

EVIDENCE-BASED POLICY BASED EDUCATION FINANCING REFORM: AN INTEGRATIVE MODEL FOR REALIZING A SUSTAINABLE EDUCATION SYSTEM IN BALIKPAPAN CITY BY 2025

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Abstract

Education financing is a strategic pillar in realizing an inclusive, equitable, and sustainable regional education system. Balikpapan City, which now plays a vital role as the main buffer zone for the Indonesian Capital City (IKN), faces new challenges in the form of a surge in population migration that has triggered a capacity crisis for educational facilities. This study presents an in-depth analysis of education financing policies in Balikpapan City in 2025. Using a qualitative approach with a policy evaluation framework and a literature review, this report evaluates the effectiveness of flagship regional programs such as the Provision of Free Uniforms and Private School Tuition Subsidies funded by the Regional Budget (APBD). Although these programs have successfully alleviated the burden on the community, evidence-based analysis (EBP) found that inefficient poverty data and universal budget allocations make these interventions less effective in addressing the fundamental problem, namely the lack of physical classrooms. As a solution, an Integrative Model for Education Financing was formulated that shifts the funding paradigm towards a Public-Private-People Partnership (PPPP) scheme. This model synergizes the regional budget (APBD) with the optimization of the Balikpapan Mayoral Regulation on One Integrated Regional Data, and draws on Corporate Social Responsibility (CSR) funds from the local oil and gas processing industry. This analysis recommends that the Balikpapan City Government strengthen data digitization to ensure precise subsidy interventions and direct private partnership funds toward school infrastructure development, supporting the vision of Balikpapan Comfortable for All 2045.

Keywords: *Evidence-Based Policy; Balikpapan City; Education Financing; Continuing Education; Public-Private-People Partnership.*

INTRODUCTION

Education occupies a central position as the main instrument in human resource development, as well as being a determining factor in the success of achieving the vision of Golden Indonesia 2045. At the city level, Balikpapan is currently in a very crucial transition momentum. The strategic position of Balikpapan City which directly borders the Makassar Strait makes it a fulcrum and the main buffer zone for the mega project of the Indonesian Capital City (IKN) in North Penajam Paser Regency. The consequences of this position require the readiness of an intelligent, character-based, and highly competitive community, in line with the vision of "Balikpapan Comfortable for All 2045: Advanced and Sustainable Industrial and Service Superhub with the Spirit of Madinatul Iman" as stated in the Regional Medium-Term Development Plan (RPJMD) 2025-2029.

At a macro level, the quality of human resources in Balikpapan City shows a very positive trend. This is evidenced by the Human Development Index (HDI) of Balikpapan City, which reached 82.62 in 2024, making it one of the cities with a "Very High" HDI status in East Kalimantan Province. Furthermore, the Average Years of Schooling (RLS) indicator for residents aged 25 and over in Balikpapan has reached 10.93 years. This figure indicates that, on average, Balikpapan residents are able to receive education up to grade 11 (senior high school level).

While these macro indicators are very encouraging, the reality on the ground shows that Balikpapan's education system faces a pressing structural challenge: an imbalance between the availability of educational infrastructure and population growth. Nearly half of elementary school graduates in Balikpapan struggle to find places in public junior high schools, and a similar situation occurs during the transition from junior high to senior high school (SMA/SMK). The population surge due to migration to the capital city (IKN) further complicates this capacity challenge, requiring massive financial intervention. In response to the educational needs of its citizens, the Balikpapan City Government (Pemkot) under the leadership of Mayor Rahmad Mas'ud has initiated various populist programs, including the distribution of free school uniforms, which cost tens of billions of rupiah, and the provision of subsidized Education Development Contributions (SPP) for students attending private institutions. However, these interventions, which rely heavily on the Regional Revenue and Expenditure Budget (APBD), require a comprehensive evaluation of their effectiveness. In 2025, the total Balikpapan City APBD is planned to be IDR 3.58 trillion. With projected spending reaching IDR 3.96 trillion to accommodate various strategic sectors, the city government is faced with a budget deficit that must be covered.

