

Higher Education Fiscal Allocation Gaps in Indonesia: A Comparison between State Universities and Civil Service Universities

Rizky Maulana^{1*}, Dominicus Savio Priyarsono¹, Wiwiek Rindayati¹, Alla Asmara¹

^{1*} Department of Economics, Faculty of Economics and Management, IPB University, Bogor, Indonesia



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ABSTRACT

Objective: Higher education in Indonesia faces the challenge of dual governance, leading to unequal allocation of state resources between the Ministry of Education and various ministries. The main problem arises when the limited national education budget is disproportionately absorbed by civil service institutions, while students at state universities face the pressure of rising tuition fees. **Method:** This study uses a descriptive-qualitative approach in a policy analysis framework to evaluate budget allocations between State Universities (PTN) and Civil Service Universities (PTK). The analysis focuses on calculating unit cost disparities and assessing the impact of dual governance on fiscal equity. **Results:** The findings indicate a disparity in asymmetric fiscal support, with the average unit cost per student at Civil Service Universities (PTK) reaching Rp26,56 million per year, 1,78 times that at State Universities (PTN) at Rp14,88 million. This inequality is exacerbated by institutional redundancy, including the establishment of general study programs at PTK identical to those at State Universities (PTN), as well as the provision of comprehensive facilities that cover both tuition fees and living expenses exclusively for PTK students. The analysis shows that this budgeting system fails to meet the principles of distributive justice, as the large allocation to PTK does not provide broad benefits to the groups most in need of support, namely state university students burdened by rising UKT (tuition fees). **Novelty:** This study recommends reintegrating PTK governance into the ministry responsible for education, allowing the other technical ministry to focus on its core governmental functions. National cost standardization is urgently needed to eliminate casteism in the higher education system and ensure a more inclusive distribution of budget resources for all.

INTRODUCTION

Higher education is one of the main foundations of long-term economic growth, particularly through its role in shaping and improving the quality of human capital (Araki, 2025; Leoni, 2025; Shu & Wang, 2023). This perspective aligns with the Endogenous Growth theory, which posits that human capital and knowledge are internal factors that directly determine a country's productivity level and economic growth rate (Agustin, 2017; Bloom & Freeman, 1986; Donou-Adonsou, 2019; Habibi & Zabardast, 2020; Romer, 2012; Sedyati, 2022). Higher education holds a highly strategic position because it is the primary vehicle for knowledge production, advanced skills development, and the creation of human resources capable of adapting to changes in economic structure and technological progress. Therefore, higher education cannot be understood as a state consumption expenditure that yields only short-term benefits, but rather as a public investment that provides cumulative, sustainable economic and social returns.

Government's commitment to education in Indonesia is normatively affirmed not only through the Amendment to the 1945 Constitution, particularly Article 31 paragraph

(4), but is also reinforced in the constitution number 20 of 2003 concerning the National Education System, which explicitly mandates an education budget allocation of at least 20% of the State Budget (APBN) and the Regional Budget (APBD). This provision prioritizes education in public policy and reflects a consistent political choice to make human resource development a strategic state agenda. However, the magnitude of the budget commitment remains essentially normative and aggregate, as it does not automatically guarantee that education spending will be managed effectively, coordinated, and fairly across all education subsectors and the ministries or institutions involved.

The fragmentation of the education budget is a fundamental problem in the governance of higher education policy in Indonesia. Even though the state has normatively committed to allocating a large share of its budget to education, in practice, the education budget is not managed in an integrated manner by a single policy authority but rather is spread across various ministries and institutions (K/L) with varying mandates, interests, and sectoral priorities. This condition results in higher education policy no longer being fully under the strategic control of a single Ministry of Education (or Ministry of Higher Education from 2025 onward), but being fragmented across various sectoral budget regimes, including those of the technical ministries that manage Civil Service Higher Education Institutions (PTK).

