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ANALYSIS OF EDUCATION FINANCING STRATEGIES TO IMPROVE ACCESSIBILITY IN HIGHER EDUCATION

Dennis Haruna[1]*, Hamdi Abdul Karim[2]*, Adriansyah*
[1,2] Universitas Islam Negeri Sjech M. Djamil Djambek Bukittinggi, Indonesia
[3]Universiti Pendidikan Sultan Idris, Malaysia
Email Correspondence: harunadennis@gmail.com, hamdiabdulkarim@uinbukittinggi.ac.id
p20231001216@siswa.upsi.edu.my

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ABSTRACT

This study analyzes education financing strategies to improve accessibility in Indonesian higher education. Equitable access to higher education is essential to support the nation's progress and reduce socio-economic disparities between regions. However, the high cost of education, the economic limitations of the community, and the impact of the Covid-19 pandemic have become major barriers for low-income groups to continue their studies at the tertiary level. This study uses a qualitative approach with a literature study method to identify and evaluate various financing strategies, such as scholarships, tuition assistance, student loans, subsidies, partnerships with the industrial sector, as well as community-based and philanthropic funding innovations. The results of the analysis show that a combination of various financing strategies from the government, private sector and the community is more effective in expanding access to higher education in an inclusive and sustainable manner. This study recommends the need for cross-sector collaboration, increased financial literacy, and strengthened regulation and transparency in the distribution of education funds to ensure that every individual has a fair opportunity to receive higher education and improve the quality of national human resources.

Keywords: *Financing Strategy, Education Financing, Accessibility of Higher Education*

INTRODUCTION

Higher education has a very large share in the progress of a nation, especially in improving the quality of a country's human resources. Easy access to higher education is one indicator of the success of higher education equity in a country. Therefore, efforts to expand the accessibility of higher education are very important so that all people can access the desired higher education, especially in developing countries such as Indonesia. With equal access, people from various regions can be accommodated and contribute optimally to national development, so that social and economic disparities between regions can be minimized.

One of the main obstacles in realizing equitable access to higher education is the high cost of education (Ayusla et al., 2024). Not a few prospective students who have high academic potential have to cancel their intention to continue their education only because of financial constraints. This causes social inequality to widen, where only

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individuals from certain economic groups can access higher education. If this condition is not addressed immediately, inequality can have an impact on the lack of social mobility and slow down the development of human resources. Thus, strategic efforts are needed to overcome the problem of education costs, so that the opportunity to pursue higher education can be felt fairly by all levels of society.

Since Indonesia was affected by the Covid 19 pandemic, the economy in various regions of Indonesia has become uncertain, such as the decline in people's purchasing power, including the decline in people's interest in continuing their education to higher education levels due to increasingly felt economic limitations. Conditions like this cause people's main priorities to focus more on meeting basic daily needs than investing in education. As a result, access and opportunities to higher education are limited, especially for low-income groups. This is also reinforced by the results of Feby Rahmawati's research conducted at SMKN 9 Padang that students' interest in continuing to higher education is very low and one of the factors is economic conditions (Rahmawati et al., 2024).

Education financing strategies have been developed by the government, educational institutions and the private sector to help reduce the burden of education costs. These strategies include scholarship programs, tuition assistance, student loans, education subsidies, and financing cooperation with the industrial sector. Each strategy has its own advantages and disadvantages in its efforts to increase accessibility to higher education, so continuous evaluation and development are needed so that the benefits can be optimally felt by all prospective students in Indonesia (Fihana, 2024).

This research is directed at analyzing various education financing strategies in improving accessibility to higher education. The focus of the study includes the important role of financing strategies in expanding opportunities for people to continue higher education, identifying forms of financing strategies that are considered effective based on literature review, and analyzing the advantages and disadvantages of each strategy. This effort is particularly relevant given the challenges faced by Indonesia, such as inequality of access, budget constraints and the need for sustainable financing innovation. Educational progress will be difficult to realize without adequate funding support (Amrizal et al., 2021). By examining in depth the effectiveness of various forms of education financing, this research is expected to provide a comprehensive understanding and more inclusive policy recommendations to support equitable learning opportunities in higher education and improve national human resources.

