

The influence of decentralization of funding on the effectiveness of islamic educational institutions

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ABSTRACT

The decentralization of education has the potential to create gaps in the aspect of education financing, which can ultimately lead to inequality in the quality of education between regions. The implementation of regional autonomy since 2001 has brought significant changes in the governance of the education sector. Therefore, financing is a crucial element in the implementation of education. In the context of regional autonomy, the responsibility for the implementation of education from Kindergarten to Senior High School is handed over to the local government. Thus, the sustainability and quality of education are greatly influenced by the ability of the regions to manage the sector. Unfortunately, the implementation of educational autonomy by local governments has not been fully optimal, one of one of which is due to budget limitations and various other factors. Nevertheless, educational autonomy has a number of positive potentials, including improving managerial efficiency and job satisfaction of educators, producing more contextual and concrete education policies, and optimizing the use of educational resources. In addition, this autonomy allows for more optimal exploration of local potential, the preparation of an education system that is in accordance with local cultural values, and an increase in community participation. Autonomy also contributes to increased accountability, which can overall ensure the quality of education. Other positive effects that can be achieved through educational autonomy include improving the education system at the local level, efficiency in administration and finance, and providing higher quality educational services. This makes educational autonomy a strategic instrument in answering challenges in today's world of education.

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Introduction

Regional autonomy, also known as decentralization, is the process of delegating authority from the central government to local governments to manage government affairs in order to achieve progress based on the ideals of a just, prosperous and better society (Nugroho, 2013). In this context, the implementation of regional autonomy has implications for education financing, including in terms of funding sources, provision of facilities and infrastructure, and management of education personnel. The implementation of education decentralization requires strengthening the basic principles of education that are democratic, transparent, efficient, and involve the active participation of local communities, given that education is an essential component in human resource development. In addition, education also plays an

important role in the development of knowledge, skills, values and culture (Ridwan & Sumirat, 2021).

This major change in authority has resulted in a paradigm shift in the management of education at the regional level. If previously the education system was managed centrally, now the approach is more decentralized, especially in school management. One of the main aspects that was also decentralized was budget management, including the education budget. This change, in turn, is one of the factors that explain the increasing cost of education in the regions (Anwar, 2021).

From a governance perspective, education is one of the basic services that must be fulfilled by the state for all citizens, in addition to health services. Therefore, the responsibility for providing education falls on local governments. The spirit of decentralization in the education sector should be interpreted as an effort to ensure the fulfillment of basic education services equally, while still upholding the quality of education (Hakim, 2016). Given that the quality of education is strongly influenced by the learning process that takes place in schools every day, many countries that implement decentralization of education not only delegate authority to district governments, but also provide greater autonomy to schools. This autonomy allows schools to organize and manage themselves independently within a framework known as School-Based Management (School-Based Management) (Pradana & Ma'ruf, 2020).

In Indonesia, decentralization of education to the education unit level has been adopted as a national policy. This policy is also supported by the establishment of supporting institutions such as School Committees and Education Councils, which aim to encourage a more democratic, transparent and accountable decision-making process in schools. There is also an impression that the cost of education is increasingly burdensome, marked by increasing expenses that must be borne by parents, leading to the assumption that schools are undergoing a privatization process (Suparlan, 2022).

This condition is influenced by various factors, including inequality in funding between regions, budget competition with other sectors, the high burden of management costs, the limited allocation of operational funds from the government, the increasing expectations of parents for the quality of education, the low level of teacher welfare that is not proportional to the increasing needs of life, and the practice of abusing opportunities in difficult situations (Rida Fironika, 2011). With the implementation of a school-based management system supported by the existence of School Committees and Education Councils, and based on the principles of democratization, transparency and participation, parents and communities will have easier access to relevant information. This also encourages a sense of belonging to the school and increases their involvement in the education process (Anggal et al., 2020).

In addition, along with the increasing cases of layoffs, increasing unemployment, and increasingly fierce competition in the world of work, quality education is seen as one of the important assets to be able to compete in this situation. Moreover, the quality of Indonesia's human resources is often considered low by various groups, both by officials and the mass media. This encourages parents to pay more attention to the quality of their children's education, as a provision not only to face competition at the local level, but also at the national and global levels (Kirana, 2020).