This fragmented structure brought a consequence of fiscal disparity between PTN and PTK in Indonesia. PTN generally operate within a cost-sharing framework (Johnstone, 2004a, 2004b; Masaiti & Shen, 2013), where government funding is complemented by student contributions through UKT payment. In contrast, most PTK receive comprehensive state support that covers tuition cost and various student facilities. Based on the APBN data, PTK receive substantially higher than PTN in terms of budget per student. Such disparities suggest that the national higher education budget operates through separate institutional channels rather than a unified financing framework.

Disparities in higher education budgeting also raises a broader question regarding distributive justice in public policy. Within the "justice as fairness" framework proposed by Rawls (1999), the inequalities are allowed as long as it generate the greatest benefit for the least advantaged members of society. When this principle applied to the context of higher education financing in Indonesia, this principle implies that government's budget, especially in education, should primarily focus on expanding access for disadvantaged students rather than reinforce advantages for groups that already enjoy relatively secure institutional support. Therefore, significant differences in fiscal treatment between PTN and PTK students become relevant for evaluating whether the structure of higher education budgeting alligns with principle of distributive justice.

Several empirical studies in Indonesia have evaluated efficient funding strategies at specific faculties or institutions and their implications for educational efficiency and quality (Hidayat et al., 2025; Zarita et al., 2025), or examined the impact of national budget efficiency policies on the quality and access to higher education within the context of general fiscal policy (Dewi et al., 2025; Johantri & Gama, 2025). Other studies in Indonesia have also discussed disparities in financing between provinces as an indicator of fiscal

inequality in general education (Kamal et al., 2025). While these studies contribute to understanding the education spending in Indonesia, the issue on disparities in higher education financing across ministries and institutional regimes remains limited. This gap indicates the need for further research that integrates public policy analysis with distributive justice frameworks in evaluating higher education budgeting systems.

Based on this context, this study aims to analyze disparities in higher education budget allocation in Indonesia with a distributive justice perspective. This study examines how differences in fiscal allocation across ministries shape unequal patterns of state support for students in PTN and PTK. Therefore, this study addresses three main questions: 1) how do the budgeting structures governing PTN and PTK differ within the national higher education system?; 2) how large is the disparity in per-student fiscal allocation between PTN and PTK?; and 3) to what extent does the governance of PTK under various ministries generate institutional redundancy within the national higher education system?

RESEARCH METHOD

This study is qualitative research with a descriptive approach and policy analysis design to examine the distribution of higher education budgets within a public policy framework. A qualitative approach was chosen because the purpose of this study was not to test statistical hypotheses (Creswell & Poth, 2017), but rather to understand and interpret policy realities as reflected in official state budget documents. In this context, the state budget is treated as a policy output that reflects government priorities and institutional arrangements in the higher education budgeting process. Policy analysis is therefore used to evaluate how fiscal decisions influence the distribution of educational resources across different institutional regimes (Dunn, 2018; Peters, 2018).

Data Sources

The data in this study were collected through a documentary study of official secondary data sources relevant to higher education budgeting policies. The primary focus of data collection was directed at the latest public policy texts, specifically the Presidential Decree number 201 of 2024 concerning the details of the 2025 State Budget, the Financial Note and its accompanying APBN documents, and higher education statistics sourced from the 2024 Higher Education Database (PDDikti).

The selection of official secondary data was carried out to ensure that the analysis was based on legally legitimate, methodologically consistent, and directly relevant information to the state's fiscal decision-making process. In public policy research, documentary studies are considered an essential data-collection technique because policy documents represent formal government decisions and the institutional rationale behind them (Bowen, 2009). By combining national budget documents and higher education statistical data, this study builds a current and accountable empirical basis for evaluating budget distribution patterns and their implications for the equity of higher education financing.

Data Extraction and Unit Cost Calculation

The analysis focuses on education expenditures classified under the education function in the APBN. Within the APBN classification system, higher education spending is primarily recorded under two functional categories: civil service education (function code 10.05) and higher education (function code 10.06). These two categories were selected because they represent the main fiscal channels through which PTN and PTK are funded.

