MEASURING THE EFFECTIVENESS AND EFFICIENCY OF EDUCATION FINANCING BASED ON THE NATIONAL LEGAL FOUNDATION

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ABSTRACT

Education financing plays an important role in equalizing and improving the quality of national education. In Indonesia, Article 31 (4) of the 1945 Constitution mandates the allocation of at least 20% of the national and local government budgets to the education sector. This study aims to assess the effectiveness and efficiency of education financing based on the existing regulations and to examine their implementation on the ground. Using a descriptive qualitative approach and a normative and empirical study, the study is conducted through the analysis of legal documents, policies, and secondary data from relevant institutions. The findings show that although formal budget allocations have been achieved, challenges such as inequitable budget distribution, inefficiency in the use of funds, and weak transparency and Accountability remain. The effectiveness of the policy has not been fully translated into improved quality of education. Strengthened supervision, bureaucratic reform, and optimization of the legal framework are therefore needed to ensure that education financing has a real impact on quality, not just quantity.

Keywords: Legal basis, effectiveness, efficiency

INTRODUCTION

Education is a fundamental element in the progress of a country. Quality education is a key factor in producing competitive, creative, and adaptable human resources (HR) in the era of globalization. Therefore, the Indonesian government has made investment in the education sector, both through policies and funding allocations, a top priority.

Education financing has a strategic role in ensuring equity and improving the quality of education. The government has set the allocation of education funds through the State Budget (APBN) and the Regional Budget (APBD) in accordance with applicable regulations. As an illustration, Article 31 paragraph (4) of the 1945 Constitution of the Republic of Indonesia requires a minimum education budget allocation of 20% of the APBN and APBD. This provision reflects the government's commitment to supporting the education sector with adequate funding policies.

However, in practice, there are various challenges in the management and distribution of education funds. Debates over the effectiveness and efficiency of the education budget still occur frequently. The effectiveness of education financing relates to how much the allocated budget can have an impact on improving the quality of

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education and the welfare of educators. Meanwhile, efficiency refers to optimizing the use of funds so that the benefits obtained are maximized at the minimum possible cost.

Various problems are still found in the education funding system in Indonesia, such as inequality in budget distribution, leakage of funds, lack of transparency and accountability in budget management, and gaps in access to quality education between urban and rural areas. Although various assistance programs such as the School Operational Assistance (BOS) and the Smart Indonesia Card (KIP) have been implemented, the implementation of these programs still faces challenges in the field.

Therefore, a study of the legal basis, effectiveness and efficiency of education financing is needed to evaluate the extent to which education funding policies have worked as expected. By understanding the regulations underlying education financing policies and assessing their effectiveness and efficiency, it is hoped that appropriate solutions can be found to improve the governance and allocation of education funds to be more optimal and targeted.

RESEARCH METHOD

This research was prepared using a descriptive qualitative approach that aims to describe systematically, factually and accurately the facts and characteristics of the object of study relating to the effectiveness of education financing, especially in terms of legal aspects and budget efficiency. The choice of this approach is based on the need to examine the complexity of education financing policies that are not only oriented towards the amount of funds, but also on the integration between legal provisions and budget implementation in the context of national education (Moleong, 2019).

In this research, a normative-empirical approach is also used. The normative approach is used to examine the positive legal norms governing education financing in Indonesia, such as the 1945 Constitution of the Republic of Indonesia, Law No 20 of 2003 on the National Education System, and Law No 17 of 2003 on State Finance. With this approach, the research examines how the principles and legal provisions regarding education financing are formulated normatively and to what extent these principles are the basis for implementing education budget policies (Soekanto, 2020).

With this method, the research not only seeks to assess the extent to which education financing has fulfilled the legal provisions and principles of the state budget, but also reveals whether the policy has actually had an impact on equal access, quality improvement, and sustainability of the national education system. It is hoped that the results of this research can serve as input for formulating education budget policy strategies that are more effective, efficient and in favor of the interests of the wider community.

RESULTS AND DISCUSSION

In all efforts to achieve educational goals, the cost and financing of education has a very decisive role. Almost no educational effort can ignore the role of costs, so it can be said that without costs, the educational process cannot run optimally. The legal foundation is the basis of regulations confirmed by the government or ruler as the basis

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and operational basis for the applicable laws and regulations (Masitoh & Islam, 2022). The legal basis for education financing standards in Indonesia is based on the National Education System Law No. 20 of 2003, Chapter XIII (Eva, 2023).

