

A Constitutional Guarantee without a Distributive Principle: Education Financing and Equity in Indonesia

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Article History Received : 05-09-2026 Revised : 29-09-2026 Published : 05-10-2026 Keywords: <i>decentralisation, education financing, equity, needs-adjusted funding, school operational grants</i>	Indonesia constitutionally guarantees a minimum twenty percent share of public budgets for education and the Constitutional Court has enforced that guarantee, yet educational disparities between regions, schools, and socioeconomic groups have proved persistent, raising the question of what the commitment has purchased. This study aims to examine how legal instruments construct the obligation to fund education and what distributive principle they establish, to assess the relationship between the current allocation mechanism and the disparities it is expected to reduce, and to formulate reconstruction aligning allocation with the framework's equality commitments. The research applies normative juridical method with document analysis, examining the Constitution, the National Education System Law, the regional government and fiscal relations laws, the education funding regulation, ministerial regulation on school operational grants, and Constitutional Court decisions, tested against scholarship in distributive justice, school finance, and fiscal decentralisation. The findings show that the constitutional provision guarantees volume without establishing distribution, that statutory principles of justice and adequacy are never translated into allocation criteria, and that the operative uniform per-student grant embodies horizontal equity alone, systematically under-funding remote, small, and high- need schools while decentralisation allows provision to track regional fiscal and administrative capacity, and household contributions outside the accounting boundary conceal further inequality. The article

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	recommends a needs-adjusted formula built on structurally verifiable characteristics, an outcome-referenced adequacy standard, outcome accountability complementing fiduciary compliance, and inclusion of household contributions in financing accounts.

I. INTRODUCTION

Indonesia is among a small number of states that have constitutionalised a minimum share of public expenditure for education. The 1945 Constitution, as amended, requires that the state prioritise the education budget at a minimum of twenty percent of the national and regional budgets to meet the requirements of national education.¹ The Constitutional Court has repeatedly enforced this provision, declaring budget legislation inconsistent with the Constitution where the allocation fell short.² The commitment is substantial by any international comparison, and the constitutional entrenchment gives it a durability that ordinary legislation would not.

The question this article examines is what that commitment has purchased. Aggregate spending has risen markedly; learning outcomes, measured by both domestic and international instruments, have improved far more modestly; and disparities between regions, between schools, and between socioeconomic groups have proved persistent. The relationship between educational expenditure and educational outcomes is not mechanical, and the international evidence is unambiguous that how money is spent matters more than how much, beyond a threshold of adequacy.³ The Indonesian case is therefore an instance of a general problem in a particularly clear form: a constitutional input guarantee, faithfully met, producing outcomes well below expectation.

The ideal condition is specified across several instruments. The National Education System Law establishes that education funding is the shared responsibility of central government, regional governments, and the community, and that the state guarantees the

¹ Undang-Undang Dasar Negara Republik Indonesia Tahun 1945, Pasal 31 ayat (4).

² Putusan Mahkamah Konstitusi Nomor 13/PUU-VI/2008 tentang Pengujian Undang-Undang Anggaran Pendapatan dan Belanja Negara Tahun Anggaran 2008.

³ Eric A. Hanushek and Ludger Woessmann, *The Knowledge Capital of Nations: Education and the Economics of Growth* (Cambridge: MIT Press, 2015), 71–98.

availability of funds for compulsory basic education without charge to students.⁴ The regulation on education funding elaborates the categories of cost and the allocation of responsibility among levels of government.⁵ The framework for fiscal relations between central and regional government governs the transfers through which the bulk of education spending reaches schools.⁶

The actual condition displays a recognisable set of difficulties. A large share of the constitutional allocation is absorbed by personnel costs, leaving a smaller discretionary margin than the headline figure implies. Operational funding reaches schools principally through a per-student grant whose uniform rate does not reflect differences in cost of provision across geography or in student need. Regional governments hold substantial responsibility for education under decentralisation but vary widely in fiscal capacity and in administrative capability. And accountability for the use of funds is organised predominantly around procedural compliance rather than around outcomes.