The extraction and processing of fiscal data were conducted through several steps: First, education expenditure classified under function codes 10.05 and 10.06 were identified from the APBN document for each ministry and institution managing higher education programs. Second, the total budget allocation related to higher education was aggregated for each ministry responsible for PTK as well as for Ministry of Higher Education that manages PTN. Third, the number of active students under each institutional authority was obtained from the PDDikti database. Finally, the unit cost per student was calculated by dividing the total higher education budget allocation managed by each ministry by the number of students enrolled under that institutional regime. The unit cost indicator is calculated as follows:

$$\text{unit Cost} = \frac{\text{Total Higher Education Budget}}{\text{Total Number of Students}}$$

This approach is used to obtain a comparable measure of the intensity of state fiscal support for students in different institutional regimes. In public policy analysis, unit costs are a relevant way to assess how public resources are allocated to policy target groups, as they allow comparisons across institutions despite differences in organizational scale and policy mandates. The OECD (2024) positions expenditure per student as a policy indicator that directly impacts students, as the magnitude of this allocation constrains and shapes the learning environment and learning conditions that educational institutions can provide.

Comparative Analysis and Evaluation Framework

The comparative analysis in this study examines differences in fiscal allocation between PTN and PTK. The analysis focuses on identifying variations in budget allocation structures, differences in fiscal allocation per student, and the institutional implication of fragmented governance across ministries.

Next, the analysis results are interpreted normatively using the principle of distributive justice within John Rawls's *justice as fairness* framework (Beattie, 1982; Rawls, 1999), specifically to assess whether the distribution of higher education budgets is in line with the principles of equal opportunity and protection for disadvantaged groups. With this approach, the analysis does not stop at a technical description of the policy, but is directed at evaluating the social justice implications of higher education budgeting decisions.

RESULTS AND DISCUSSION

Results

This study found a significant ambiguity in the classification of higher education budgeting in Indonesia, characterized by the dual use of function code 10.05 (civil service university) and 10.06 (higher education). Based on Ministry of Finance Regulation number 102 of 2018 and 2025 APBN details, PTK under a couple of ministries simultaneously access both source of budget to fund their PTK. This creates a fragmentation in a budgetary framework that contrasts the funding of PTN, which restricted to only one source, which is code 10.06, thereby complicating the accuracy and transparency of nasional education spending quality.

The analysis of unit costs per students based on data confirms that there's a wide fiscal disparity between PTK and PTN. Total budget allocation for PTK is Rp5.78 trillion for 217,258 students, therefore the average state support reaches Rp26.56 million per student per year. In contrast, PTN receives Rp57.68 trillion but have to serves 3.87 million of students, averaging only Rp14.88 million per student per year. These finding establish a disparity ratio of 1.78, indicating that student in PTK receives nearly double the amount of PTN students receiving.

Furthermore, the data reveals that there is a institutional redundancy, where there is a significant overlap between the study programs offered by PTK with the study programs offered in PTN and PTS. For instance, the study programs such as accounting, management, engineering, law, public policy, and other study programs has already been established within in PTN with long standing academic reputation and extensive infrastructure. It is shows that the academic program provided by several PTK under ministries do not bring a unique of irreplaceable disciplinary niche. This institutional redundancy indicates a structural inefficiency in public spending, as these academic program could be effectively accommodated within the existing universities (PTN and PTS) without the fiscal burden of establishing and maintaining entirely new institutional structure of PTK.

The results also show a major difference in what the state actually pays for in each system. In PTK, the government budget covers all kind of things, including free tuituin fees, student's daily needs, uniforms, and housing. On the other hand, students in PTN faced an increasing UKT fees and have to provide the daily needs by themselves. This shows a clear gap where PTK students are fully supported by the state, while PTN students must carry a heavy financial burden to finish their studies. This budget distribution creates a clear financial disparity, which will serve as the foundation for the following analysis using Rawls' principle of distributive justice.

