MANAGING EDUCATION FUNDS: EFFECTIVE TIPS IN FINANCING MANAGEMENT

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Abstract

Education financing management plays an important role in achieving education goals and upgrading the quality of education. One way to upgrade the quality of education is to pay attention to the national standards of education applicable in Indonesia, including financing standards. Available school finances need to be managed using management functions so that financing management can be carried out effectively and efficiently. Functions in financing management include planning, bookkeeping, use of finance or spending, recording, supervision, and accountability. Education financing management is one of the keys to the success of teaching and learning activities in schools because the cost of education has a linear correlation with the quality of education.

Keywords: ***Management; Financing; Education***

1. INTRODUCTION

According to Law No. 20 of 2003 article 35 concerning National Education Standards, it is stated that national standards of education are used as a reference for curriculum development, education personnel, facilities and infrastructure, management and financing. Through strategic planning in the field of education, educational institutions are able to prepare outputs (Argadinata & Supriyanto, 2020).

The cost of education is one of the most important factors in the implementation of education. To achieve good school quality, education costs must be managed optimally. Therefore, the stages in education financing management need to be considered. Basically, the purpose of education financing management is to achieve the expected quality of schools. In each stage of the financing management process, the main concern is the achievement of the school's vision and mission. The stages of education financing management through the stages of education financing planning, the stages of financing implementation, and supervision of education financing (Ramli et al., 2023).

Learning facilities are another factor that affects the quality of schools. In achieving school quality, learning facilities are facilities and infrastructure used by educators in the teaching and learning process so that they can achieve educational goals. The use of learning facilities needs to be managed properly in order to avoid waste and improper use of facilities. Therefore, management of the use of learning facilities in accordance with the principles is needed so that school quality improvement can be achieved (Gunawan & Siahaan, 2021).

Problems that occur in educational institutions related to education financing management include limited sources of funds, stagnant program financing, not supporting the vision, mission and policies as written in the strategic plan of educational institutions. On the one hand, educational institutions need to be managed properly (good governance), so that they become educational institutions that are clean from various deviations that can harm education (Prihatin, 2023).

2. IMPLEMENTATION METHOD

This research uses a qualitative descriptive approach by examining the facts that occur. All data and information in the form of primary data and secondary data are realized in descriptive form. This descriptive qualitative method is used to describe the education financing management process which consists of the budgeting process, financial recording process, financial supervision process, and financial accountability process (Ibrahim, 2018).

3. RESULTS AND DISCUSSION

3.1 Basic Concepts of Education Financing Management

1. Definition of Education Financing Management
   a. Understanding and Nature of Management

According to George R. Terry stated that management is a distinctive process, which consists of actions: planning, organizing, replacing, and supervising carried out to determine and achieve the goals that have been set through the use of other human resources (Brijlal et al., 2014).

According to Lognecker & Pringle, management is formulated as the process of acquiring and combining human, financial and physical resources to achieve the main goal of the organization producing products or services / services desired by a group of people (Hildayani, 2008).

Udaya formulated that management is a process to achieve organizational goals by carrying out activities from four main functions, namely planning, organizing, leading, and controlling.

According to the Big Indonesian Dictionary, management means the use of resources effectively and efficiently. Management comes from the word *to manage which means to* manage , manage or manage. Many definitions have been put forward by experts, which generally lead to the understanding that management is an art and science of planning, organizing, drafting, directing, and supervising resources to achieve predetermined goals (Handayani Dewi, 2022).

Management is the art and science, drafting, directing, and supervising resources, especially human resources to achieve goals that have been determined first. Siagian said that management is the ability or skill to obtain results in order to achieve goals through other people. Moenir argued that the management function is all activities in order to achieve objectives within the limits of common wisdom that have been determined at the administrative level.