Therefore, education financing reform in Balikpapan can no longer be implemented conventionally. Public policy must be based on the Evidence-Based Policy (EBP) paradigm. The implementation of EBP aims to combine sociological values with empirical data, ensuring that limited budget allocations have a maximum impact on completing compulsory education and improving the quality of education. This report was prepared to formulate a draft of an integrative model for education financing in Balikpapan City in 2025, by synthesizing an evaluation of existing APBD policies and the prospects for private sector involvement through CSR instruments, in order to realize resilient primary and secondary education in the transition era of the new capital city.

Research Objectives

This study aims to:

1. Analyze the actual condition of education financing in Balikpapan City and identify the main challenges in realizing a sustainable education system.
2. Providing applicable policy recommendations for local governments, educational institutions, and related stakeholders to strengthen governance, transparency, and accountability in education financing.

LITERATURE REVIEW

To build a comprehensive and responsive financing system to the demands of the times, a solid theoretical foundation is required. The integrative conceptual model of education financing in this report is formulated through the intersection of three main theoretical approaches.

Synthesis of Three Main Theories of Education Financing

The first framework is built on the pillars of Open Systems Theory. This approach views educational entities as ecosystems that organically and continuously interact with their external environment. In the specific context of Balikpapan City, the education financing system must have the flexibility to respond to real external shocks (externalities), namely the demographic exodus resulting from the relocation of the center of government to the new capital, which has significantly increased the capacity burden on schools in Balikpapan.

The second approach is Education Economics Theory. This theory shifts the traditional bureaucratic paradigm, which often views education funding allocation as a consumer spending burden. Referring to Human Capital Theory, education spending—whether in the form of tuition subsidies or uniforms—is strategically positioned as a form of long-term investment. Education funding is an investment to ensure the readiness of local human resources so they don't become spectators amidst the massive industrialization and service expansion in the new capital city (IKN) superhub.

The third theoretical pillar is Sustainability Theory. The concept of sustainability ensures that fulfilling the right to education today must not compromise the future fiscal stability of the Balikpapan Regional Budget. Therefore, Sustainability Theory explicitly requires diversification of funding sources. The City Government cannot act as the sole financier; instead, it must create a cross-sectoral mutual funding ecosystem.

Evidence-Based Policy (EBP) Paradigm in Balikpapan Education Governance

The transition to an integrative funding model requires the adoption of an Evidence-Based Policy (EBP) framework. EBP breaks with the traditional practice of policy formulation based solely on intuition or short-term populist political interests. Conceptually, EBP, at the governance level, functions to integrate state legal instruments

with sociological realities on the ground, provide systematic technical recommendations, and serve as an instrument of social control over the direction of public policy. Within the Balikpapan City Government's administrative system, the foundations of EBP have begun to be incorporated through the planning architecture of the Regional Development Planning, Research, and Development Agency (Bappeda Litbang). EBP implementation is also a crucial pillar integrated into the development of targets for the Balikpapan City Medium-Term Development Plan (RPJMD) for 2025-2029.

The primary and most pressing instrument for the success of EBP in Balikpapan's education sector is the optimization of the "One Integrated Regional Data" program, which is legally covered by Balikpapan Mayoral Regulation Number 28 of 2020. The availability of accurate, up-to-date, and interoperable population and poverty big data between Regional Apparatus Organizations (OPDs) is an absolute requirement. The implementation of EBP sets a standard for formulating that regional spending allocations worth tens of billions—such as uniform procurement or determining the location for new school construction—must be drawn from a single data dashboard regarding school-age demographic density per sub-district and community economic clusters.

Shifting Towards Public-Private-People Partnership (PPPP)

One conceptual innovation that is highly relevant for Balikpapan City is to move away from absolute dependence on the regional budget (APBD) and toward a Public-Private-People Partnership (PPPP) scheme. The fourth "P" in PPPP, People, brings the element of citizen participation into the policy orbit. Community involvement in the planning, financing (through philanthropic institutions or healthy school committees), and oversight processes is crucial for fostering a sense of local ownership. This ensures that educational infrastructure built, whether by the city government or with corporate CSR funds, will be sustainably managed and maintained by the surrounding community.