Discussion

Classification and Scope of the Education Function Budget

In the Indonesian national budgeting system, in accordance with Ministry of Finance Regulation number 102 of 2018 concerning Budget Classification, education function expenditure is officially classified in function code 10 which includes sub-functions 10.01 to 10.11 as well as 10.90 (other education), and all of these sub-functions are normatively calculated as part of the fulfillment of mandatory education spending of 20% as mandated by Article 31 paragraph (4) of the 1945 Constitution. This approach reflects the use of functional classification in state budgeting, where expenditures are grouped based

on the public policy objectives to be achieved. Scholars emphasize that functional classification serves as an instrument for evaluating the alignment of public resources with a strategic policy goals (Diamond, 2003; Tommasi, 2013).

In this classification, the function of education covers a broad spectrum of activities, ranging from early childhood education (10.01), primary and secondary education (10.02 and 10.03), non-formal education (10.04), civil service education (10.05), higher education (10.06), educational assistance services (10.07), religious education (10.08), educational and cultural research and development (10.09), youth and sports development (10.10), and cultural development (10.11).

In the context of higher education administration, the sub-functions with a direct relationship are higher education (10.06) and civil service education (10.05), as both are the main channels of financing for State Universities (PTN) and civil service universities (PTK). Therefore, this study limits the scope of analysis to higher education institutions that are fiscally under sub-functions 10.05 and 10.06, so that the comparisons made remain within the corridor of constitutionally legitimate and policy-relevant education spending, while avoiding mixing with other education spending that has different objectives and financing characteristics.

A clear classification of education budget functions is crucial for consistent mapping and evaluation across sectors. In national budgeting, education allocations are not always concentrated within the ministry responsible for education. Instead, they are spread across various ministries and institutions with different mandates. This dispersal complicates distinguishing expenditures for higher education, civil service education, or other form of education expenditure. These unclear boundaries make it hard to assess the quality of spending, compare institutions, and assess compliance with education spending mandates. Budgetary fragmentation of this nature often impairs the efficiency of resource allocation and the accountability of public expenditure (Bastida & Benito, 2007; Khmara & Touchton, 2024), especially in education sector. The official website of the Directorate General of Budget, Ministry of Finance, explicitly states:

“Clear definitions are essential to accurately map and measure the quality of education spending. Currently, the definitions of higher education and civil service education across various Ministries remain ambiguous. Consequently, there is an urgent need to establish a firm classification for higher education, including civil service and non-civil service programs under these institutions, which must be clearly codified in formal guidelines” – translated directly from Indonesian (Kurba, 2023).

This statement emphasizes that the classification issue is not merely a technical or administrative matter, but a structural problem in the governance of the education budget. Multiple interpretations of the use of the function codes for higher education (10.06) and civil service education (10.05) create the possibility of overlapping allocations that are difficult to trace accurately, potentially leading to inconsistencies in the assessment of the size and structure of higher education funding across institutions. Ambiguity in fiscal reporting often results in budgetary fragmentation, where inconsistent categorization prevents stakeholders from conducting the evaluation whether higher education spending is truly efficient or equitable (Alt & Lassen, 2006; Heald, 2003; Kopits & Craig, 1998).

In the context of this research, this condition is seen as a key factor explaining why the boundaries between higher education and civil service education blur in practice, even though, normatively, both fall within the same mandatory spending framework. Thus, the urgency of clear classification guidelines is an important foundation for understanding the dynamics of higher education budget allocation before further examining its implications for disparity and distributive justice.

Dualism of Budget Codes in PTK

The phenomenon of dual budget codes in PTK is clearly reflected in the simultaneous use of two education budget functions within the same ministry: civil service education (code 10.05) and Higher Education (code 10.06). Based on Attachment IIIa of Presidential Regulation Number 201 of 2024 concerning the Details of the 2025 State Budget, the Ministry of Transportation and the Ministry of Industry are recorded as allocating education spending through both function codes. This pattern indicates that funding for education within the PTK environment is not channeled through a single budget function framework, but rather through two different functional channels within the APBN structure. Operationally, the dual use of codes 10.05 and 10.06 opens up space for PTK to access a broader range of funding sources within the mandatory education spending framework, including operational, goods, and capital expenditures related to educational activities.

