

## Education Financing in Realizing Quality Education

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### ABSTRACT

As a developing nation, Indonesia's biggest issue with education at the moment is its high cost, which prevents members of the lower classes from accessing it. Of course, schools will charge the highest fees to raise and sustain educational standards, so some people say that quality education is expensive. As a result, poor people's access to quality education is limited and society is increasingly divided based on social status. In this study, researchers used the way of doing a library or literary search. To get the essential information for this literature study, pertinent sources were read. Based on the issues that arise, financing for education must be carried out in line with current rules and regulations while adhering to the principles of accountability and openness. In an attempt to raise the caliber of education, this is done to boost the legitimacy of schools and madrasahs. Numerous research have demonstrated that school finance affects educational quality. To raise the standard of instruction, education financing and funding is the most important thing, as can be seen from the standards governing all education unit management funds by applicable regulations. There are three types of costs in education financing standards, including educational unit investment costs, personal costs, and educational unit operating costs.

*Keywords: Education Financing, Quality Education, Realizing Quality.*



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## INTRODUCTION

Education is crucial to raising the standard of human resources. Education prepares human resources for the world of work and contributes to socio-economic growth by increasing knowledge, skills, talents, attitudes, and productivity (Rahman, 2017). Education is beneficial to society in general for technological growth in the socio-economic field because the benefits are broad and can infiltrate various fields. As a result, it is not surprising that a country with a highly educated population will experience rapid economic growth. Most people consider education as a profitable investment when compared to other types of investment. As stated by (Becker, 1993) the concept of human capital is a form of capital that exists in humans that can generate income and other outputs that are useful for a long time. Such an assumption is not surprising if the number of students in each country is increasing day by day.

The increasing public interest in education is directly proportional to the expectation that there will occasionally be improvements in educational quality. It is realized that everyone needs education, where education includes three sources, namely: family, community, and school. Quality education plays an important role in nation-building because through quality education it can produce a generation that is quality and highly competitive (Rusina, 2022). A quality education can encourage the quality of students by freeing them from stupidity, evil, and dishonesty, as well as poor ethics and faith (Mulyasana, 2015). Meanwhile, according to (Diana, 2022) quality education is the main means of providing important access in efforts to educate the people of the country and

achieve a good, advanced, and just life in the future.

Education quality standards are created in Indonesia to raise the standard of education there. To achieve quality standards the eight national education standards listed in PP No. 13/2015 regarding National Education Standards are content, process, graduate competency, educator and education staff, facilities and infrastructure, management, financing, and education assessment. Based on this, it can be understood, that to raise the standard of instruction across a range of educational institutions, one of which must meet requirements for education finance in the national education system as prescribed by law. The education finance standard is a rule that controls the elements and sum of operational expenses for educational units with a one-year validity. There are three types of costs in this standard, including educational unit investment costs, personal costs, and educational unit operating costs (Rusdiana, 2015). These three types of educational financing must be managed optimally to achieve quality improvement in these educational institutions.

By using standard cost plans, improving working capital, and forecasting future financial demands, education finance involves locating sources of funding and figuring out how to employ these resources (Yahya, 2003). Education financing is also interpreted as funds given to schools to facilitate every process of learning activities in schools and various needs in putting education into practice (Papilaya, 2022). One of the elements that influence improving the quality and suitability of education is adequate education financing (Bulhayat et al., 2022). Several studies have proven that education financing affects the quality of education (Chairyani et al., 2022; Togatorop, 2017; Yanti, 2018). Education financing in general is a complex matter, with connections between each of its elements, from both micro (educational units) to macro (national), this includes the sources of education financing, the systems and mechanisms for allocating them, the effectiveness and efficiency of their use, responsibility for outcomes reflected by the changes that have taken place in all settings, particularly schools, and the issues that are still associated with financing for education. Both the direct and indirect costs are associated with education. The term "direct costs" refers to expenses incurred to carry out instructional and learning for pupils activities, such as the cost of supplying learning facilities, acquiring instructional materials, paying for transport, and paying salaries for teachers paid by government agencies, parents, and students themselves. In the meanwhile, additional expenses take the shape of lost revenues from missed opportunities, such as student pocket money or the expense of buying school supplies (pencils, backpacks, notes, etc) (Fattah, 2012 ).