1. Article 46 (1)
   Education funding is the joint responsibility of the government, local governments and the community.
2. Article 46 (2)
   The government and local governments are responsible for providing an education budget as stipulated in Article 31 paragraph (4) of the 1945 Constitution of the Republic of Indonesia.
3. Article 46 (3)
   Provisions regarding education funding responsibilities as referred to in paragraphs (1) and (2) are further regulated by Government Regulation.
4. Article 47 (1)
   Sources of education funding are determined based on the principles of fairness, adequacy and sustainability.
5. Article 47 (2)
   The government, regional governments and communities mobilize existing resources in accordance with the prevailing laws and regulations.
6. Article 47 (3)
   Provisions regarding sources of education funding as referred to in paragraph (1) and paragraph (2) are further regulated by Government Regulation.
7. Article 48 (1)
   The management of education funding is based on the principles of fairness, efficiency, transparency and public accountability.
8. Article 48 (2)
   Provisions regarding the management of education funding as referred to in paragraph (1) shall be further regulated by Government Regulation.

There are several other laws and regulations related to education financing management in Indonesia, including (Anis, 2023):

1. The 1945 Constitution of the Fourth Amendment which states that every citizen has the right to education, every citizen is obliged to attend basic education and the government is obliged to finance it, the government seeks and organizes an education system.
2. Law No. 20/2003 on the National Education System which regulates the sources of education financing including levies from students or parents/guardians, assistance from other parties, and endowment funds.
3. Government Regulation No. 19 of 2005 on National Education Standards which regulates the standard operating costs of education units including salaries of educators and education personnel, consumable education materials or equipment, and indirect education operating costs.
4. Government Regulation No. 48 of 2008 on Education Funding which regulates the

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sources of education funding from the government, local governments and the community.
5. Decree of the Minister of National Education No. 129/U/2004 on Minimum Service Standards for Basic Education which regulates service standards for each level and type of basic education.
6. Government Regulation No 18 of 2022 on the Amendment to Government Regulation No 48 of 2008 on Education Funding. This regulation amends several articles in Government Regulation No 48 of 2008 that regulate the sources of education funding, education budget allocation, management of education funding, and accountability of education funding. It also emphasizes that the government and local governments must allocate a minimum of 20% of the state and local budgets for education. This regulation is also based on the 1945 Constitution (Amendment IV) which guarantees the right of every citizen to education and the government's obligation to finance basic education. In addition, this regulation also refers to Government Regulation No 57 of 2021 on National Education Standards, which replaced Government Regulation No 19 of 2005, which sets standards for operating, investment and personal costs for education units.
7. Government Regulation No. 50/2018 on Amendments to Government Regulation No. 45/2013 on Procedures for Implementing the State Budget.
8. Decree of the Director General of Islamic Education Number 334 of 2023 concerning Technical Guidelines for Assistance for Islamic Religious Education Facilities in Schools.

Government Regulation No. 19/2005 on National Education Standards (SNP), which are the minimum criteria for the education system in all jurisdictions of the Unitary State of the Republic of Indonesia (NKRI). SNP was born in order to improve the quality of education. There are 8 National Education Standards, one of which is the financing standard.

The financing standard is one of the 8 National Education Standards that has a very important role in achieving the goals of quality national education in addition to other standards. Financing in education is an important element for the implementation of the teaching and learning process, financing in education serves to improve the efficiency and effectiveness of the education program being implemented. Financing is needed for the procurement of equipment, salaries of teachers, employees, and activities and activities within the institution. In addition, financing is used to improve the quality of the learning process (Eva, 2003).

The formal Islamic religious education system organized by the state according to Islam, is fully borne by the state (Baitul Mal). Baitul Mal is an Islamic philanthropic institution that aims to collect and distribute Zakat and Sadaqah funds to those in need. The government through the Ministry of Religious Affairs (MoRA) disburses aid to Islamic boarding schools and Islamic Religious Education every year. This assistance is provided competitively through a program proposal selection mechanism.

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The sources of financing for Islamic education institutions can be grouped into three sources, namely:

1. Assistance from the Government: The cost of implementing activities in schools is assisted by the government, either the central or local government.
2. Assistance from Students or Parents of Students: Each student must pay to the school according to a predetermined rate.
3. Community Support: Assistance from the community other than parents includes domestic and foreign fund-raising institutions.