This condition contrasts with the financing pattern of general state universities (PTN), where all fiscal support is consistently recorded in the Higher Education function (10.06) without alternative functional channels. This difference in budget utilization patterns has important implications for budget policy analysis, as institutions that utilize both functions simultaneously have the potential for greater fiscal flexibility in formulating and executing education budgets. In public finance, such institutional arrangements allow specific entities to bypass centralized budget constraints, creating an uneven playing field that favors departments with multiple funding channels (Milesi-Ferretti, 2004; Ter-Minassian, 1997; von Hagen & Harden, 1995).

In the context of governance, this duality in the use of budget functions raises questions about the equitable funding framework among higher education institutions, given that all fall under the umbrella of mandatory education spending. Therefore, identifying the use of the education budget through two function codes simultaneously at the Ministry of Transportation and the Ministry of Industry provides important empirical evidence of structural differentiation in funding mechanisms, which further requires analysis of its impact on the balance and fairness of higher education budget allocations.

The budget management pattern for civil service education also shows a relatively consistent configuration among ministries and institutions that exclusively use the Civil Service Education function (code 10.05) without combining it with the Higher Education function (code 10.06). Based on Attachment IIIa of Presidential Regulation Number 201 of 2024 concerning the Details of the 2025 State Budget, the Ministry of Finance, the Ministry of Law, and the State Administration Institute (LAN) are recorded as channeling all their education spending through the same budget function channel, namely 10.05. This pattern indicates that education funding in these three institutions is firmly embedded in the civil service education system, with a primary orientation toward

serving the state apparatus and strengthening institutional capacity. The consistent use of a single budget function provides clarity in recording and reporting education spending while reducing the potential for classification overlap that often arises in institutions that combine multiple function codes.

From a budget governance perspective, this exclusive civil service model creates a funding structure that is easier to track and evaluate, because the link between education objectives and the budget function framework is direct. Compared to PTK that simultaneously accesses two budget functions, this approach demonstrates a clearer boundary between civil service education and general higher education. The literature on fiscal governance suggests that a direct, singular link between policy objectives and budget classification is fundamental to reducing monitoring costs and ensuring that public spending is accountable to its primary mandate (Alesina et al., 1999; Wehner, 2006).

The existence of the Ministry of Finance, the Ministry of Law, and LAN as sole users of code 10.05 thus serves as an important comparator in this analysis, as it demonstrates that variations in fiscal support across educational institutions are related not only to budget size, but also to design choices and the consistency of budget function use in the implementation of civil service education.

The diversity of budget absorption patterns by PTKs across ministries and institutions demonstrates a spectrum of governance irregularities that further emphasize the weak consistency of educational function classification. In addition to ministries that absorb budgets through civil service education (10.05) or a combination of 10.05 and 10.06, there are agencies that finance PTK implementation solely through the Higher Education function (10.06) without using any civil service education budget (10.05). This pattern is reflected in the Ministry of Energy and Mineral Resources, the Ministry of Communication and Digital, the Ministry of Maritime Affairs and Fisheries, the Ministry of Health, the Ministry of Tourism, the Ministry of Trade, and the Ministry of Social Affairs, as recorded in Attachment IIIa of Presidential Regulation Number 201 of 2024 concerning the Details of the 2025 State Budget. This condition indicates that the 10.06 function is not exclusively used by public State Universities (PTN) but is also used by certain civil service university, thereby blurring the conceptual boundary between both type of institution.

Furthermore, there are also ministries and institutions that organize civil service education, but do not record their funding in the education function, either 10.05 or 10.06. This pattern can be found in the Ministry of Home Affairs, the Ministry of Agriculture, the Ministry of Agrarian Affairs and Spatial Planning, as well as institutions such as the BMKG, BPS, BSSN, and BIN, which finance the education process through non-education budget functions. This situation creates a blurring of fiscal classification, where expenditures that are substantively oriented towards higher education are not identified as part of the education function in the APBN structure. The existence of this spectrum indicates that the fragmentation of budget governance not only results in technical variations but also creates uncertainty in the standards for grouping higher education expenditures, thereby reducing the education function's role as a consistent, measurable national policy instrument.