Indonesia is also a developing country, where the high expense of education is the present issue. Because of the high expense of education, lower-class society cannot afford it. Schools of course will charge the highest costs to improve and maintain the quality of education, it is often said by some people that quality education is expensive. As a result, poor people's access to quality education will be limited and society will be increasingly divided based on social status. Responding to this problem, the Indonesian government seeks to increase the education budget every year

The 2023 education budget disbursed from financing the State Revenue and Expenditure Budget (APBN) reaches IDR 612.2 trillion. This funding is the highest in history. This was conveyed by the Minister of Finance, Sri Mulyani. Based on data from the Ministry of Finance, this figure grew 5.8% from the previous financing of IDR 574.9 trillion. Of this amount, IDR 237.1 trillion was used for central government spending. Among them for the Smart Indonesia Program (PIP) for 20.1 million students as well as the Smart Indonesia Card (KIP) for lectures for 994.3 thousand students. In addition, there is a teacher professional allowance for 553.5 thousand non-PNS teachers. Meanwhile, an allocation of IDR 305.6 trillion for regional transfers for School Operational Assistance (BOS) for 43.7 million students, there is also Operational Assistance for Early Childhood

Education (BOP). (PAUD) for 6.2 million students, and Equality Education BOP for 806 thousand students. The remaining IDR 69.5 trillion will be used for endowment funds for education, research, higher education, and culture. For more details, see Fig 1 below.

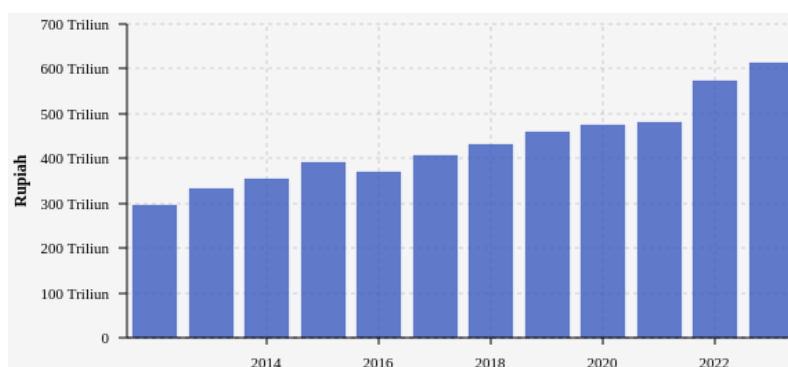


Figure 1. Education Budget Based on State Budget (2021-2023)

Seeing the large education budget spent, it is thought that it would raise the standard of education in Indonesia, however, statistics suggest that there will be 52 million pupils, 3 million instructors, and 217,000 schools in Indonesia in 2022, which will be home to over 273 million people. It is now the nation with the fourth-largest global education system. The nations of India, China, and America are below but is this super large size directly proportional to its quality? Based on data from PISA in 2021, Indonesian students are ranked 70 out of 79 countries in mathematics, 67 in design, and 66 in reading. This demonstrates that Indonesian education continues to be of poor quality.

The large cost of education has not been able to cover the cost of education needed in educational institutions. Apart from that, many problems have occurred in the allocation and arrangement of education costs in each school so until now the quality of education has not reached the expected goals. Therefore, it can be understood that improving the quality of education requires financing or funding in education management. Because of how important this funding is, it is used as one of the national education standards. The current condition is concerning for educational institutions whose management is with very minimal funding standards and in addition, education managers are dishonest in distributing all assistance for the management of education. In managing education, education funding must be properly managed by applicable rules and laws. Because it is impossible to increase the quality without the support of adequate funding and standards. It is believed that budgeting will be carried out optimally using The principle of openness and responsibility. Therefore, it is necessary to see whether the high cost of education is truly effective in providing the community with high-quality education or not. Of the various problems, This article's goal is to learn how to finance education so that quality education may be provided.

## METHODS

This research uses the way of doing a library or literary search. To get the essential information for this literature study, pertinent sources were read. (Arikunto, 2013). According to Noviani (2022), literature study research is a way of research that uses scientifically designed references or references which includes collecting reference materials related to research objectives, data collection techniques using literature, and

integrating and presenting data. Literature study research is research that uses a collection of information and data obtained from sources such as documents, books, articles, magazines, news, and so on. The articles used as sources in this study are related to education financing and education quality. The primary features of a literature study are: 1) researchers immediately confront text or numerical information; 2) ready-for-use library information; 3) library data are essentially secondary sources; and 4) circumstances in library information are not constrained by place or time (Zed, 2014 ).