From this definition, management is the process of achieving certain goals through cooperation with a group of people, with a clear division of tasks and using certain tools to achieve goals that have been determined in the plan.

b. Education Financing

Linguistically, cost can be interpreted as an expense. In economic terms, costs/expenses can be money or other forms of monetary. Theoretically, cost is a large value of funds that need to be provided on a project of a particular activity. Cost is something that must be incurred in achieving profit. However, the concept of cost is not always synonymous with money. The cost of education, according to Fali and Supriadi, is one of the instrumental components that is very important in the implementation of education, both in the form of money and goods and energy (which can be valued by money).

According to Nanang Fattah, education financing is the amount of money generated and spent for various educational purposes which include teacher salaries, improving teacher professionalism, procuring learning room facilities, improving space, procuring equipment, textbooks, office stationery, supporting extra-curricular activities, education management activities, and educational supervision (Hanna Fadhila).

Education financing can be defined as the interval ability of the Education system to manage Education funds efficiently. Financing appears as *an input* used for every educational activity. Not only related to knowing or analyzing the source of funds, but also how to use funds effectively and efficiently.

Education Financing greatly determines the achievement of Education goals which require a number of investments from the government budget and community funds.it is managed effectively and efficiently and directed directly towards the achievement of goals. This is a financing management activity that regulates the receipt, allocation, and financial accountability to support the implementation of teaching programs.

Education cost management activities include three things, education cost planning, implementation of education cost management, and evaluation of education cost management (Atkinson, 2017).

School funds are usually obtained from two sources, namely from the government which generally consists of routine funds and operational costs (especially for public schools), and funds from the community, both from parents and other community groups. In terms of its use, the school budget is divided into two, namely for routine activities and the budget for school construction.

Sources of funding and school financing can be divided into three categories: (Muhammad Jihadi, 2021)

1. Central or local governments, or both of a general or special nature intended for educational purposes
2. Parents/students
3. Community

c. Essence of Education Financing Management

Education financing has a very important role in the education process, financing as a supporting factor. The teaching and learning process will run optimally if the goals to be achieved meet the requirements that have been determined in accordance with the plan. Similarly, Fatah conveyed that financing is needed for operational needs, and the implementation of schools based on real needs consisting of salaries, employee welfare, improvement of teaching and learning activities, maintenance and procurement of facilities and infrastructure, improvement of student development, improvement of teachers' professional abilities, school administration and supervision (Budi Budaya).

Finance and financing is one of the resources that directly supports the effectiveness and efficiency of education management. Education financing management is all activities related to the arrangement of sources, use, and accountability of education funds in schools or educational institutions.

In its implementation, education financing demands the ability to plan, implement, evaluate and account for fund management transparently to the community and government.

3.2 Categories and Classification of Tuition Fees

1. Tuition Fee Category **(**Ara Hidayat, 2022)

Tuition fees are separated into three categories, namely:

a. Operating Costs

Operational costs are education costs to support the smooth operation of learning. Operational financing is provided by the central government through the Operational Assistance Fund (DBO).

b. Staff Development Costs

Staff development costs are the education costs needed to develop a school's ability to achieve optimal service quality. Funding in this group is to help teachers attend various seminars and *workshops* that are directly related to teachers' professional abilities, assist teachers in improving their academic qualifications through study scholarships to S2, and the like.

c. Cost of Investment

Investment cost is education financing which is scheduled as an investment in the future of the school. This financing group is the construction of buildings, school laboratories, internet networks for learning, the provision of library infrastructure and the like as an investment in school excellence in the future.

2. Types of Education Financing

The types and groups of education costs described below are intended to gain a further understanding of the concept of education financing. Some types or groups of education fees are as follows.

a. Direct and *indirect costs*

1) Direct *costs*, namely the expenditure of money that directly finances the implementation of education, (A. Rusdiana and Wardija, 2013) teaching, research, and community service.