RESEARCH METHOD

This research uses a qualitative approach with a literature study method to analyze education financing strategies in improving accessibility in higher education. literature study is carried out by examining, reviewing and analyzing various relevant literature sources, both in the form of books, scientific journal articles, research reports, educational policies and official documents of government agencies. Data collection was carried out through literature searches related to the theme of education financing and

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accessibility of higher education. The literature sources used were selected based on the criteria of relevance to the research topic, credibility of the publisher, and currency of information. The data obtained from the literature was then analyzed descriptively qualitatively to identify the various forms of financing strategies, the role of each strategy in increasing access, and their advantages and disadvantages. The data analysis technique in this study involved a process of data reduction, data presentation, and conclusion drawing. The data that has been collected is selected and categorized according to the focus of the study, then presented in the form of an analytical narrative to facilitate understanding. The results of the analysis form the basis for formulating conclusions and recommendations regarding effective education financing strategies to expand access to higher education.

RESULTS AND DISCUSSION

1. Concept of Education Financing

Education financing is an important aspect that cannot be avoided in the implementation of education in Indonesia, including at the tertiary level. In general, education financing includes all costs required to support the education process, ranging from the construction of facilities and infrastructure, operational costs, curriculum development, to direct costs charged to students such as single tuition fees (UKT) and other administration. This concept is in line with the provisions in Law No. 20/2003 on the National Education System, which emphasizes that the government and local governments must guarantee the availability of funds for the implementation of education for every citizen (Kementerian Pendidikan dan Kebudayaan, 2003).

Article 31(4) of the 1945 Constitution mandates that the state prioritize an education budget of at least 20 percent of the State Budget (APBN) and Regional Budget (APBD) to meet the needs of national education (BAPPENAS RI, 1945). This provision is strengthened in Article 49 of Law No. 20/2003, and further elaborated in Government Regulation No. 48/2008 on Education Funding, which emphasizes the importance of adequate and equitable allocation of education funds (Agama, 2008).

Financing in higher education is more specifically regulated in Law No. 12/2012 on Higher Education. Sources of financing for higher education can come from the government, the community, students, the business world, and other legitimate sources. The government provides the budget through the APBN and APBD, while the community contributes through donations, grants, and payment of education fees (Kementrian Hukum dan HAM, 2012). In Permendikbud Number 3 of 2020 concerning National Higher Education Standards, it also sets learning financing standards as minimum criteria regarding the components and amount of investment costs and operational costs that must be met by each university (Kemendikbud, 2020).

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Education financing is not only seen as an expenditure, but also as a long-term investment that provides economic and social benefits in the future (W.P, 2013). Therefore, the availability of fair and affordable financing greatly affects the level of community participation in higher education. The government also continues to strengthen regulations and supervision so that the principles of fairness, equity and sustainability can be realized in the national education financing system.

2. Accessibility of higher education in Indonesia

Accessibility of higher education in Indonesia still faces major challenges, especially related to socio-economic and geographical disparities. Based on data from the Central Bureau of Statistics (BPS) in 2024, the Gross Participation Rate (APK) of national higher education only reached around 32%, still lagging far behind other Southeast Asian countries such as Singapore 91.09% and Malaysia 43%. One of the main causes of this low participation is economic limitations, where low-income families are often unable to afford expensive education (Sary et al., 2024).

Other challenges that exacerbate the gap in access to higher education are the quality of teaching staff, educational facilities, and access to technology and information. Rural schools often lack qualified teachers, adequate laboratories, libraries and internet access, so students in these areas tend to have lower learning outcomes and less opportunity to enter higher education. On the other hand, cultural norms and gender inequality also remain barriers in some areas, especially for women and certain groups of society who are less supported to pursue higher education (Fukaro, 2025).