METHOD

This research is a descriptive qualitative study that applies a policy analysis approach based on a systematic literature review and strategic document analysis. The focus of the study is directed at the posture of the Regional Revenue and Expenditure Budget (APBD) of Balikpapan City projected for 2025, the Balikpapan Regional Medium-Term Development Plan (RPJMD) 2025-2029, and the implementation of Balikpapan Mayor Regulation Number 28 of 2020 concerning the Implementation of One Regional Integrated Data. Evaluation of policy effectiveness is carried out by synthesizing demographic indicators and Evidence-Based Policy (EBP) parameters to measure the rationality of existing populist programs such as the provision of free school uniforms and subsidized private school tuition fees.

RESULTS AND DISCUSSION

Objective Condition Analysis of Balikpapan City in 2025

According to the financial report submitted by the Balikpapan City Government, the Balikpapan Regional Budget (APBD) for the 2025 planning year is projected to be highly expansive, with a revenue target of Rp 3.58 trillion. This revenue composition is supported by Regional Original Income (PAD) of Rp 1.30 trillion, with the largest portion coming from transfer revenues of Rp 2.28 trillion.

On the other hand, regional spending projections reached Rp 3.96 trillion. The priority spending policy for 2025 explicitly focuses on strengthening economic infrastructure and improving the quality of human resources. The gap between revenue and expenditure has resulted in a budget deficit of Rp 378.97 billion, which will be strategically covered using the estimated Budget Surplus (SiLPA). This fiscal situation demonstrates that despite Balikpapan's substantial regional budget (APBD), fiscal space is very tight.

Beyond budgetary capacity issues, Balikpapan City is currently facing a capacity crisis in public schools, particularly at the junior high and senior high school levels. As the main gateway to the Indonesian capital, Balikpapan is experiencing a surge in the migration of workers and their families, which has directly impacted the influx of school-age children. Empirical data shows that existing educational facilities are no longer sufficient, forcing the City Government to race against time, targeting the construction of three to four new school buildings annually.

Evaluation of Existing Policies of Balikpapan City Government

The Balikpapan City Government's strategy to address education challenges revolves around two main subsidy policies. These interventions are evaluated through the lens of effectiveness and the Evidence-Based Policy paradigm.

Universal Free School Uniform Program:

In the 2024/2025 academic year, this program was implemented by allocating approximately IDR 28 billion from the city budget to subsidize 92,000 to 98,000 students (preschool, elementary, junior high, and senior high schools). Populist perspectives consider this program effective as a social safety net, preventing children from dropping out of school during the initial enrollment period. However, from an evidence-based policy perspective, the allocative efficiency approach, measured evenly across all students regardless of parental income status (universal blanket), creates a mistargeted budget. Spending billions of rupiah to fund uniforms for students from well-off families is fundamentally inefficient. An analysis of priority needs presented to the Balikpapan City Council (DPRD) confirmed that the Rp 28 billion would yield a far more revolutionary return on investment (ROI) if earmarked to finance the physical construction of new public schools in areas chronically short of study groups.

Tuition Subsidies for Private Schools:

To address the limited capacity of public schools, the government is distributing a subsidy of approximately Rp 110,000 per student to approximately 9,000 students attending partner private institutions (costing between Rp 3 billion and Rp 5 billion from the regional budget). The private school tuition subsidy policy is a responsive, tactical measure to minimize the psychological turmoil of communities whose children are excluded by the zoning system. However, the nominal Rp 110,000 per student does not fully bridge the high inflation of premium private school fees. The success of this program's future expansion will depend on the ability to sort through credible welfare databases within the city government (such as synchronizing SIPD and DTKS data) to ensure accurate targeting.