Direct costs touch aspects and processes of Education. For example, costs for teacher salaries and the provision of teaching and learning facilities; The cost of implementing teaching and student learning activities is in the form of purchasing learning equipment, learning facilities, transportation costs, teacher salaries both issued by the government, parents, or students (Solheim, 2011).

In principle, direct costs are funds used for school operations and are directly spent for the benefit of implementing the teaching and learning process.

2) Indirect *costs*, which generally include the loss of income of students due to attending education, free tax burden due to the nature of schools that are not for profit, free rent for school equipment that is not used directly in the educational process, and depreciation as a mirror of the use of school equipment that has been used for a long time (*implicit rent and depreciation*) (Rawlings, 2021).

Indirect funds, in principle, are funds in the form of lost profits in the form of lost opportunities sacrificed by students during teaching and learning activities. Indirect funds do not include funds to support students to attend school, namely living expenses, transportation, and official records. Based on its management, this type of funding does not need to be included in the school planning budget.

b. Routine costs and development costs (*recurrent and capital costs*)

1) Recurrent costs are costs used to finance education operations during a fiscal year. This fee is used to support the implementation of teaching programs, payment of salaries of teachers and school personnel, office administration, maintenance and maintenance of facilities and infrastructure.

Routine funds are used to finance education operational activities for one fiscal year, support teaching and learning programs, pay salaries for teachers and school personnel, office administrators, maintenance and maintenance of school infrastructure. According to Gaffar, regular fees are calculated on a "*per student enrolled*" basis. Regular costs are influenced by three main factors, namely (1) average teacher salary per year; (2) the ratio of teachers, students; (3) the proportion of teacher salaries to overall routine expenses. The concept used in calculating routine funds is the concept of *unit* cost, which is the cost used or incurred to provide services to a student per year in an education level (Amadi, 2018).

Unit cost according to Fattah is calculated by dividing the amount of funds available in the budget program by the number of credits students take per year from the program. The cost of a teaching program will be affected by:

a) Salaries of teachers and administrative personnel
b) Room funds
c) Equipment and tools funds
d) Study materials fund
e) Development cost

2) Capital costs *are* costs used for the purchase of land, construction of classrooms, libraries, sports fields, building construction, procurement of furniture equipment, water, replacement and repair costs.

According to Gaffar, the cost of construction is calculated on a *"per student place*" basis. There are several factors that must be considered in calculating the cost of construction, namely a pleasant place for students to study, the cost of the location or site (*site*), and the cost of furniture and equipment.

The calculation of the amount of development funds uses the concept of *capital cost per student place*. This development fund is divided into three, namely for students in schools, student dormitories, and teachers' residences.

c. Private and *social costs*

1) Private costs are costs incurred by families to pay for their children's schooling.

It is further explained that *the private cost of* education can be classified into two categories:

a) Academic fees refer to *items of* fees, such as fees and funds paid to the Institution (tuition, examination fees, library fees, laboratory fees, etc.), payments made to obtain personal coaching, books, stationery, instruments, etc.
b) Maintenance costs are costs incurred for clothing, boarding, transportation, and lodging. This fee is also known as incidental expense.

2) According to Akangbou, social costs are social expenditures or government investments in education. Social costs refer to the actual

direct expenditure by the government and individuals or parents in providing Education.

Community funds are funds issued by the community for educational purposes in the form of tuition, book money, and other funds, while non-direct funds, such as taxes, and personal fund levies are direct funds issued in the form of tuition, tuition, book purchases, and living funds for each student.

3) *Opportunity cost* is the cost that must be sacrificed to choose a particular Action at the expense of another Action. Examples of opportunity costs in education are the costs incurred by students to study including tuition fees paid every semester and the opportunity to get a salary that should be obtained if the student chooses to work (Remund, 2010).

From the explanation above, it can be concluded that education costs money. *Human capital* in the form of abilities and skills obtained through education, self-study, learning while working requires costs incurred by the person concerned.