Scholarly debate bears on these questions from several directions. The economics of education has examined the relationship between expenditure and learning, finding it weak in aggregate and strong for particular uses.⁷ School finance scholarship has developed the distinction between equal and equitable funding, arguing that equal per-student allocation in unequal circumstances reproduces inequality.⁸ Fiscal decentralisation scholarship has examined the conditions under which devolving expenditure responsibility improves service delivery, identifying local capacity and accountability mechanisms as decisive.⁹

The research gap this article addresses lies in the limited normative analysis of the Indonesian education financing architecture as a distributive system. Indonesian scholarship has extensively examined the management of school operational grants and the compliance apparatus surrounding them, but has less often asked whether the allocation formula distributes resources in a manner consistent with the equality commitments the Constitution and the education law establish. The novelty of this article

⁴ Undang-Undang Nomor 20 Tahun 2003 tentang Sistem Pendidikan Nasional, Pasal 11, Pasal 46, dan Pasal 34 ayat (2).

⁵ Peraturan Pemerintah Nomor 48 Tahun 2008 tentang Pendanaan Pendidikan, Pasal 2–5 dan Pasal 51.

⁶ Undang-Undang Nomor 1 Tahun 2022 tentang Hubungan Keuangan antara Pemerintah Pusat dan Pemerintahan Daerah, Pasal 1 dan Pasal 129.

⁷ Hanushek and Woessmann, *The Knowledge Capital of Nations*, 71–98.

⁸ Bruce D. Baker, *Educational Inequality and School Finance: Why Money Matters for America's Students* (Cambridge: Harvard Education Press, 2018), 25–58.

⁹ Pranab Bardhan, “Decentralization of Governance and Development,” *Journal of Economic Perspectives* 16, no. 4 (2002): 185–205; Jean-Paul Faguet, “Decentralization and Governance,” *World Development* 53 (2014): 2–13.

lies in that analysis, and in its argument that Indonesia has constitutionalised the volume of education spending without constitutionalising, or otherwise securing, its distribution with the result that an impressive aggregate commitment coexists with an allocation mechanism that is equal in form and regressive in effect.

Three research questions follow. First, how do Indonesian legal instruments construct the obligation to fund education, and what distributive principle, if any, do they establish? Second, what does the evidence indicate about the relationship between the current allocation mechanism and the disparities it is expected to reduce? Third, what reconstruction of the financing architecture would align allocation with the equality commitments the framework asserts?

II. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

The normative foundation for the analysis is supplied by theories of distributive justice as applied to education. Rawls's difference principle holds that social and economic inequalities are justified only where they operate to the greatest benefit of the least advantaged, and his account of fair equality of opportunity requires that those with similar talents and willingness have similar prospects regardless of their social position.¹⁰ Applied to education financing, fair equality of opportunity implies that resources should be allocated so as to counteract, rather than reflect, the differential advantages children bring to school.

The capability approach reframes this in terms of what resources enable. Sen's distinction between resources and the freedom to convert them into valued functionings explains why equal allocation does not produce equal opportunity: conversion factors distance, disability, language, prior preparation, family circumstance vary, and identical resources therefore purchase unequal capability.¹¹ The implication for financing is precise: an allocation that is uniform per student is equitable only under the assumption that the cost of producing a given educational outcome is uniform, which it is not.

School finance scholarship has developed this into an operational framework. Baker's analysis distinguishes horizontal equity, treating like students alike; vertical equity, treating students with different needs differently; and adequacy, ensuring that resources

¹⁰ John Rawls, *A Theory of Justice*, rev. ed. (Cambridge: Harvard University Press, 1999), 63–73, 265–274.

¹¹ Amartya Sen, *Development as Freedom* (New York: Anchor Books, 1999), 87–110; Martha C. Nussbaum, *Frontiers of Justice: Disability, Nationality, Species Membership* (Cambridge: Harvard University Press, 2006), 96–154.

suffice to achieve defined outcomes.¹² The framework directs attention to three empirical questions in any financing system: whether the base allocation is adequate, whether it is adjusted for the additional cost of educating students with greater needs, and whether it is adjusted for differences in the cost of providing the same service in different places.

The decentralisation literature supplies the fourth component. Devolving expenditure responsibility to sub-national government is expected to improve allocation by bringing decisions closer to local information and local accountability. The evidence indicates that these benefits materialise where local capacity is adequate and accountability mechanisms are functional, and that where they are not, decentralisation can increase disparity because outcomes then track local fiscal capacity and administrative competence.¹³ Indonesian education is administered under one of the more extensive decentralisation arrangements in the developing world, which makes this literature directly applicable.

The theoretical gap addressed here is the limited integration of distributive principle with the analysis of transfer mechanisms in the Indonesian context. Normative work on educational equality in Indonesia has generally operated at the level of principle; empirical work on school funding has generally operated at the level of grant management. The intermediate level the design of the allocation formula, and its consistency with the principles the legal framework asserts has received comparatively little attention, and it is where the distributive consequences are actually determined.