The latest legal basis for education financing is found in the Regulation of the Minister of Education, Culture and Research and Technology of the Republic of Indonesia Number 18 of 2023 concerning Financing Standards for Early Childhood Education, Primary Education and Secondary Education (Permendikbudristek, 2023).

1. Effectiveness of Education Financing

The concept of efficiency is always linked to effectiveness. Effectiveness is part of the concept of efficiency because the level of effectiveness is closely related to the achievement of goals relative to the price. In the world of education, an efficient and effective education tends to be characterized by a pattern of distribution and utilization of educational resources that have been organized efficiently with effective management. An effective and efficient education program is able to create a balance between the provision and need for educational resources to achieve goals that do not experience obstacles.

Effective is the achievement of goals that have been set. Garner (2004) defines effectiveness more deeply, because effectiveness does not stop until the goal is achieved but up to the qualitative results associated with achieving the vision. Effectiveness is “characterized by qualitative outcomes”. Financing management is said to fulfill the principle of effectiveness if the activities carried out can manage activity costs in order to achieve qualitative outcomes in accordance with the established plan.

Effectiveness itself is understood as an achievement of goals. Anggaraeni (2022) said that effectiveness is the extent to which an effort or program achieves its objectives using existing resources without putting excessive pressure on program implementers. Keban also emphasized that an organization can be considered effective if the goals or values set out in its vision are achieved.

In the context of financial management, the principle of effectiveness means that the management of financial resources is carried out to support activities aimed at achieving organizational targets. Effectiveness is characterized by quantitative and qualitative results, such as achieving organizational goals and vision optimally (Aburizal, 2024).

Cost effectiveness is the ability to achieve goals and targets as planned. The cost effectiveness of an activity that according to the prevailing market can complete the program as planned.

The principles for assessing effectiveness are:

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A. Assess effectiveness in relation to the problem of objectives and tools for processing inputs into outputs.
B. The system being compared must be the same/homogeneous. Missal level of education, skills, socio-economic, etc.
C. Consider all outputs. E.g. number of students graduated and quality of graduation.
D. Correlation is expected to be quality, the relationship between process tools and outputs must be quality.

The effectiveness of education financing can be measured by several indicators:

A. Increased School Participation Rate

   The existence of the BOS fund policy has been proven to increase school participation rates, especially in disadvantaged areas (Mulyasa, 2018).

B. Quality of Education

   Optimal financing contributes to improving the quality of teachers, facilities, and curriculum.

C. Equitable Access to Education

   Education assistance such as the Indonesia Smart Card (KIP) helps students from underprivileged families stay in school (Kemdikbud, 2020).

D. Readiness of Education Infrastructure

   Education funds allocated for school construction and repair contribute to improving the comfort and quality of learning.

2. Education Financing Efficiency

Efficiency is the ability to use costs properly and appropriately. Financing is said to be efficient when the achievement of goals or targets is obtained at a smaller sacrifice or at a minimum cost.

Efficiency is related to the quantity of the results of an activity. Efficiency is "characterized by quantitative outputs". Efficiency is the best comparison between inputs and outputs or between power and results. The power in question includes energy, thought, time, cost, this comparison can be seen in two ways:

A. In terms of the Use of Time, Energy, and Cost.

   This activity can be said to be efficient if the use of time, energy, and the smallest costs can achieve the specified results.

B. In terms of Results

   Activities can be said to be efficient if with the use of time, energy and certain costs provide as many results as possible both in quantity and quality.

Efficiency refers to the balance between expenditure and income that is in line with predetermined goals. According to Mardiasmo (2018), Efficiency means a comparison between the results achieved (output) and the resources used (input), which is measured based on predetermined performance standards or targets. This concept focuses on achieving goals optimally. The principle aims to minimize losses

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or waste of resources, by ensuring that the sacrifices made are commensurate with the desired results.

Efficiency is assessed by comparing the results achieved (outputs) with the resources used (inputs). The greater the results compared to the resources used, the higher the level of efficiency of an organization. In the context of education, activities are considered efficient if they can optimally use time, energy and costs to achieve satisfactory results in terms of both quantity and quality.

Efficiency in education involves the proper use of resources to achieve maximum results. In its implementation, efficiency must ensure that the energy, time, and costs used are able to meet the planned targets (Aburizal, 2024).

A high level of efficiency and effectiveness allows the implementation of satisfactory community services with available resources in an optimal and responsible manner.

