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COMPARATIVE ANALYSIS OF EDUCATION FINANCING MODELS IN INDONESIA BASED ON POLICY CHANGES

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ABSTRACT
This research comprehensively examines the evolution of various education financing models in Indonesia, as well as their comparative implications, in line with the changing dynamics of education and fiscal policies. Using a systematic literature review approach, the study analyzes laws, regulations, government policy documents, and relevant academic studies to identify the characteristics, strengths, and weaknesses of dominant financing models. The main focus is on the effects of specific policy changes on the structure, allocation, and effectiveness of education funding at different levels. This comparative analysis is expected to reveal historical trends, current challenges, and potential policy recommendations for a more responsive and equitable education financing system that supports quality improvement and equitable access to education in Indonesia. This research contributes to a deeper understanding of the national education financing landscape and its policy implications.
Keywords: *A comparative analysis of education financing models and education policy*

INTRODUCTION

Investing in education is crucial for a nation's social, economic, and cultural progress. In Indonesia, the effectiveness of the education system depends heavily on the proper allocation and management of financial resources. Along with the evolution of national education and fiscal policies, the education financing landscape in Indonesia has undergone significant transformation. A thorough understanding of the dynamics of changing financing models and their implications for the quality, equity, and efficiency of education is imperative for formulating strategic and sustainable policies.

Indonesia has implemented various education financing paradigms, ranging from public funding through the state budget to schemes involving synergies between the government, community, and private sector. Changes in regulations and fiscal priorities, such as the implementation of regional autonomy and the mandate to allocate 20% of the APBN/APBD to education, have fundamentally altered the funding mechanisms and responsibilities among levels of government. Additionally, policy initiatives like the School Operational Assistance (BOS) program and other education assistance schemes demonstrate the government's commitment to improving access and quality.

Previous studies have highlighted specific aspects of education financing in Indonesia. These studies have included analyses of budget efficiency, funding inequality between regions, and the impact of specific policies. However, there is a lack of comparative analyses that explicitly explore how different sets of policy changes have

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affected the characteristics, operational mechanisms, and relative effectiveness of various education financing models.

LITERATURE REVIEW

This research aims to address an academic gap by conducting an in-depth, comparative analysis of prevailing education financing models in Indonesia, considering changes in education and fiscal policies. Using a systematic literature review and policy document analysis approach, this study will identify the distinctive characteristics of each model, examine significant policy-induced changes, and compare the models' implications for important indicators such as accessibility, quality, and resource allocation efficiency. The findings of this comparative analysis are expected to contribute to a more holistic understanding of the evolution of education financing in Indonesia. They will also provide an empirical basis for formulating policy recommendations that are more targeted, responsive, and oriented toward improving the quality and equity of education nationwide.

This study uses several relevant theoretical frameworks to analyze the education financing model and its impact in the context of policy change. Key theories underlying the study include human capital theory, distributive justice theory, and fiscal decentralization.

According to human capital theory (Schultz, 1961; Becker, 1964), education is an investment that increases individual productivity, income, and overall economic growth. According to this perspective, an effective education financing model encourages participation and improves the quality of education, generating optimal returns for individuals and society (Psacharopoulos & Patrinos, 2018). Recent research consistently shows a positive correlation between educational investment and economic growth (Barro, 2013; Hanushek & Woessmann, 2015). In the Indonesian context, investing in human capital through vocational education has been shown to improve labor competitiveness (Wibowo et al., 2021). Changes in education budget allocations and financial aid schemes directly affect individuals' and families' ability to invest in education.

Furthermore, the theory of distributive justice (Rawls, 1971) emphasizes the importance of fairness in allocating resources, including those in the education sector. According to the principle of justice, the education financing system must be efficient and ensure equitable access for all socioeconomic and geographical groups. Research on distributive justice in education underscores the significance of allocating budgets proportionally to mitigate educational disparities between regions (Fahlevi & Muslih, 2020). Affirmative action policies and scholarships for marginalized groups are examples of the application of distributive justice principles in education financing (Subandi et al., 2019).