In facing these challenges, the government continues to improve access to higher education through various policies, such as providing KIP Kuliah scholarships, developing digital universities, improving education infrastructure in underdeveloped areas, and collaborating between public and private universities to expand the reach of education services. However, to realize a more inclusive and equitable higher education, sustainable synergy between the government, the community, and the private sector is needed, as well as strengthening regulations and supervision so that every child of the nation, regardless of economic and geographical background, can have equal opportunities in higher education.

3. Education Financing Strategies to Improve Accessibility

Various education financing strategies have been implemented to improve the accessibility of higher education in Indonesia. One of the main strategies is the provision of scholarships, both merit-based and financial need-based. Programs such as the Kartu Indonesia Pintar (KIP) Lecture Card, Beasiswa Pendidikan Indonesia (BPI), and scholarships from local governments and the private sector have proven effective in helping students from underprivileged families to continue their higher education. These scholarships not only cover tuition fees, but also often

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cover living expenses and other academic support, thus significantly easing the financial burden on students (Christy et al., 2024).

In addition to full scholarships, there is also a partial tuition assistance strategy. This scheme allows students to receive a partial subsidy of the total tuition fee, as implemented in the LPDP Partial Scholarship program. With a joint funding model between the government and individual recipients, partial scholarships provide flexibility for students who need additional support but are not eligible for full scholarships (Lpdp.kemenkeu.go.id, 2025). This partial aid scheme can also help expand the reach of education aid recipients to more students.

Another alternative that is starting to be developed is student loans. This scheme allows students to postpone the payment of education costs until they graduate and earn a steady income. In Indonesia, the government is preparing a student loan system where repayments are made after students work and reach a certain income, with an automatic payment mechanism from the salary. Although its application is still limited, this model has long been used in various countries to expand access to higher education without burdening students during the study period (Azzahra, 2025).

Another growing financing strategy is the partnership between universities and business or industry. Through corporate social responsibility (CSR) programs, paid internships, and work-study models, students can obtain financial assistance as well as relevant work experience. This cooperation not only improves the competitiveness of graduates, but also encourages innovation and the application of the latest technology on campus. In developed countries, the work-study model has proven effective in helping students finance their education while preparing them for the world of work (Leonard & Hutson, 2021).

In addition to the strategies that have been implemented by the government, there are currently various innovations in higher education financing that involve community participation and philanthropic institutions. One of the innovations being developed is the Dana Kuliah Bergulir (DKB), an interest-free education loan scheme whose repayment only begins after students graduate and have a steady income (PMK, 2024). This scheme is expected to be able to reach groups of people who are not covered by full scholarships or partial assistance, and encourage the expansion of access to higher education in a more equitable manner. The government is also reviewing the implementation of the income-contingent loan (ICL) scheme and strengthening synergies with the private sector and social institutions so that more alternative sources of funding are available to students (Yanti, 2024).

Another financing strategy to increase accessibility to higher education is community-based financing innovations such as crowdfunding as an alternative solution to cover the shortfall in tuition fees. Through online platforms, students can raise funds from the wider community to finance their educational needs, especially for students who are not eligible for government assistance programs. This crowdfunding scheme offers flexibility and inclusiveness, and expands the reach of

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beneficiaries thanks to the support of digital technology. However, the effectiveness of crowdfunding still requires supervision, transparency, and education to the public so that it can be utilized optimally and sustainably (Pasadani & Rusdiana, 2024).

The active participation of the community and non-governmental organizations also plays an increasingly important role in supporting higher education financing. Many foundations, communities, and social institutions offer scholarship programs, education donations, and mentoring for outstanding and underprivileged students. Collaboration between the government, private sector and civil society is key in creating an inclusive and sustainable education financing ecosystem, so that every individual has the same opportunity to achieve higher education and improve their quality of life (Julaeha & Pitriani, 2023).

