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EFFICIENCY AND EFFECTIVENESS OF EDUCATION FINANCING: IMPACT AND CHALLENGES FOR PRIVATE ISLAMIC SCHOOLS

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Abstract
Education financing is the main pillar in realizing a quality and equitable education system. This article discusses the efficiency and effectiveness of education financing in Indonesia, especially in the context of Islamic schools, and the challenges faced in its implementation. By referring to the legal basis, budget management practices and impact evaluation, this article shows the importance of a transparent, targeted and innovative financing system. In the midst of fiscal limitations and distribution inequality, the use of technology and alternative sources of financing is a strategic solution to optimize sustainable and quality Islamic education.
Keywords: *Education Financing, Efficiency, Effectiveness, Islamic Schools, Challenges*

INTRODUCTION

Education plays an important role in national development. In Indonesia, the education system requires financing that is not only adequate in quantity, but also effective and efficient in its management. Although the 1945 Constitution and various other regulations have mandated a minimum budget allocation of 20% of the APBN/APBD for education, in practice there are still imbalances in distribution and non-optimal management, especially in Islamic education institutions. Efficiency and effectiveness in education financing are key to ensuring that every dollar spent can have the maximum impact on the quality of education. However, challenges such as bureaucracy, corruption and regional disparities remain major obstacles.

1. Efficiency of Education Financing

The efficiency of education financing relates to the ability of educational institutions to use funds optimally and economically. Some key indicators of efficiency include:

A. Transparent and accountable budget management.
B. Equitable distribution of funds between developed and underdeveloped regions.
C. Utilization of funds for educational facilities, including infrastructure and learning facilities.
D. Investment in human resources (HR) such as teacher training.
E. Financing innovations, including cooperation with the private sector.
F. Regular evaluation and use of technology in financial management.

Without efficiency, education runs the risk of wasting money without any meaningful improvement in quality.

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2. Effectiveness of Education Financing

Effectiveness refers to the extent to which education funding achieves its stated objectives. Effectiveness is measured through:

A. Increased enrollment and quality of education, especially in Islamic schools.
B. Wider access to education, including in 3T areas (underdeveloped, frontier, outermost).
C. Utilization of technology such as e-learning to overcome physical and geographical limitations.
D. Improving teacher professionalism through quality training.
E. In other words, effective financing is not just about numbers, but about results.

RESEARCH METHOD

This paper employs a qualitative descriptive method through literature analysis. Sources include academic journals, books, and current research that discuss Islamic education finance, management strategies, and financial planning principles in accordance with Islamic teachings (Ismail et al., 2021).

RESULTS AND DISCUSSION

1. Positive impact on private Islamic education institutions

For efficiency:

A. Funds Are More Targeted, Priority Programs Run.
B. Increase
C. Public Trust.

For effectiveness:

A. The institution grows sustainably.
B. Quality of education improves.
C. Competitiveness with public schools increases.

2. The negative impact of efficiency on private Islamic education institutions

Efficiency impact:

A. Budget cuts that impact quality (e.g. cutting teacher training, reducing teaching aids, or neglecting facility maintenance).
B. Teacher workload increases (excessive multitasking), HR efficiency that is not matched with competence can reduce teaching quality
C. Lack of innovation, for the sake of efficiency, schools are reluctant to innovate for fear of cost.
D. Work environment is not conducive, excessive savings can make facilities uncomfortable for students and teachers
E. Negative impact on effectiveness:
F. Neglecting spiritual aspects and Islamic values, too focused on results (graduation rates, rankings) can forget about moral development. Sacrificing the humanized learning process
G. Chasing achievement targets can make learning rigid and result-oriented.

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H. Inequality between institutional units, units deemed not "output effective" may be marginalized from funding priorities.
I. Teachers and staff become pressured by targets, if effectiveness is only measured by grades or statistical outputs, it can reduce the intrinsic motivation of educators.

3. Education Financing Challenges for Islamic Education Institutions

A. Dependence on SPP, lack of diversification
B. Limited human resources for professional financial management.
C. Lack of data-based strategic planning.
D. Financial transparency that has not been maximized. Lack of alternative financing innovation (endowment, productive waqf, private partnership).

4. Impact on Islamic Schools

Islamic schools face a double challenge: limited resources and high quality demands. The efficiency and effectiveness of financing is very influential:

A. Provision of adequate Islamic infrastructure.
B. Development of an integrative curriculum between religion and general education.
C. Strengthening the character and morals of students, which requires a holistic learning approach.
D. Without effective financial support, the mission of Islamic education will be difficult to achieve.

5. Challenges and Solutions

A. Some of the major challenges in financing education, especially Islamic schools, include:
B. Inequality in the distribution of funds.
C. Complex bureaucracy and lack of accountability.
D. Dependence on the state budget.
E. Lack of innovation in alternative financing.

Institutions that apply the principles of efficiency and effectiveness in a balanced manner show improvements in several aspects, such as:

A. School financial stability,
B. Quality of teaching staff through regular training,
C. Improvement of infrastructure based on priority needs

CONCLUSIONS AND SUGGESTIONS

Based on the discussion, we can conclude that the efficiency and effectiveness of financing is an important foundation in ensuring the sustainability and quality of Islamic educational institutions and strengthening a trustworthy and professional financial system is part of da'wah in education. Because the efficiency and effectiveness of education financing is a vital aspect in realizing quality and equitable education, especially in the context of Islamic schools. The government has provided a legal framework and sufficient budget, but implementation in the field still faces many challenges. Good governance, the use of technology, and multi-sectoral cooperation are

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needed to optimize the use of the education budget. With these steps, the ideal of superior and inclusive Islamic education can be more easily realized.

1. **Suggested solution recommendations:**
   A. Financial management training for school principals and treasurers.
   B. Digitalization of accounting and reporting systems.
   C. Establishing a school business unit as a non- tuition revenue source.
   D. Collaboration with zakat institutions,
   E. CSR, alumni.
   F. Implementation of Good Governance principles in financing management

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