III. RESEARCH METHOD

This study employs normative juridical research, supported by document analysis of financing regulation and by engagement with published empirical evidence on expenditure and outcomes. Normative juridical method examines law as a system of norms and evaluates its coherence and adequacy to its purposes; it is appropriate here because the research questions concern the distributive principle embedded in a legal framework.¹⁴

Three approaches are combined. The statutory approach examines the Constitution, legislation, and subordinate regulation governing education funding and intergovernmental fiscal relations. The conceptual approach examines the categories of adequacy, equality, and equity as they appear in these instruments and tests their consistency with the allocation mechanisms the instruments establish. The case approach

¹² Baker, *Educational Inequality and School Finance*, 25–58.

¹³ Bardhan, “Decentralization of Governance and Development,” 190–200; Faguet, “Decentralization and Governance,” 4–10.

¹⁴ Peter Mahmud Marzuki, *Penelitian Hukum*, rev. ed. (Jakarta: Kencana Prenada Media, 2017), 133–142.

examines Constitutional Court decisions on the education budget provision, which supply authoritative interpretation of the constitutional obligation.

Materials are organised in three tiers. Primary materials comprise the 1945 Constitution; Law Number 20 of 2003 on the National Education System; Law Number 23 of 2014 on Regional Government; Law Number 1 of 2022 on Fiscal Relations between Central and Regional Government; Government Regulation Number 48 of 2008 on Education Funding; ministerial regulation governing the technical management of school operational grants; and relevant Constitutional Court decisions. Secondary materials comprise peer-reviewed scholarship in the economics of education, school finance, fiscal decentralisation, and distributive justice. Supporting materials comprise public expenditure analyses and international comparative indicators.¹⁵

Analysis proceeded in four stages. The legal corpus was coded for provisions establishing funding obligations, allocation mechanisms, and distributive criteria. The distributive principle implicit in the allocation mechanisms was then made explicit and compared with the principles the Constitution and the education law assert. Evidence on the relationship between allocation and disparity was assembled from published sources. Finally, reconstruction proposals were developed and tested for consistency with the constitutional framework and with the fiscal relations architecture. The study analyses legal and formula design rather than conducting original fiscal analysis; quantitative characterisations rely on published expenditure reviews.

IV. RESULTS AND DISCUSSION

A. An Input Guarantee without a Distributive Principle

The constitutional provision is a guarantee of volume. It requires that a minimum share of public budgets be allocated to education, and the Constitutional Court has enforced this requirement as a justiciable constraint on budget legislation.¹⁶ What the provision does not establish is any principle governing how the guaranteed volume is to be distributed.

This is not a defect in drafting so much as a characteristic of input guarantees generally. A constitutional floor on spending addresses the political economy problem that education budgets are vulnerable to competing claims; it does not address the allocation

¹⁵ World Bank, *Indonesia Public Expenditure Review: Spending for Better Results* (Washington: World Bank, 2020), 61–94; OECD, *Education at a Glance 2023: OECD Indicators* (Paris: OECD Publishing, 2023), 265–300.

¹⁶ UUD 1945, Pasal 31 ayat (4); Putusan Mahkamah Konstitusi Nomor 13/PUU-VI/2008.

problem, which arises downstream. The consequence, however, is that the constitutional commitment carries no equity content, and equity must therefore be supplied by ordinary legislation and regulation.

Examination of the statutory framework reveals that this supply is thin. The education law establishes that funding is a shared responsibility and guarantees free compulsory basic education, and it directs that funding be allocated on principles of justice, adequacy, and sustainability.¹⁷ These are principles rather than criteria: they state what allocation should achieve without specifying how allocation should be calculated. The funding regulation elaborates cost categories and the responsibilities of each level of government, but it likewise does not establish a formula linking allocation to need.¹⁸

The allocation that operates in practice is therefore determined at the level of technical regulation and budget process, where the dominant mechanism is a per-student grant at a rate that varies by education level and, to a limited degree, by region. The implicit distributive principle is horizontal equity: like students are treated alike. The framework asserts justice and adequacy; the mechanism delivers uniformity. These are not the same thing, and the gap between them is where the observed persistence of disparity is produced.

B. Uniform Allocation in Non-Uniform Conditions

The core analytical finding follows directly. A uniform per-student allocation is equitable only if the cost of delivering a given standard of education is uniform across students and locations. Three sources of variation defeat this assumption in the Indonesian context.

