	4.10
g	Regional incentive funds	1.40	1.40	1.40	1.40	1.40
h	Infrastructure development acceleration fund education	1.30	-	-	-	-
i	The School Operational Assistance	-	16.80	23.60	23.40	24.10
j	Regional infrastructure development acceleration fund (DPPID) education	-	0.60	-	-	-
3	The expenditure Financing	1.00	2.60	5.05	-	-
	Total of Education Budget	225.20	266.90	310.80	345.30	368.90
	The Expenditure Budget	1,126.10	1,320.80	1,548.30	1,726.20	1,842.50
	The ratio of education spending to total spending in the state budget	20.00	20.21	20.07	20.00	20.02

Source : Ministry of Finance of The Republic of Indonesia

Budget for education is the education budget in ministries / agencies, transfers to the regions, and financing expenses. During the last five (2010-2014), budget allocation for education from the State Budget of the Government of Indonesia, an average of 20%. Most of the education budget is the allocation of public funds, earmarked grants, and school operational assistance.

The responsibility of funding education by government and local government as stipulated in Article 7 to Article 31 covers the cost of the educational unit of investment, the investment cost of implementation and / or management of education, the education unit cost of operations, cost of operation of the organization and / or management of education, cost of education aid education funding and scholarships as well as abroad. Investment unit cost of education and the cost of investment holding and / or management education is the responsibility of the government will cover the cost of education and the cost of investment land other than land investment education. Medium education unit cost of operation and the operating cost of implementation and / or management education is the responsibility of the government to include the cost of personnel and non-personnel cost of.

Similarly, the cost of assistance, scholarships and study abroad funding are all set out clearly in government regulation number 48 of 2008, accompanied by the threat of the imposition of sanctions in accordance with the legislation. Social responsibility in funding education can be divided into two (2) categories, namely education funding responsibility by the organizers or community education unit established and responsibility for education funding by outside providers and community education unit established community. Component cost of education at the organizers or community education unit established to cover the cost of the educational unit of investment, the investment cost of implementation and / or management of education, the education unit cost of operations, cost of operation of the organization and / or management of education, cost of education and scholarship assistance. While the responsibility of the organizers of the educational unit of society beyond the established community or in other words the responsibility of society as parents or guardians of students will include the cost of private learners, in addition to the investment cost of the land required to cover the shortfall of funding, cost of personnel needed to cover funding shortfalls and funding a portion of the



particular the transfer of DBH, so the area tends to only compare with last year's allocation.

- d. Low actual Capital Expenditure funded, especially in the area of DAK is not only caused by the lack of the functioning of the planning and implementation of activities in the area well, but is also influenced by the policies made by the central government, especially related to planning and budgeting mechanisms, mechanisms to transfer area, and the establishment of technical instructions DAK delayed thus affecting the completion work in the area.
- e. Budgeting and planning DAK influenced by technical instructions issued by the Minister of Technical related. Delay the establishment of technical instructions and guidance in it that are too rigid to restrict the area in plan activities / projects that can be funded from the DAK is a priority area that will create the potential delays in the completion of activities / projects DAK.

Allocation of 20% of the education budget and regional budgets, mostly to be used to pay the salaries of teachers and other personnel. Schools find it difficult to carry out routine activities and development. APBDN allocation in the form of BOS, BOSDA, DAK, BSM is expected to meet the needs of the education budget, thus, each resident has the opportunity to access basic education. Focused special purpose grants for the construction and repair of classrooms and library and information technology needs. Human resources in the education office and school less support in the implementation of the financial regulation of public / area. in a performance-based budget management support necessary expertise in program planning, budget unit calculations, coordination with local planning agencies and local finance and skills in financial administration. In the management of programs and activities of the school, assisted the school committee that serves as the giver consideration (advisory agency), Supporters (supporting agency), controller (controlling agency) and the mediator between the government (executive) with society (Minister of National Education number: 044 / U / 2002). The school committee will assist principals and teachers in program planning, budgeting, program implementation and budget accountability.

The school operational assistance (BOS) from the state budget apparently has not been able to meet the needs school budgets in order to carry out standard national education that must be carried out every school standards that are intended. include: graduates' competency standard, contents, process teachers and educators, facilities, infrastructure, management, financing, assessment, thus, the boss determination according to the number of students in the school at once. meanwhile, school operational cost most is the cost

is still, not calculated based on the number of students, for example: cost electricity bill, water, telephone, teachers and in extracurricular activities and development of the school. The implications of this shortage, local government gave additional school operational assistance from the region at once. Aid consist of : the cost is still operational costs per year and schools. This assistance is derived from the government province and local government.

Financial management is a subsystem of the financial management system and an essential element in the regional administration. Settings on the planning aspect is directed to the entire budget process as much as possible can show the background of decision-making in determining the direction of public policy, priorities and allocation and distribution of resources by involving the community. Therefore, in the budget preparation process and the mechanism set out in government regulations will clarify who is responsible for what as the foundation of accountability between the executive and parliament, as well as in-internal executives themselves.

Budgeting documents submitted by each work unit (SKPD) are arranged in a format of Work Plan and Budget (RKA) on education should really be able to present clear information on the goals, objectives, and the correlation between the amount of the budget (workload and unit price) with the benefits and results to be achieved by the public or of an activity that is budgeted. Hence, the implementation of performance-based budgeting implies that every state officials are obliged to take responsibility for the results of the process and the use of its resources. Budget process aims to harmonize macroeconomic policies and available resources, allocate resources appropriately according to government policy and prepare the conditions for the implementation of good budget management. budgeting setting function that (1) in the context of the policy, the budget provides the policy direction of the economy and explicitly describe the use of resources owned by the community; (2) The main function of the budget is to achieve macroeconomic balance in the economy; (3) a means of simultaneously controlling the budget to reduce inequalities and disparities in various ways in a country.