The concept of fiscal decentralization (Oates, 1972) is also an important foundation for analyzing changes to Indonesia's education financing model. It shifts the responsibility of funding and managing public services, including education, from the central government to local governments. Studies on fiscal decentralization in Indonesia

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reveal coordination challenges and fiscal capacity disparities between regions when it comes to financing education (Prasojo & Tristiana, 2018). However, decentralization provides an opportunity for innovative education financing policies at the local level that respond to regional needs (Yusuf & Putra, 2022).

In addition to the above theoretical framework, this study considers literature on the effectiveness of education financing (Hanushek, 2003), which highlights the relationship between financial inputs and educational outputs, such as student learning outcomes and the quality of graduates. Recent research has explored how more efficient and targeted education budget allocations can significantly improve educational quality (Angrist et al., 2021). Analyzing the efficiency of education spending and its impact on student learning outcomes is an important aspect of evaluating education financing models (Setiawan & Lestari, 2020).

This study aims to comparatively analyze how changes in education financing policies in Indonesia have shaped existing funding models and their implications for the accessibility, quality, and equity of education at various levels by integrating these theoretical perspectives. This theoretical framework will serve as an analytical lens through which to interpret the findings from the literature review and policy document analysis.

RESEARCH METHOD

This research study employs a systematic literature review to compare and contrast the evolution of education financing models in Indonesia alongside changes in education and fiscal policies. A structured literature search was conducted using reputable academic databases, including Google Scholar, Scopus, and SINTA, as well as official policy sources from the government and relevant institutions. Keywords such as "Indonesian education financing," "education budget policy," and "education funding model" were used to identify literature that met the inclusion criteria (focus on Indonesia, relevance to the topic, and analysis of a model or policy).

The collected data were extracted and analyzed using content analysis to identify the main characteristics of each financing model and significant policy changes. Furthermore, thematic synthesis was employed to compare the models' implications on important aspects, such as the accessibility, quality, and equity of education. A careful literature selection process and comparison of findings from different sources (data triangulation) were employed to enhance the validity of the research. However, the study primarily relied on the analysis of secondary data from existing literature.

RESULTS AND DISCUSSION

This section presents the results of a comparative analysis of various education financing models in Indonesia within the context of evolving education and fiscal policies. Based on a systematic literature review, the analysis identifies key financing models in place in Indonesia and examines how policy changes have affected their characteristics and implications.

1. Examples of Educational Funding in Indonesia:

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The literature analysis identified several dominant education financing models in Indonesia. These include:

A. Public Funding: This model relies on allocations from the state (APBN) and regional (APBD) budgets as the main sources of education funding. Policy changes, such as the 20% budget allocation mandate for education in Law No. 20/2003 on the National Education System, have significantly increased public funding. However, the literature highlights issues of efficiency and equitable allocation between regions (Prasojo & Tristiana, 2018; Resnawati & Wibowo, 2023).
B. School Operational Assistance (BOS)-Based Financing: The BOS policy was launched to support school operations and reduce costs for students. It is an example of a policy change affecting the financing model. Studies show that the BOS policy increases the net and gross enrollment rates, particularly at the primary and secondary levels (Suryadarma et al., 2016). However, challenges related to targeting accuracy, accountability, and the effective use of funds are also a concern (Patrinos et al., 2017; Jaelani, 2021).
C. Community Participation-Based Financing: This model involves financial contributions from parents, school committees, and the general public. Policy changes related to school autonomy allow for more community participation in financing. However, according to Fahlevi & Muslih (2020) and Putri & Setyaningsih (2022), this model could lead to access inequities for students from underprivileged families if community participation becomes too dominant.
D. Public-Private Partnership-Based Financing: This model involves the government and the private sector collaborating to provide education services. Although it is not yet dominant, policy changes encouraging private investment in education are gradually developing this model. The literature discusses potential benefits, such as improved quality and innovation, as well as concerns about accessibility, the commercialization of education, and adequate regulation (Ball & Youdell, 2007; Verger et al., 2016).
E. Education Assistance-Based Financing (Scholarships and Other Assistance): Various scholarship and education assistance programs, such as the Indonesia Smart Card (KIP), aim to improve access to education for high-achieving students and those from disadvantaged families. Studies show these programs positively impact student participation and retention and reduce dropout rates (Subandi et al., 2019; Yusuf & Sa'adah, 2020).