3. Education Financing Allocation

The implementation and allocation of madrasah/school-based education financing can be grouped into two activities, namely income and expenditure.

a. Income

Revenue/Receipt of madrasah/school education financing from funding sources must be recorded based on management procedures that are in line with agreed provisions, both in the form of theoretical concepts and government regulations.

The bookkeeping procedure for madrasah/school-based education funding recipients within the religious affairs department seems to adhere to a pattern of combination between central government and madrasah/school arrangements. There are several budgets that have been set by the government that the madrasah/school must not deviate from the instructions for use or expenditure. Madrasah/school is only an implementer of users at the micro institutional level. Thus, the madrasah/school-based education financing management pattern is limited to operational level fund management (Br Purba et al., 2022).

One of the financing policies for madrasah/school-based education is the search for additional funds from the community, whose management methods are integrated in accordance with applicable regulations. However, in line with the development of madrasah/school-based management concepts, madrasahs/schools have considerable authority and power in relation to financing management to achieve the effectiveness of achieving madrasah/school goals.

Sources of income must also be considered in the process of making budgets in education financing.

b. Expense

Funds obtained from various sources must be used effectively and efficiently, meaning that any acquisition of funds in their expenditure must be based on needs that are in accordance with the planning of education financing in schools/madrasahs. Madrasah/school expenditure for purchasing some resources or inputs from the madrasah/school process, such as educators, education personnel, equipment, and facilities.

Financial expenditures must be recorded according to the pattern established by regulations. Several things must be used as a benchmark for the treasurer in bookkeeping accountability, including the format of the daily cash book, the tablebook and the format of the report on the absorption of budget use and tax expenses. The flow of financial expenditures must be recorded according to the time and allocation.

The school principal is responsible for implementing madrasah/school-based education financing planning, must be able to develop a number of dimensions of administrative actions. Madrasah/school-based education financing planning should pave the way for the development and explanation of concepts about the desired objectives of education and designing ways of delivering them (Demirgüç-Kunt et al., 2020).

In madrasah/school-based education financing management, the preparation of madrasah/school expenditure budgets is assisted by its representatives determined by madrasah/school policies under government supervision.

The determination of education expenses considers each category of budget, which is as follows.

1) General supervision. This category includes financial resources established for the performance of administrative and managerial tasks. Examples of this category are administrator salaries, administrative aides, and the cost of office supplies and supplies.
2) Teaching, including teacher salaries and expenditures for textbooks, tools and supplies needed in teaching. This category constitutes 70-75% of the overall budget.
3) Assistance services, namely expenses related to health services, guidance and libraries.
4) Building Maintenance, such as replacement and maintenance of equipment, maintenance of buildings and school grounds.
5) Operations, such as telephone costs, water, electricity, building and land rent, and salaries of building maintenance personnel.
6) Fixed expenditures, namely capital expenditures, debt services, and estimated income.

3.3 Education Financing Management

1. The Importance of Education Financing Management

Education financing is very influential on the achievement of education goals. For this reason, targeted financing must begin with good education planning. Education Planning is an effort to look to the future in determining education policies, priorities, and costs by considering the realities that exist in the economic, social, and political fields to develop the potential of the national education system, meet the needs of the nation and students served by the system.

Education Financing in Educational Institutions or schools plays an important role. The responsible for education financing management are school principals and teachers who are partly responsible for education financing. Teachers plan the financing of teaching and learning activities well.

Financial management includes planning, using, recording data, reporting, and accountability for the use of funds as planned. The purpose of financial management is to realize orderly financial administration so that financial use can be accounted for in accordance with applicable regulations.

Financial management has its own rules in the duties of authorities, donors, and treasurers. An authorizer is an official who is authorized to take Actions that result in the receipt and expenditure of money. An ordinance is an official authorized to conduct tests and order payment for any Actions taken by the authorizer. The treasurer is an official authorized to receive, store and disburse money or other securities that can be valued with money and is required to make calculations and accountability (Eniang-Esien Obia Ekpenyong, 2022).