Method

This research uses a library research approach to examine the decentralization of financing management and financing barriers in education. Library study is a research method conducted by examining various relevant literature sources, such as books, journal articles, reports on previous research results, and related official documents. This approach was chosen because the topic discussed is closely related to theoretical and policy studies, so it requires an in-depth review of various thoughts and results of previous research (Widodo et al., 2023). In addition, this research adopts a quantitative causality approach, which is an approach that aims to determine the cause-and-effect relationship between variables discussed in the literature (Ibrahim et al., 2023).

In this context, the researcher analyses the relationship between decentralization of education financing management and the various barriers that arise in its implementation, based on the findings reviewed in previous sources. This method allows researchers to identify patterns and logical relationships between variables in education financing management, even without using primary data from the field. The analysis is conducted systematically by classifying findings from various sources, evaluating the content, and drawing conclusions from the synthesized results (Andriyan & Yoenanto, 2022).

Result and Discussion

The main problems in education faced by the regions, despite having entered the era of autonomy, have not changed significantly from previous conditions. The problems that arise still revolve around the limitations of educational facilities and infrastructure, shortages in the number and low quality of teaching staff, coupled with uneven distribution (Winarno, 2008). These conditions make it difficult to optimize the learning process aimed at improving learning outcomes. Many parties consider that the management of basic education services during the period of regional autonomy has not shown significant improvement, and in some cases has even decreased in quality. The world of education in Indonesia is currently in a dilemma between budget constraints on the one hand and demands to improve the quality of education on the other (Winarsih, 2013).

The budget is important, but what is needed is an agreement on national education development policies that require a joint commitment from all parties to be realized in real terms. One of the main challenges faced by education managers is limited funding (Kamaludin, 2023). For example, many primary school buildings are not fit for use, reflecting the government's lack of capacity to raise adequate funds for the education sector. On the other hand, Law No. 20/2003 on the National Education System assigns great responsibility to the government. Article 49 states that the government, both at the central and regional levels, is obliged to allocate at least 20% of its revenue budget to the education sector, excluding salaries for educators and official education costs (Anggara, 2013). Therefore, the first step that needs to be taken is to apply the principles of transparency and efficiency in the use of the available budget, and the government, both at the central and local levels, must be committed to preventing and minimizing potential budget leakage (Fadri & Fil, 2024). At the same time, the central government also has the responsibility to address and prevent significant disparities between regions, both in terms of the implementation process and performance results of the education sector. In addition, it is important to continue to build open and continuous communication with the community (Winarsih, 2013).

The main problem associated with the education budget allocation target stems largely from the government's limited affordability. Although the allocation is not yet fully ideal, this cannot necessarily be categorized as a violation of the constitution (Widodo et al., 2023). In the current era of regional autonomy, the central government's authority in the field of education is limited, especially in the aspects of curriculum, standard setting, and management of higher education. Even with the note that the role of the central government in higher education focuses more on regulation and supervision. Beyond this, especially in the implementation of compulsory education programs, it is the responsibility of local governments (Priyono, 2005). Regarding funding issues, some solutions that can be considered include:

- 1) The allocation of funds from the state budget for education development should be done through the Special Allocation Fund (DAK) mechanism for the education sector, rather than through the List of Project Inputs (DIP) in technical departments such as the Ministry of Education and Culture.
- 2) Local governments are advised to consider implementing an earmarking system in financing the education sector in their respective regions.

The decentralization of education in Indonesia has important consequences for the way education is managed and financed. However, in practice, this decentralization has created new challenges, especially in terms of the effectiveness of financial management, inequality of

services, and the increasing burden of education costs felt by the community (Matin et al., 2025). Here are some of the main points that can be further explained:

1. Inequality in Local Fiscal and Managerial Capacity

Decentralization of education gives autonomy to local governments in managing education financing. However, many regions do not have adequate fiscal and managerial capacity. Inequalities in fiscal capacity mean that regions with high own-source revenues (PAD) are able to finance education well, while fiscally poor regions have great difficulty meeting education service standards. These problems are not only about funding but also weaknesses in planning and management (Hastuti, 2018). Many regions do not have a strong database on the condition of education, so budget policies are often not based on real needs. In addition, the lack of experts in the field of education planning and management causes the implementation of education programs to be inefficient and not on target (Zein & Septiani, 2024).