Financial management is important for educational institutions because they are responsible for all school financial activities. The main objective is to manage, develop and maximize available resources to avoid potential problems in the future. If financial management does not work well, it can lead to losses or failure to achieve goals related to facilities and infrastructure. Conversely, effective financial management can improve school quality. Without adequate financial support, education cannot be optimized.

To ensure that the allocation of funds has maximum impact on the learning process and educational outcomes, it is necessary to improve the efficiency and effectiveness of the use of school resources. Efficiency means using resources sparingly without compromising the quality of educational services, while effectiveness refers to achieving educational goals through optimal resource management. The study of school financial management is important to identify ways to improve financial management, including in the aspects of budget planning, cash management, evaluation and transparent financial reporting. With a clear strategy, schools have the opportunity to improve their financial management performance, which in turn positively affects the quality of education.

Some of the challenges in the efficiency of education financing include:

A. High Budget Leakage
   There are still irregularities in the use of education funds (Setiawan, 2019).
B. Uneven Distribution of Funds
   Some regions experience delays in the disbursement of education funds (Suhendar, 2021).
C. Lack of Transparency and Accountability
   Lack of supervision in the management of education funds leads to inefficiency (Widodo, 2022).

Strategies to improve efficiency include:

1. Digitalization of the education finance system to minimize irregularities.
2. Close supervision of education budget management.
3. Capacity building of education fund managers at school and local levels.

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3. Approaches to Improving the Efficiency and Effectiveness of Education Financing Management

The following are some strategies to improve efficiency as well as effectiveness in financial management in the school environment (Aburizal, 2024):

A. Conduct regular monitoring of data, public policies, and laws and regulations.

This includes financial evaluations, local funding formulas, student enrollment trends, and data on student achievement and demographics. By understanding and analyzing these trends, school finance officers can make data-driven decisions. Local finances, which are closely linked to student enrollment numbers and per-student funding allowances, require forward projection and anticipation of potential problems.

B. Develop a medium-term plan based on student learning outcomes.

Stakeholders need to create a medium-term plan (three to five years) that is oriented towards student learning outcomes. The plan is broken down into implementation steps that are used in the budgeting process. Finance leaders work closely with teaching staff to ensure annual budgets are aligned with school or district goals.

C. Reducing Unnecessary Administrative Costs.

Identifying hidden costs, fixing inefficient processes and modernizing outdated methods can help manage administrative expenses. Thus, funds can be allocated more to learning activities. In addition, it is important to pay attention to indirect and soft costs associated with school operations.

D. Managing Local Assets Appropriately.

Local asset management should pay attention to capital expenditure and efforts to reduce maintenance costs. With the support of school administrators and staff, the finance officer can conduct thorough and timely planning to ensure optimal asset management.

E. Be Transparent and Accountable to Build Public Trust.

School finance officers need to work closely with the school board, administrators, academic leaders and the community. By tailoring communication methods to different groups, stakeholders can be involved in long-term planning. This will increase support, trust and strengthen the achievement of strategic goals.

F. Review Cost Control Approach.

Evaluating the school's cost control strategies and support service contracts can be an effective step. By utilizing new technologies and rigorous standards, student learning outcomes can be improved. In addition, better operational management can also optimize the return on investment in the education sector.

CONCLUSIONS AND SUGGESTIONS

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Based on the study conducted, it can be seen that the education financing system in Indonesia has been supported by a solid legal framework, as stated in Article 31 paragraph (4) of the 1945 Constitution of the Republic of Indonesia and clarified through various derivative regulations. The establishment of a minimum budget of 20% of the APBN and APBD for the education sector reflects the government's seriousness in making education a national priority. However, in practice, the effective and efficient use of education funds still encounters significant obstacles.

Although administratively the budget allocation target has been met, in practice there are serious problems, including imbalances in the distribution of funds, weak accountability, and less than optimal monitoring mechanisms, especially at the regional level. This has led to uneven improvements in the quality of education in all regions, and budget efficiency has also been disrupted due to overlapping policies and the lack of transparency in the overall management of education funds.

To overcome these problems, concrete steps are needed, such as strengthening the supervisory function both internally and externally, utilizing information technology to support transparency in the budgeting system, and developing the managerial capacity of educational institutions. In addition, it is important to harmonize regulations and periodically evaluate the implementation of education funding policies in order to encourage the achievement of more equitable and sustainable national education goals.

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