2. Comparing Different Things and the Effects of Policy Change:

A comparative analysis shows that policy changes significantly impact the characteristics and effectiveness of each financing model. While the 20% budget allocation policy strengthens the state budget-based financing model, efficiency, transparency, and equitable allocation between regions remain crucial issues (Prasojo & Tristiana, 2018; Resnawati & Wibowo, 2023). BOS policies alter the

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financing landscape at the school level, reducing reliance on community participation, though they require robust accountability, monitoring, and evaluation mechanisms (Suryadarma et al., 2016; Patrinos et al., 2017; Jaelani, 2021). The push toward community participation and public-private partnerships opens up alternative sources of funding but requires clear regulations to ensure equitable access and service quality and to avoid excessive commercialization practices (Fahlevi & Muslih, 2020; Ball & Youdell, 2007; Verger et al., 2016). Education assistance programs specifically target increased access for certain groups and demonstrate positive impacts on enrollment and retention (Subandi et al., 2019; Yusuf & Sa'adah, 2020).

These findings confirm that Indonesia's education financing model is dynamic and responsive to policy changes. While increasing state budget allocations is a fundamental step, challenges in the efficiency, effectiveness, and equitable distribution of funds must be addressed through good governance (Hanushek, 2003). The BOS policy shows great potential for increasing participation; however, its implementation requires close supervision, regular evaluation, and adjustments based on field needs (Patrinos et al., 2017). Alternative financing models, such as community participation and public-private partnerships, offer potential solutions to state budget constraints. However, the implications for equity of access and quality must be carefully considered within the framework of distributive justice (Rawls, 1971; Unterhalter, 2019). Education assistance programs play a crucial role in overcoming financial barriers and realizing more inclusive education (Subandi et al., 2019).

This finding has several policy implications. First, there is a need for continuous and comprehensive evaluation of the effectiveness and impact of various financing models in achieving national education goals, including quality improvement, access expansion, and equal opportunity. Future policies should consider an optimal combination of financing models with fair allocation mechanisms, strong accountability, transparent management, and a focus on quality educational outcomes for all Indonesian citizens (World Bank, 2020).

CONCLUSIONS AND SUGGESTIONS

This study aims to compare various education financing models in Indonesia within the context of changes in education and fiscal policies. Through a systematic literature review, the study identifies several prevalent financing models, including state budget-based financing, BOS, community participation, public-private partnerships, and education aid. A comparative analysis reveals that significant policy changes have impacted the characteristics and effectiveness of each model.

Although the increase in state budget allocations is a response to the law's mandate, the challenges of efficiency and equitable distribution remain crucial issues. Although the BOS policy has been successful in increasing student participation, especially at the primary and secondary levels, it requires greater accountability and more precise targeting. Community participation models and public-private partnerships offer potential alternative sources of funding but require careful

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regulation to ensure equitable access and quality. Education assistance programs play an important role in improving access for vulnerable groups.

Overall, Indonesia's education financing system is dynamic and adaptable to policy changes. However, the effectiveness of each model in achieving national education goals quality, access, and equity varies depending on policy implementation and the diverse socioeconomic context across Indonesia.

Based on the findings of this study, several suggestions are made to improve the education financing system in Indonesia, including the following:

1. Strengthening Budget Efficiency and Accountability: The government must improve the management and accountability of the education budget at all levels. More rigorous and transparent oversight mechanisms are needed to ensure education funds are used effectively.
2. Comprehensive Evaluation of the BOS Policy: An in-depth evaluation of the BOS policy is necessary to determine its effectiveness, including its impact on the quality of education, the accuracy of its targeting, and the accountability of its funding. The results can then be used to improve the policy in the future.
3. Clear Regulations for Alternative Models: The government should develop clear, comprehensive regulations for financing models based on community participation and public-private partnerships. These regulations must ensure that these models do not compromise equitable access to quality education.
4. Improving the Effectiveness of Educational Assistance Programs: Programs such as KIP must be evaluated and improved continuously to ensure they effectively reach students in need and promote educational sustainability.
5. Further research is recommended to explore the impact of education financing policy changes at the implementation level in different schools and regions. It is recommended that future research explore the impact of changes in education financing policies at the implementation level in different schools and regions. In-depth qualitative studies could provide a richer understanding of the experiences and challenges that stakeholders face. Additionally, quantitative research that empirically measures the impact of policies is needed to provide stronger evidence for future policy formulation.

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