The first is geographic cost. Delivering education in remote, small, or difficult-to-reach communities costs more per student than in dense urban settings: transport of materials is more expensive, teacher recruitment and retention require greater inducement, schools are smaller and therefore lose economies of scale, and infrastructure maintenance is costlier. A uniform rate systematically under-funds these schools, and they are disproportionately the schools serving the poorest communities.

The second is student need. Students who arrive at school without preparation, who speak a language other than the language of instruction, who have disabilities, or who face circumstances that interrupt attendance require additional resources to reach the same

¹⁷ Undang-Undang Nomor 20 Tahun 2003, Pasal 46 ayat (1) dan Pasal 47 ayat (1).

¹⁸ Peraturan Pemerintah Nomor 48 Tahun 2008, Pasal 2–5.

standard. Vertical equity requires that allocation reflect this. A uniform rate does not, and the resulting shortfall again falls on the schools serving the most disadvantaged students.

The third is scale. Small schools have higher per-student costs for irreducible reasons: a teacher is required for a class whether it holds twelve students or thirty-two. Per-student funding penalises small schools mechanically, and small schools are overwhelmingly rural. Where this is not offset, the funding system communicates that small remote schools should consolidate, which may be defensible in some circumstances and is in others a proposal that children travel distances they cannot travel.

Table 1. Equity Dimensions in Education Financing and the Indonesian Position

Dimension	Requirement	Indonesian Mechanism	Distributive Effect
Adequacy	Resources sufficient for defined outcomes	Constitutional volume guarantee; no outcome-referenced adequacy standard	Volume secured; sufficiency unassessed
Horizontal equity	Like students treated alike	Uniform per-student grant	Achieved in form
Vertical equity	Additional resources for additional need	Limited adjustment for student need	Disadvantage not offset
Geographic cost adjustment	Allocation reflecting cost of provision	Limited regional differentiation	Remote and small schools under-funded
Local fiscal capacity	Equalisation across regions	General transfers partly equalising; education share discretionary	Outcomes track regional capacity

Source: Author's analysis of the financing framework and school finance literature, 2026.

C. Decentralisation and the Capacity Gradient

Indonesian education is administered under a decentralisation arrangement in which regional governments hold substantial responsibility for basic and secondary education,

funded through a combination of transfers and own-source revenue.¹⁹ The comparative evidence indicates that decentralisation improves service delivery where local capacity and accountability are adequate and can increase disparity where they are not.²⁰

Two Indonesian features are consequential. The first is variation in fiscal capacity. Regions differ substantially in own-source revenue, and while general transfers perform an equalising function, the share of regional budgets directed to education is a regional decision. A region with weak capacity and competing priorities may meet its formal obligations while providing materially less than a region with strong capacity, and the difference is invisible in national aggregates.

The second is variation in administrative capability. The effective use of education funds requires planning capacity, procurement capability, and the ability to analyse local needs. These are unevenly distributed, and they correlate with the same regional characteristics as fiscal capacity. Decentralisation therefore compounds rather than offsets initial inequality unless deliberate counteraction is designed in.

The available counteraction is not recentralisation, which would forfeit the genuine benefits of local decision-making and is in any case inconsistent with the regional government framework. It is rather the combination of a needs-adjusted allocation formula operating at national level with sustained investment in regional capability, and a monitoring function capable of identifying regions where provision falls below an adequacy standard.

D. Compliance Accountability and the Displacement of Purpose

The accountability apparatus surrounding school operational grants is extensive and is oriented predominantly toward procedural compliance: eligible expenditure categories, documentation, reporting formats, and audit. This orientation is understandable given the history of fiduciary risk in decentralised transfers, and it has produced real improvements in the integrity of fund management.

Its costs are less often examined. Three deserve attention.

The first is the absorption of school leadership attention. Where a principal's most consequential accountability relationship concerns the correct documentation of

¹⁹ Undang-Undang Nomor 23 Tahun 2014 tentang Pemerintahan Daerah, Pasal 12 dan Lampiran; Undang-Undang Nomor 1 Tahun 2022, Pasal 129–131.

²⁰ Faguet, "Decentralization and Governance," 4–10.

expenditure, that is where their attention goes. The opportunity cost is instructional leadership, and it is substantial.

The second is the distortion of expenditure decisions toward categories that are easy to document and defend. Physical goods with invoices are safe; expenditure on teacher collaboration time, coaching, or materials adapted locally is administratively riskier. The apparatus therefore biases spending toward inputs whose relationship to learning is weakest, which is a specific and important mechanism through which increased spending fails to produce improved outcomes.