Anatomy of Education Budget Disparity (Unit Cost Analysis)

The disparity in fiscal support for national higher education becomes even more apparent when analyzed through the unit cost per student indicator, which allows for direct comparisons across institutional regimes. Based on data processing from the 2025 State Budget and student data from the Indonesian Institute of Education (PDDikti), the total higher education budget allocated to civil service universities (PTK) across various K/L reaches approximately Rp5.78 trillion to serve 217,568 students. Thus, the average fiscal support received by each PTK student is around Rp26.56 million per year. In contrast, public state universities (PTN) under the Ministry of Higher Education manage a higher education budget of Rp57.68 trillion to serve 3,875,751 students, resulting in an average unit cost of Rp14.88 million per student per year.

Table 1. Budget Comparison per Student

Institution Type	Total Budget (Rp)	Student (Person)	Unit Cost per Student (Rp)	Rasio to PTN
PTK	5,779,903,353,000	217,568	26,565,960	1.78
PTN	57,681,294,991,000	3,875,751	14,882,610	1.00

Note: Processed from Attachment IIIa of Presidential Decree No. 201 of 2024 (2025 State Budget) and the official PDDikti website.

Table 1 shows a fiscal support disparity ratio of approximately 1.78, with PTK students receiving a significantly higher state budget allocation than general PTN students. This difference underscores a structural gap in higher education financing that cannot be explained solely by differences in institutional scale, specific study program needs, or the vocational characteristics of PTK. Rather, this unit cost difference indicates that higher education budgeting still operates through separate channels, without a single, common national benchmark for determining the amount of fiscal support per student. When PTK and PTN students are both classified as beneficiaries of educational function spending, the nearly twofold disparity in fiscal support indicates that the principle of equity in the distribution of public resources has not been fully internalized in budget design. In other words, unit costs serve not only as an indicator of financing efficiency but also as a diagnostic tool to uncover misalignments in fiscal governance across ministries and institutions (Johnes & Johnes, 2009; McMillan & Chan, 2006; Toutkoushian & Paulsen, 2016). Therefore, this analysis strengthens the argument that the main problem of higher education financing in Indonesia does not necessarily lie in the aggregate budget shortfall, but rather in the allocation pattern and determination mechanism, which have not been standardized across sectors.

Besides unit costs, another factor deepening the disparity in fiscal support between PTK and PTN is the structurally different level of funding certainty. In PTK, almost all educational costs, both operational and investment, are borne directly by the state budget, which is tied to the budget allocations of K/L. Consequently, PTK students are generally not directly burdened with educational costs and often receive additional facilities as part of the state funding scheme. This pattern creates high fiscal certainty, as the institution's sustainability and the learning process do not depend on student contributions. In contrast, PTN operates within a financing framework that explicitly

opens up opportunities for cost sharing (Johnstone, 2004a, 2004b) through the Non-Tax State Revenue (PNBP) mechanism, particularly the Single Tuition Fee (UKT).

In this system, the government sets the Single Education Cost (BKT) equal to the total real cost of education per student, comprising state budget support and student contributions through UKT. Thus, BKT is essentially the sum of UKT and the education budget allocation. When state support does not fully cover the BKT, the shortfall is transferred to students in the form of UKT payments each semester. State universities (PTN) regulations do indeed provide universities with the space to obtain public funding, making UKT a structural component of PTN sustainability (Marcucci & Johnstone, 2007; Neill, 2009). On the other hand, the burden of the UKT has been a source of controversy in recent years, alongside multiple increases in UKT at several PTN (Fatmah, 2024; Rozaan et al., 2024; Yuliana & Hermawati, 2024).