2. Imbalance in Education Budget Allocation

Law No. 20/2003 on the National Education System requires central and local governments to allocate at least 20% of the national and local budgets for education. However, implementation in the field shows that most of these funds are absorbed for routine expenditures such as teacher and staff salaries, while the portion for developing the quality of education is very small. As a result, much of the education infrastructure is still in disrepair, teaching aids and learning technology are in short supply, and teacher quality improvement is limited. The government often assumes that it has fulfilled its obligation to spend 20% on education, but forgets to evaluate the quality of this spending. High education spending will have no impact if it is not directed towards clear outcomes such as improving literacy, numeracy and 21st century competencies (Inkiriwang, 2020).

3. Weak Transparency, Accountability and Public Participation

One of the weaknesses of decentralization in the context of education financing is the low level of transparency and accountability. The budget planning process is still closed and managed only by the local bureaucratic elite. Communities, teachers, school committees and education institutions are not involved in budget preparation. This has led to low public trust in the management of education funds (Sagala & Sos, 2016). In addition, the lack of supervision causes budget irregularities to occur. School Operational Assistance (BOS) funds, for example, are often misused or used for purposes that do not directly support the teaching and learning process. The financial reporting system in schools is also weak and non-uniform, making objective and continuous monitoring difficult (Hutahaean et al., 2025).

4. Increased Costs of Education that Burden Communities

Ironically, although the government allocates large funds for education, the cost of education is increasingly burdensome for the community. Official and unofficial levies are still widely found in schools, especially at the primary and secondary education levels. The poor end up having difficulty accessing proper education, even at levels that should be free such as primary and junior secondary school. The cost of education covers not only tuition fees, but also books, uniforms, transportation, extracurricular activities and exams. The high cost of education has created social discrimination against economically weaker groups and widened the social gap. This is clearly against the spirit of justice and equity in the national education system (Surya, 2004).

5. Weak Innovation and Adaptation of Regional Policies

Decentralization should ideally encourage regions to innovate according to local needs and contexts. However, in reality, many regions still tend to wait for instructions from the center. The centralized bureaucratic culture is still strong, so autonomy is not used to create policy breakthroughs. In fact, the educational challenges in each region are very different and require contextual solutions (Mardiasmo, 2021). The lack of education policy research in the regions, weak networks between stakeholders and the absence of incentives for innovation are the main inhibiting factors. As a result, the policies implemented are generic and do not

address real problems in the field.

6. Policies for Improving Education Financing Management

Based on the discussion above, some strategic steps that can be taken to resolve conflicts in education financing in the decentralization era include:

- 1) Strengthening local planning capacity through technical training, improving data quality and strengthening the planning unit in the education office.
- 2) Transparency and digitization of education budget management through e-budgeting and e-monitoring systems that can be accessed by the public in real-time.
- 3) Reformulation of education spending policies to focus on productive and results-oriented spending (performance-based budgeting).
- 4) Implementation of a fair education financing system, including cross-subsidization and affirmation schemes for disadvantaged regions and the poor.
- 5) Active involvement of the community and non-governmental organizations in monitoring, planning and evaluating regional education performance.

The case study example of education financing management in Solok district. Solok district faces significant challenges in managing education financing in the post-autonomy era. The main sources of funding come from the School Operational Assistance Fund (BOS), deconcentrated funds from the central or provincial government, and school committee fees. However, the allocation of BOS funds is often insufficient to meet the operational needs of schools, forcing schools to ask for additional contributions from parents. In addition, access to the deconcentrated funds is unequal among schools, depending on their ability to prepare proposals and other administrative requirements. This leads to inequalities in the quality of education between schools. To overcome these challenges, local governments have committed to increasing education budget allocations and improving the capacity of school managers through training and socialization of education policies. However, these efforts still face various obstacles that need to be overcome to achieve the expected equity and improvement in the quality of education.

Conclusion

Decentralization of education opens up opportunities for imbalances in funding that have the potential to affect the quality of education. In this context, the role of the central government as regulator, dynamizer and allocator of resources is crucial. This role has been juridically guaranteed through legislation, enabling the formulation of a fairer, more equitable and quality-oriented education funding system. On the other hand, although quality education costs a lot of money, the size of the budget does not necessarily guarantee quality if it is not managed with effective management.

Therefore, efficiency and accountability in the management of funds are paramount, where available funds must be prioritized for improving the quality of education, rather than being absorbed by managerial burdens. In this regard, the role of the Education Council, School Committee and independent auditors should be strengthened to ensure transparency in the use of funds. In addition, the cost of education should not be measured by the total budget spent, but by the ability of the community to access it. For this reason, cross-subsidy programs from various parties, including the government, the community and parents, need to be developed so that students from underprivileged groups still have access to quality education.

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