The third is the crowding out of outcome accountability. A system cannot attend to everything, and an accountability regime dominated by compliance leaves little institutional attention for the question of whether the expenditure improved learning. The result is a financing system that can report with precision how money was spent and with very little confidence about what it achieved.

The remedy is not to weaken fiduciary control, which would be irresponsible, but to complement it with an outcome-referenced component: a requirement that schools and regions account for the learning their expenditure was intended to produce, supported by the diagnostic information the assessment system now generates.

E. Household Contributions and the Free Education Guarantee

A further distributive question concerns what households pay. The law guarantees free compulsory basic education, and the operational grant is intended to cover the costs that would otherwise be charged.²¹ In practice, households continue to bear substantial education costs: uniforms, transport, materials, examination-related expenses, and in many schools contributions solicited through parent committees.

Two consequences follow. The first is that the real price of schooling varies by school in a manner the financing system does not record, and the variation correlates with the resources of the community the school serves. Schools serving wealthier communities raise more from parents, spend more per student, and appear in the official record as equally funded. The system's formal equality thus conceals substantial real inequality, and the concealment is a function of the accounting boundary rather than of any concealment intent.

²¹ Undang-Undang Nomor 20 Tahun 2003, Pasal 34 ayat (2); Peraturan Pemerintah Nomor 48 Tahun 2008, Pasal 51.

The second is that the costs borne by households fall most heavily, as a share of income, on the poorest, and are a documented contributor to non-enrolment and early leaving at the margins. Assistance programmes targeting household costs exist and are significant, and their design targeting accuracy, adequacy of the transfer, and the administrative burden of claiming determines how much of the guarantee is realised. These programmes deserve to be analysed as part of the education financing system rather than as social assistance adjacent to it.

F. Reconstruction: A Needs-Adjusted Formula and Outcome-Referenced Adequacy

The analysis supports four reconstruction proposals.

First, replace uniform per-student allocation with a needs-adjusted formula. The components are well established in comparative practice: a base rate; a sparsity or remoteness adjustment reflecting the cost of provision; a small-school adjustment reflecting scale; and weightings for student characteristics associated with higher cost of reaching a given standard. Each component requires data that Indonesia largely possesses, and the technical difficulty is considerably smaller than the political difficulty, since any redistributive formula produces losers among current recipients.

Second, establish an outcome-referenced adequacy standard. The constitutional guarantee fixes volume; an adequacy standard would specify what resources are required for a school to deliver defined outcomes under its circumstances, giving content to the statutory principle of adequacy and providing a benchmark against which under-provision could be identified and, in principle, challenged.

Third, complement compliance accountability with outcome accountability, using the diagnostic information the assessment system produces. The aim is not to attach consequences to results, which would reintroduce the distortions examined in the assessment literature, but to require that expenditure decisions be connected to identified learning needs and reviewed against them.

Fourth, bring household contributions into the accounting boundary. A financing system that does not record what families pay cannot know the actual distribution of resources across schools, and cannot therefore evaluate its own equity. Requiring schools to report parent-sourced income would make visible a substantial component of real inequality that is currently invisible by construction.

G. Objections, Political Economy, and Limits

Three objections warrant engagement.

The first holds that needs-adjusted formulas are administratively complex and vulnerable to manipulation, since any weighting creates an incentive to classify students into the weighted categories. This is a genuine risk, evidenced in several systems. It is mitigated by using characteristics that are externally verifiable and not school-determined geographic classification, community-level poverty indicators, school size in preference to school-assessed student categorisation. A formula built principally on structural rather than individual characteristics captures most of the cost variation with much less gaming risk.

The second holds that the binding constraint is not allocation but execution, and that regions with additional funds would not spend them better. This has force, and the analysis above concedes that capability varies. The response is that allocation and capability are complements rather than alternatives: additional resources to a low-capability region achieve little, and capability-building without resources achieves little, so the defensible policy pairs them. Sequencing capability investment ahead of, or alongside, formula reform is a reasonable design choice.

The third holds that the constitutional twenty percent commitment is itself the problem, since a rigid input floor encourages expenditure to fill the allocation rather than to meet identified need. There is something in this: rigid earmarks do generate absorptive spending. But the alternative discretionary allocation exposes education to precisely the political economy pressures the provision was enacted to resist, and the Indonesian record before entrenchment does not encourage confidence in that alternative. The more promising direction is to retain the floor and improve the quality of allocation within it.