This situation can reduce prospective students' interest in continuing their higher education or even lead to dropout (Centra, 1980; Stratton, 2014). The disparity in fiscal support is no longer reflected solely in differences in nominal budgets per student, but also in the varying levels of fiscal protection the state provides to institutions. PTK enjoys relatively full and guaranteed support, while PTN must manage financial risk through fluctuating student contribution mechanisms. This condition confirms that the issue of fairness in financing higher education is closely related to fiscal certainty, not just the size of the budget allocation.

Institutional Redundancy and Governance Inefficiency

The disparity in fiscal support across higher education institutions, as demonstrated by differences in unit costs and funding certainty in the previous section, not only reflects unequal budget allocations but also indicates more fundamental structural problems in the institutional design of national higher education. One key manifestation of this problem is institutional redundancy, evident in the overlapping study programs between civil service universities (PTK) and public universities (PTN). Several study programs offered by PTKs exhibit a high degree of linearity with established and abundant programs available at state universities (PTN) and even private universities (PTS). Within IPDN college under the Ministry of Home Affairs, for example, programs such as Public Policy, Development Economics, Political Science, and Public Sector Management are widely taught in various social science and economics faculties at both PTN and PTS.

A similar pattern is also evident at PEP college under the Ministry of Energy and Mineral Resources, which offers Geological, Metallurgical, and Mining Engineering study programs, fields that have become core competencies of several state universities with established academic capacity and infrastructure. Similarly, PKN STAN under the Ministry of Finance offers study programs in Public Accounting, Taxation, and State Financial Management, which are scientifically aligned with the accounting and public finance disciplines widely distributed in both state and private universities. The existence of this overlapping study program challenges the rationality of establishing and maintaining civil service educational institutions for fields that are not scientifically unique.

From a public governance perspective, this duplication of institutional functions reflects policy fragmentation and weak cross-sectoral coordination (Cejudo & Michel, 2017; Peters, 2018), where each ministry tends to build its own educational system even

though the competency needs are already met by the general higher education system (both PTN or PTS). It should be emphasized that this argument does not deny the existence of certain unique characteristics of PTK, but these unique characteristics can conceptually be accommodated through a concentration/interest/majoring (minor) scheme at state universities, without having to build a higher education institution structure that creates additional fiscal burdens and potential governance inefficiencies.

The orientation of state spending in higher education demonstrates fundamental differences in the application of the value-for-money principle, particularly in the distinction between support for students' living needs and investment in the academic function of higher education. This difference is clearly reflected in the student financing structure between PTK and PTN, where the state plays a very dominant role in covering the basic needs of PTK students, while support for PTN students is relatively limited. In the PTK scheme, educational funding does not stop at the provision of academic services, but extends to meeting students' consumption needs during their studies. In contrast, at public PTN, state fiscal support is primarily directed at institutional operations, while students continue to bear the majority of living and educational costs. This pattern of differences can be seen in the following comparison of financing components:

Table 2. Comparison of Student Financing Components between PTK and PTN

Financing Components	PTK	State Universities
UKT fees	Completely freed	Students pay UKT according to their group
Housing	Provided (some free, some subsidized)	Optional and paid (only available at some PTN)
Meal	Provided (in accordance with PMK No. 39 of 2024 concerning Input Cost Standards for FY 2025)	Not provided
Uniform	Provided (in accordance with PMK No. 39 of 2024 concerning Input Cost Standards for FY 2025)	Not provided

This financing structure indicates that a significant portion of PTK's higher education budget is allocated to ensure student comfort, including accommodation, meals, and official equipment (uniform). At the same time, PTNs, which accommodate a much larger student population, operate with limited fiscal support, impacting their capacity to strengthen academic functions, including research development, laboratory facilities, and support for lecturers' scientific activities. In this context, the question of value for money becomes relevant, as higher education spending appears to be directed more toward financing consumptive aspects within specific institutional segments, while investments with the potential to strengthen national academic capacity more broadly are relatively limited. This situation demonstrates that the issue of higher education financing is not only about budget size, but also about the priority of budget allocation in supporting the strategic goal of improving the nation's quality of life.