The steps in conducting library research are as follows 1) choosing broad concepts related to the study's theme; 2) looking for sources of knowledge on the theme; 3) defining the core of the research; 4) looking into and obtaining the necessary reading substance; and 5) categorizing the reading substance; 6) reviewing and adding more reading substance; and 7) classifying the literature again and beginning to write reports (Sari & Asmendri, 2020). Furthermore, the data analysis process in the present research employed content analysis methods. Analyzing the results of studies from the most relevant, relevant, and fairly relevant sources is the first step in data analysis. The research year is then examined, beginning with the most recent and progressively working backward to a lengthier year. The researcher then examines the summaries of each earlier study to see if the issues raised align with the issues that need to be resolved in the current investigation. Next, list the crucial and pertinent elements of the study's issue.

## **RESULTS**

### **3.1 Education financing**

Funding for education is an important point to ensure the quality and quality of the educational process. Mulyono explained that fees are simply the amount of money spent or services provided by students. Opinion (Fattah, 2012) education financing is the amount of money generated and spent on various needs for the provision of education which includes teacher salaries, teacher professional development, procurement of study room facilities, room repairs, procurement of equipment/mobile, procurement of tools and textbooks, office stationery (ATK), extracurricular activities, education management activities, and educational supervision. Opinion (Mulyono, 2010) education financing is an analysis of sources of income and the use of costs that are designated as effective and efficient management of education to make it happen the expected target.

Teaching funding as stated in the Government Regulation of the Republic of Indonesia Number 19 of 2005 concerning National Education Standards Chapter IX Article 62 consists of three important points, is payment of investment including costs for equipment procurement, developing person resources, and working capital. Personal payment includes educational payment that can be incurred for the student to go through the stages of learning systematically. The definition of cost according to Monita (2020) is the cost of economic sacrifices made to obtain goods or services. In language, costs can be interpreted as expenses, in economic terms costs/expenses can be in the form of money or other monetary forms. Supriadi (2006) in his book explains costs as the whole variety of expenses related to the implementation of teaching in both forms of funds for goods and employees (which can be priced in money).

In the theory of education financing, there are at least three questions related to it, as stated by Fattah (2011), namely how money is obtained to finance educational institutions, where it comes from, and for what/who is it spent. It is the administration/management of

educational institutions. Furthermore, he explained three important matters, namely economics which is related to allocation, and financing related to distribution, but the third is related to management which includes the functions of the planning, implementation, and evaluation components. Thus there is a difference in emphasis between the economics of education and education financing. Opinion Sudarmono et al (2021) School financing is a stage where available results and tools are used to compile operated schools in various geographical areas and different levels of education. Based on country-by-country conditions including geographical conditions, education level, educational political condition, educational regulations, educational economics, government financing of school activities, and administration. The essence of financing management in educational institutions or schools is to find funds creatively and maximally, use them honestly, and account for funds objectively. If this is implemented, financial management will help the progress of educational institutions or schools. From the description, can be summarized educational financing management is the stage of obtaining and managing expenses resulting from money, services, or goods through human resources through the management function, namely planning, implementing, and evaluating, to finance all activities or activities that directly or indirectly directly to support the teaching application to achieve the expected mark of education.

### **3.2 Quality of education**

Putri (2022) explains the opinion that quality is full of customer satisfaction. According to Garvin as quoted by MN Nasution, (Nasution, 2005) quality is a dynamic condition related to products, people or labor, processes and tasks, and the environment that meets or exceeds customer or consumer expectations. Bahrun & Zamroni (2017) explain quality quality is conformance to requirements, that is according to what is required or standardized. Meanwhile, in the Big Indonesian Dictionary (KBBI), the notion of quality is (measures) the good or bad of an object; rate; level, or degree (smartness, intelligence, and so on). Thus it can be concluded that quality is the measure or level of a product according to what is required or standardized to meet customer satisfaction. Law No. 22/1999 regulates the granting of authority from the central government to regional governments in the form of regional autonomy. Article 11 of Law No. 22/1999 covers the authority of all areas of government, namely: public works, health, transportation, industry and trade, investment, environment, mining, cooperatives, labor and education, and culture (Nurhayati et al., 2022 ).