4. Financing Strategy Effectiveness Analysis

The effectiveness of education financing strategies is strongly influenced by program design, implementation and targeting. Merit-based scholarships have proven effective in encouraging student academic achievement, but have not fully addressed the challenge of accessibility for the economically disadvantaged (Rusli, 2017). Need-based scholarships are more targeted at increasing the participation of students from underprivileged families, because they directly help overcome the financial barriers that are the main barrier to accessing higher education. However, the effectiveness of the scholarship program still depends on the accuracy of targeting and transparent selection mechanisms to truly reach students in need.

Student loans have great potential in expanding access to higher education, especially for students from the lower middle class who are not covered by full scholarships or partial aid. The implementation of this scheme must be accompanied by careful risk management, such as adjusting installments to income after graduation and monitoring loan interest, so as not to cause excessive debt burden on graduates. Experience in various countries shows that without adequate regulation and consumer protection, education loans can become a new problem for graduates, such as the risk of default and long-term financial pressure.

Partnership strategies between universities and business or industry also offer new opportunities in financing higher education. Through CSR programs, paid internships, or work while studying, students receive financial assistance as well as work experience that is relevant to the needs of the labor market. However, the effectiveness of this strategy is highly dependent on the supervision and balance between academic interests and industry demands. A combination of various financing strategies-scholarships, subsidies, student loans, industry partnerships, and community participation-tends to be more effective in expanding access to and improving the quality of higher education in an inclusive and sustainable manner (Ratnasari et al., 2024).

5. Challenges and Solutions in Financing Higher Education

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The most fundamental challenge in financing higher education in Indonesia is the limited sources of funds available to support all the needs of students and educational institutions. The allocation of the higher education budget from the government is still not optimal when compared to the real needs in the field, so that many education cost assistance programs such as scholarships and subsidies have not been able to reach all students in need. In addition, the inequality of budget distribution between universities in developed and underdeveloped regions further widens the gap in access to education. As a result, students from underprivileged families or those from remote areas still face major obstacles in continuing their studies to the tertiary level.

Another challenge faced is the low level of financial literacy among students and families. Many students do not understand the concept of financial management, so they are hesitant or reluctant to take advantage of the available education credit program. This is exacerbated by the complicated bureaucracy in scholarship management, which often causes months of delays in fund disbursement, making it difficult for beneficiary students to fulfill their educational needs on time. The multilevel bureaucratic structure and lack of transparency in the selection and disbursement process are serious obstacles to the effectiveness of higher education financing programs.

The solution to these challenges requires collaborative efforts involving the government, universities, the private sector and the community. The government needs to expand higher education budget allocations, improve aid distribution mechanisms, and increase transparency and accountability in financing programs. On the other hand, universities are encouraged to more actively establish partnerships with the business world, develop funding innovations such as crowdfunding, and utilize digital financial technology to expand access to financing. In addition, socialization and education about education financing programs need to be improved so that information can reach all prospective students, especially those from disadvantaged areas. With a holistic and sustainable approach, it is expected that access to higher education can be more equitable and able to create a generation that is more competitive at the national and global levels.

CONCLUSIONS AND SUGGESTIONS

Based on the results of the analysis, it can be concluded that various education financing strategies-from scholarships, tuition assistance, student loans, subsidies, partnerships with the industrial sector, to community-based innovation and philanthropy-have an important role in expanding the accessibility of higher education in Indonesia, especially for low-income groups. However, the effectiveness of each strategy depends on the design, implementation, targeting, and cross-sectoral synergy between the government, universities, businesses, and communities. Therefore, it is recommended that the government increase the budget allocation for higher education, strengthen regulations and transparency in the distribution of funds, and encourage financing innovation through multi-stakeholder collaboration. In addition, it is

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necessary to increase financial literacy and socialization of financing programs so that all prospective students, especially from disadvantaged areas, can take advantage of higher education opportunities in a fair and sustainable manner, so as to create superior human resources and be able to compete at the national and global levels.

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