Optimizing Alternative Funding Sources: Industrial CSR Synergy in Balikpapan

The limited fiscal space in Balikpapan's regional budget requires the government to intelligently orchestrate private sector capital. As an industrial city, Balikpapan is home to large corporations, most prominently the operations of PT Kilang Pertamina Internasional (KPI) Balikpapan Unit and its Refinery Development Master Plan (RDMP) megaproject. Corporate Social Responsibility (CSR) in Balikpapan holds enormous potential for capital. For example, PT KPI Balikpapan Unit has initiated the "Rumah Berseri" CSR program, which focuses on vocational training. Unfortunately, empirical mapping shows that the implementation of CSR in education in this city is often sporadic, fragmented, and not fully integrated into a single RKPD blueprint. The Balikpapan City Government must act as a "conductor" that aligns all corporate CSR programs to focus on accelerating the resolution of the shortage of junior high and senior high school classrooms and the provision of vocational laboratories.

Formulation of an Integrative Model for Sustainable Education Financing (Balikpapan 2025)

As a resolution, the framework for "An Integrative Model of Sustainable Education Financing Based on Evidence-Based Policy Specifically for Balikpapan City" was formulated. This model operates four strategic policy pillars:

- a) Pillar 1: Targeted Subsidy Policy Using the Regional Integrated One Data Mayoral Regulation. The Education Office is required to optimize Balikpapan Mayoral Regulation Number 28 of 2020. Using a cross-agency control dashboard analytical instrument curated by Bappeda and Diskominfo, free uniform assistance and exclusive tuition subsidies are only distributed to students from underprivileged families.
- b) Pillar 2: Hybridization of Budgeting and Infrastructure Development (KPBU Scheme). Implementation of the city-wide Public-Private Partnership (PPP) scheme. The Balikpapan Regional Budget will only cover availability payments to the private sector for the construction and maintenance of new school buildings to address the capacity crisis caused by the migration of the new capital city.
- c) Pillar 3: Integrated Consortium of PPP Partnerships. The city government established the "Madinatul Iman Education Consortium." All CSR work plans are required to be strictly aligned with the education indicators in the 2025 Regional Work Plan (RKPD) to fund the hardware sector, for example, building vocational (life-skills) facilities that are adaptive to the talent needs of the IKN.

- d) Pillar 4: Institutional Governance Reform. Strengthening transparency through an information disclosure portal. All education subsidy budget absorption, school construction progress through the PPP scheme, and CSR fund reporting are displayed on Balikpapan's digital public portal.

CONCLUSION

Balikpapan City's strategic momentum as the main veranda and buffer zone for the Indonesian Capital City (IKN) in 2025 demands absolute readiness in the human resources sector. The City Government's pro-people intervention through the allocation of tens of billions of rupiah in the Regional Budget (APBD) for the distribution of universal free school uniforms and the provision of subsidized education contributions (SPP) for private schools is a commendable social protection measure. However, an Evidence-Based Policy evaluation, which summarizes poverty instruments and an analysis of the Regional People's Representative Council (DPRD) efficiency, shows that this program is less than optimal due to inaccurate cross-recording of poverty data between agencies and a uniform subsidy approach without economic qualifications. This triggers budget inefficiencies that could be diverted to address the crisis of the physical learning space deficit.

SUGGESTIONS AND RECOMMENDATIONS

The strategic recommendations aimed at policy makers within the Balikpapan City Government and DPRD are:

- 1) Absolute Implementation of the Regional Integrated Single Data Regulation: The Regional Development Planning Agency (Bappeda) and the Communication and Information Service (Diskominfo) are required to immediately synergize the poverty algorithm, referring to Balikpapan Mayoral Regulation No. 28/2020, to ensure the distribution of free uniforms and tuition subsidies become targeted subsidies.
- 2) Infrastructure Acceleration through the PPP Scheme: Adopt a Public-Private Partnership (PPP) scheme with an availability payment system to accelerate the construction of school infrastructure.
- 3) Institutionalization of the Balikpapan Education CSR Consortium: The executive branch is encouraged to issue a Mayoral regulation that facilitates the integration of all industrial CSR commitments (such as Pertamina and the logistics sector) into a single Education Consortium to provide modern, life-skills-based vocational laboratories.

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