Increasing the quality of education so far has not been as desired because it is caused by several factors including the education development strategy which is more "input-oriented" and "macro-oriented" which tends to be regulated by the bureaucracy at the central level, educational institutions still rely on old management patterns which are considered to be lacking. effective and efficient so that the results are less than optimal, a management pattern on customer satisfaction should be developed, meaning that the quality of education can be improved through the implementation of quality management or total quality management. To improve the quality of education in each region through educational autonomy with a clear, directed, and effective approach, it is necessary to apply management principles in educational autonomy (Alifah, 2021).

The quality of educational graduates is closely related to the process of implementing learning which is influenced by many factors, these factors can come from internal factors and external factors. Several internal factors include curriculum, teaching staff, leadership of the principal, learning process, facilities and infrastructure, tools and materials, management, school, and school environment. External factors are community support and educational policies that support the implementation of education. The link between



internal factors and external factors plays a very large role in achieving educational goals. The quality of teaching and learning in schools is largely determined by the existence of the principal. So it can be said that the more quality the leadership of the principal, the better the quality of the school he leads.

### **3.3 Education funding management to improve the quality of education**

Based on the various opinions and descriptions mentioned above, it can be seen that in the context of educational quality, quality refers to input, process, and output. In the book *School-Based Quality Improvement Management* issued by the Ministry of National Education, it is stated that one of the important inputs is the resources that are available and ready. Resources as input are important things needed for the educational process to take place in schools. If the existing resources are not ready and inadequate, then in turn the school's goals will not be achieved. Resources are grouped into two, namely human resources and remaining resources (money, equipment, material equipment, and so on).

The process in schools has several characteristics, including teaching and learning processes that have high effectiveness, effective management of teaching staff, schools have a culture of quality, schools have transparent management, schools carry out continuous evaluation and improvement, and so on. Meanwhile, school output or results are achievements produced by the learning process and management at school. In general, output can be classified into two, namely output in the form of academic achievements and output in the form of non-academic achievements.

Improving the management of funding in education units is the most important thing, therefore the government has imposed a standard that requires all education unit managers to seek and distribute all funds by applicable regulations. Even though there is a policy carried out by the government regarding increasing the budget by allocating 20% of education funds, both from the APBN and APBD. This is explicitly actually to improve the quality of our education in Indonesia. The 20% education fund must be used optimally by applicable standards and policies. However, the use of education funds disbursed by the central and regional governments must also be carried out using the principles of transparency and accountability.

As explained in the book *School-Based Quality Improvement Management*, one of the most important inputs is cost. The cost of education is the economic value of certain educational inputs or sources that have an impact on the output produced by schools in the form of quality graduates. Education as the main element in the development of quality human resources, greatly influences the improvement of people's living standards. Qualified graduates, depending on the quality of education in line with the opinion (Saifudin, 2017) management of education financing is a long-term investment in human resources. This education funding is urgently needed for school programs, procurement of facilities and infrastructure, teacher salaries, employee salaries, the need to support the achievement of the school's vision and mission, and create quality human resources. The correlation created between education funding and education is reflected in the quality of school graduates. Both of these are also not separated from the management process (management therefore, the teaching and learning process in schools cannot be carried out properly if there is no effective and efficient financial management that will help achieve educational goals. With good education financing management, schools can also improve the quality of education. By implementing the functions of education financing management, starting from planning, bookkeeping, using finances or spending, recording, and monitoring, to accountability, schools can be assisted in achieving goals. Principals, school committees, teachers, and employees work together to manage school finances to be able to improve the quality of education.

## CONCLUSIONS

Education financing management can be interpreted as planning, implementing, to evaluating education funds, which aims to improve the quality of education in schools. Education financing management has a close relationship with the quality of education in schools. With good financial management, it is hoped that education can run according to educational standards. Based on the description above regarding education financing and quality improvement, conclusions can be drawn, including Improving the quality of education is the most important and main thing. To achieve quality education, it is very important to pay attention to education funding that is to the needs of each school. Education funding must be carried out with the principles of transparency and accountability by the applicable laws and regulations. This is done to increase the credibility of schools/madrasahs, with the hope that the quality of education in each school can increase. Costs in education standards are grouped into three parts, including 1) educational unit investment costs; 2) personal costs; and 3) educational unit operating costs. So in managing education, it is this funding system that must be properly managed by the SBU (general fee standard) and SBK (special fee standard) as determined by the Government.

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