The headmaster as the leader of the school and serves as the authorizer serves as the person who can order payments. The school treasurer serves as an ordinance that conducts testing of payments. School finances can be obtained from the State Budget (APBN), assistance from the Regional Budget (APBD), and community assistance. The state budget consists of regular funds and development funds. (Ara Hidayat,2022)

2. Education Financing Models

According to John and Morphet, the principle form of the school fee model (Education) is as follows.

a. *Flat grant model*

The aid model is allocated to local schools without considering variations or differences between districts in terms of the ability of districts to pay local taxes. There are two main variations in this model:

1) Uniformity in the amount received by students, teachers, or other units as needed, without requiring consideration of differences in *unit costs* for different educational service programs
2) The variable number of needs for each unit illustrates the variation in *unit costs* allocated to local schools in the area.

b. *Model equalization*

In this model, more funds for the cost of each student, teacher, or other units are needed for districts that have secondary resources in order to continue to implement education programs well.

c. *Nonequalizing matching grant*

This model requires matching existing financial funds without considering variations in the ability to pay taxes from the region.

3. Direction and Function of Education Financing Management

Empowerment of management functions is directed to improve the effectiveness of achieving organizational goals. For this reason, the improvement of management functions in education financing is carried out in order to achieve five targets, namely: (Ara Hidayat, 2022)

a. Efficiency of procurement of goods and services
b. Targeted spending allocation
c. Socially equitable allocation of spending
d. Service improvement, service quality;
e. Image of the Educational Institution

4. Achievement of Education Financing Management Targets

The five targets of financing management, according to Bowen, must go through the following mechanisms:

a. Establishment of economical, effective, and efficient spending policies
b. Targeted and fair budget planning and allocation
c. Transparent and accountable budget implementation.

The preparation and implementation of education fund management must be realistic and pay attention to aspects of ability to manage it. This is because the determination of the allocation of education financing has a significant influence on the quality of learning services. For this reason, appropriate planning policies are needed in an effort to determine targeted spending policies.

One of the strategies that supports this program is a *research-based* spending policy, which requires that the preparation and implementation of budgets be carried out based on information that is the product of accurate and accountable research or analysis. (Ara Hidayat,2022)

5. Stages of Education Financing Management Process

In relation to state financial management, the functions of education financing management are carried out, including planning education costs, implementing financing and supervision. Satori stated that the stages or sequence of work in education financing management consist of the following.

a. Tuition fee planning

Education Planning can help education managers to be more effective in carrying out their duties and functions. Education Planning can help achieve targets or objectives more economically, on time, and provide opportunities to be more easily controlled and monitored in implementation.

b. Management of the use of Education fees

Effective education implementation cannot be separated from the application of education management. Tilaar states that:

"The management of the national education system if not managed properly is not only effective, but also inefficient. With limited funds, education management including improving management functions must be carried out.

The best management of the education system cannot be separated from a good management system. It is realized that management is a series of processes that include the way management is involved in the management functions displayed by a manager or leader, namely planning, organizing, implementing, and supervising.

c. Evaluation, supervision, and accountability of Education costs

Evaluation involves *auditing* is an accountability for school finances regarding all school fund expenditures related to things that have been achieved in accordance with predetermined objectives. In school-based management, school budget managers are required to account for every fund spent during the financial year. This accountability is carried out in school board meetings attended by school components, community components, and local governments. (Ara Hidayat,2022).

4. CONCLUSION

The purpose of education financing management is to achieve the expected quality of schools. In each stage of the financing management process, the main concern is the achievement of the school's vision and mission. The stages of education financing management through the stages of education financing planning, the stages of financing implementation, and supervision of education financing. In madrasah school-based education financing management, the preparation of madrasah expenditure budgets is assisted by its representatives determined by madrasah policies under government supervision.

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