Budget process begins with the submission of the budget in line with the general policy of the Local Government Work Plan, as a foundation for preparing the local budget to Parliament to be discussed in a preliminary discussion RAPBD. Based on the general policy of the budget that has been approved by Parliament, along with Parliament Local Government to discuss priorities and budget ceilings as a reference for any regional work units. SKPDs head further develop the Work Plan and Budget on education (RKA-on education) which is based on work performance will be achieved. Work Plan and Budget was accompanied by expenditure forecasts for the next year after the fiscal year has been prepared. Work Plan and Budget is then submitted

to parliament for discussion in a preliminary discussion RAPBD. The result of this discussion shall be submitted to the financial management officer as the material for the preparation of the budget draft Regional Regulation. Further, the Local Government submitted draft Regional Regulation of the budget along with an explanation of the supporting documents to the Parliament for discussion and approval. The Parliament approved the budget detail to the organizational units, functions, programs, activities, and types of expenditure. If Parliament does not approve the budget of the draft regulation, the purpose of each month to fund local governments can implement high-spending areas in height at the budget figures with the previous fiscal year's spending priorities binding and obligatory.

Still not the full rules governing local government education funding policy / school into obstacles and constraints in the implementation of decentralization. Determination program and the education budget comes from the state budget that are not equipped with the implementing regulations and technical instructions into doubt in its implementation. as an example of DAK development budget for the library, the budget has been transferred to the treasury of the school, but because there are no rules either from the central government and local government, the school will not execute. The principals also face the fear and psychological pressure, from the implementation of DAK entered law corruption cases because of a clerical error. This issue becomes complex, the support of experts from the education department of the local governments and schools, mostly less mastered the principles of administration and financial management of appropriate laws and regulations of public finance / region / local government.

## Conclusion

Basic education as a national program must be made at the level of SD / MI and SMP / MTs. As compulsory education, the government will support the needs of the operational costs. This as well as the implications on education funding from government sources, provincial, local government and the community. Funding sources is governed by laws, regulations, rules and regulations of the ministry of finance ministry of education and culture of the republic of Indonesia.

Since the phases of program planning, budgeting, implementation and accountability of education funding from the state budget and provincial budget and the budgets of local governments carried out according to regulations. Education budget by 20% of the state budget largely used to pay the salaries of educators. Schools find it difficult to develop sources of funding from the student. promotion and euphoria free school is a constraint in developing funds from parents and the community.

To solve the problem of differences in potential resources and financial capacity of local

governments, the government allocated budgetary support in the form of a general allocation fund, and a special allocation fund. Meanwhile, to help the school routine, the government provides school operational assistance (BOS). The increase access for poor families, the government provides assistance program fee in the form of poor families (BSM).

In program planning, budgeting, implementation and accountability of the education budget and the school needed a skilled workforce and expert. The limited number and competence of personnel in the education office and school become obstacles in managing the funding of education. Regulatory limitations (law enforcement) on the implementation of educational funding constraints in the implementation of the program comes from the state budget. This resulted in a program is not performing optimally and the rest of the budget to the budgets of local governments.

## REFERENCE

- Cohn, Elchanan., (1979). The Economics of Education. Revised Ed., Massachusetts: A Subsidiary of Harper & Row Publisher, Inc.
- Firman, Harry and Burhanuddin Tola, 2008, The Future of Schooling in Indonesia, CICE Hiroshima University, *Journal of International Cooperation in Education*, Vol.11 No.1 (2008) pp.71- 84
- Good Governance Brief, Local Government Financial Management Reform in Indonesia Challenges and Opportunities, No. 3 , September 2007
- Ismanto, Bambang, 2014, Model Of Funding Education In Indonesia, ( Reflection Responsibility of The Government In Improving The Quality of The Nation ), The 5th ICETA International Conference on Education "Global Challenges and Reconstruction for Future Education" Surabaya, 24 May 2014, Gramedia Expo Conventional Hall
- , 2014, The Local Government Policies In Reducing The Cost of The Nine Year Compulsory Education Program In Salatiga – Indonesia, Proceedings Book of ICERI (International Conference of Educational Research and Innovation) 2014, ISBN : 978-602-7981-27-0, Institute of Research and Community Services, Yogyakarta State University, May, 7-8, 2014
- , (2012), Financing education in community empowerment implementation the 12 year compulsory education in the District / City of Central Java Province, International Seminar Be Leading Entity In Education (Proceeding), Faculty of Teacher Training and Education, Satya Wacana Christian University, Salatiga, Indonesia, June 27 th – 28 th 2012

- , 2014, Public Participation in Budget Management School in Salatiga of Central Java Province, Indonesia, Proceedings Book of ICETSR, 2014, Malaysia Handbook on the Emerging Trends in Scientific Research ISBN: 978-969-9347-16-0
- Ministry of National Education (MoNE), Republic of Indonesia, 2010, Strategic Plan (Renstra) 2010 – 2014 Year
- Psacharopoulos, George, 1987, *Economics of Education, Research and Studies*, Fergamon Book, Ltd, United of Kingdom
- Republic of Indonesia (2003). *Law Number 20 Year 2003 on The National Education System*. Jakarta: Ministry of National Education.
- Republic of Indonesia (2004), Law Number 33 Year 2004, Concerning Fiscal Balance Between The Central Government And The Regional Governments
- Republic of Indonesia, 2008, Government Regulation number: 47 of 2008 on compulsory education
- Republic of Indonesia, 2008, Government Regulation number 48 of 2008 on Education Funding
- The Ministry of Finance, Republic of Indonesia, 2013, the Regional Capital Expenditure Evaluation Report.