The limitations of this study should be stated. It analyses legal and formula design rather than conducting original fiscal analysis, and its characterisations of expenditure patterns rely on published reviews whose data may lag current conditions. It also treats the financing system in isolation from the broader determinants of learning, which is analytically necessary and substantively incomplete: even an optimally designed formula would leave most of the variation in outcomes unexplained.

H. Comparative Approaches to Needs-Based Allocation

Comparative practice offers several models of needs-based school funding, and their common features are more instructive than their differences.

The first common feature is a base allocation calculated against a defined standard of provision rather than against historical spending. Where the base is derived from what schools previously received, existing inequality is encoded and perpetuated; where it is

derived from the cost of a specified staffing and resource configuration, the formula states what the system believes a school requires. Indonesia's per-student rate has evolved incrementally rather than being derived from a costed standard, and one consequence is that no authoritative answer exists to the question of whether the rate is adequate.

The second is a small number of robust need weightings. Systems that have attempted fine-grained individual categorisation have generally retreated toward broader, structurally verifiable indicators community-level deprivation measures, school size, remoteness classification, and the proportion of students meeting a defined disadvantage criterion. The retreat reflects experience: complex weightings invite classification behaviour, consume administrative capacity, and deliver little additional targeting accuracy over simpler structural measures.

The third is transitional protection. Any redistributive formula produces schools that receive less than before, and abrupt reductions disrupt provision for students who are not responsible for the historical allocation. Systems that have implemented formula reform successfully have generally guaranteed a floor against year-on-year reduction while directing growth funding disproportionately to under-funded schools, achieving redistribution through differential growth rather than through absolute cuts. This is slower and considerably more politically feasible, and in a system with a rising education budget it is entirely practicable.

A fourth feature, less often noted, is transparency. Where the formula and each school's resulting allocation are published, schools and communities can see what they receive and why, and anomalies become visible to the people best placed to notice them. Publication also disciplines the formula itself: components that cannot be publicly justified tend not to survive. Indonesia publishes grant amounts but not a derivation, which limits the scrutiny that publication would otherwise enable.

Two cautions attach to transplantation. Comparative models have generally been implemented in systems with a single level of allocation authority, whereas Indonesian schools receive resources from central transfers, provincial and district budgets, and households simultaneously. A formula that governs only one of these streams can be offset by the behaviour of the others a district may reduce its own contribution to schools receiving more from the centre, neutralising the redistribution. Formula design must therefore address the interaction between streams, which is a harder problem than designing any single stream. And comparative models presuppose data infrastructure reliable school-level enrolment, staffing, and community characteristics whose quality determines whether a formula distributes accurately or merely appears to.

V. CONCLUSION

This article has examined why Indonesia's constitutionally entrenched education budget commitment has coincided with persistent educational disparity, and has located the explanation in the absence of a distributive principle governing the allocation of the guaranteed volume.

In response to the first research question, the constitutional provision guarantees the volume of education expenditure without establishing any principle for its distribution, and the statutory framework asserts justice and adequacy as principles without translating them into allocation criteria; the operative mechanism is therefore uniform per-student allocation, whose implicit principle is horizontal equity alone. In response to the second, uniform allocation in non-uniform conditions systematically under-funds remote, small, and high-need schools, while decentralisation allows provision to track regional fiscal capacity and administrative capability, and household contributions outside the accounting boundary conceal a further layer of real inequality. In response to the third, reconstruction requires a needs-adjusted allocation formula built on structurally verifiable characteristics, an outcome-referenced adequacy standard giving content to the statutory principle, outcome accountability complementing fiduciary compliance, and the inclusion of household contributions within the financing accounts.

The theoretical implication is that constitutional input guarantees are instruments of political economy rather than of distributive justice: they protect education spending from competing claims and are silent on the question that determines equity. Analyses that treat a constitutional commitment as evidence of equitable provision confuse the two.

The practical implications are addressed to legislators, who hold the instrument through which a distributive criterion could be enacted; to fiscal and education authorities, who determine the formula through which the constitutional volume is distributed; and to oversight institutions, whose orientation toward procedural compliance currently crowds out the question of what expenditure achieves.

Further research should pursue three directions: empirical estimation of the cost of delivering a defined educational standard across Indonesian geographic and demographic conditions, which is the technical foundation any needs-adjusted formula requires; analysis of household education expenditure and its distribution, which is currently outside the financing accounts; and evaluation of regional capability-building interventions, on which the returns to any allocation reform substantially depend.

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