Evaluation of Distributive Justice

From the perspective of the difference principle formulated by John Rawls, inequality in the distribution of public resources can only be justified to the extent that it provides the greatest benefit to the least advantaged group. Rawls explicitly stated that social and economic inequality must be "to the greatest benefit of the least advantaged" (Beattie, 1982; Rawls, 1999). When this principle is used as an evaluative lens for the budgeting structure of higher education in Indonesia, the pattern of dual subsidies at PTK through operational and educational expenditures shows a serious problem of justice. Comprehensive subsidies that include exemptions from tuition fees, housing provision, daily consumption, and pocket money for PTK students do not significantly improve the position of the most vulnerable student group nationally, namely students from poor families studying at PTN who must bear the burden of ever-increasing UKT.

Literature on educational equity suggests that concentrated subsidies for elite cohorts often fails to address the systemic barriers faced by the broader, more disadvantaged population (Marginson, 2011; Unterhalter, 2009). This inequality is further problematic because the primary beneficiaries of PTK subsidies are students who have undergone rigorous selection and, at the same time, secured employment through civil service contracts, thus occupying a relatively secure position on the socio-economic spectrum. Even if some students from low-income backgrounds succeed in entering PTK, their presence does not necessarily legitimize the fairness of the budgeting system.

Within a Rawlsian framework, distributive justice is not measured by the success of a handful of poor individuals within an exclusive system, but rather by the extent to which the underlying structure of public policy maximizes benefits for the most disadvantaged groups broadly. When large fiscal allocations are locked into a handful of civil service universities, the fiscal space to lower UKT and expand access to higher education for millions of poor students at PTN is narrow. Therefore, the budget disparity between PTK and PTN leaves a normative issue from a distributive justice perspective, as it is not designed to elevate the position of the least advantaged group, but rather to reinforce the privileges of groups already relatively advantaged by the system.

As a further implication of the findings regarding budget disparities, institutional redundancy, and issues of distributive justice, the reconstruction of the position and role of PTK has become an increasingly urgent policy need. This restructuring needs to be based on the principles of scientific specialization and fiscal efficiency, not solely on institutional heritage or ministerial sectoral affiliations. Normatively, this direction aligns with Government Regulation of the Republic of Indonesia Number 57 of 2022 concerning National Education Standards, which in Article 5 paragraph (2) emphasizes that state higher education is organized to meet the specific needs of carrying out certain government tasks.

This provision implicitly positions PTK as an institution with a specialized, specific, and strategic scientific mandate, not as a replica of a general university in a fragmented form under K/L. Therefore, the existence of PTK can in principle be maintained if the institution offers disciplines that are not available or difficult to replicate in PTN, such as intelligence, cryptography, or meteorology, which have a direct relationship to national security, state sovereignty, and strategic government functions. In this context, the

existence of PTK has a relatively strong scientific and policy justification, provided it remains within a framework of strict budgetary oversight and accountability.

However, problems arise when PTK offer study programs that overlap significantly or are even identical to those already saturated and widespread in public universities, such as accounting, management, tourism, or law. This practice not only creates institutional redundancy and fiscal inefficiency, but also has the potential to deviate from the mandate of specific service education as formulated in regulations. In such circumstances, the state is faced with a structural policy choice: reintegrating PTK into the national higher education system under the management of the Ministry of Higher Education, or at least unifying unit cost standards to ensure fiscal treatment of students is equivalent to that of public universities.

This reintegration cannot be understood solely as a measure of administrative efficiency, but rather as an effort to align the institutional structure, scientific mandate, and the national higher education policy framework. The state, within the framework of social justice and legal compliance, has no justification to continue funding the exclusivity of higher education if it is not accompanied by unique and irreplaceable disciplinary needs. By carrying out this restructuring, the distribution of the education budget, including fulfilling the mandate of allocating 20% of the APBN, can be directed in a more just, proportional, and inclusive manner, so that the higher education system truly functions as an instrument of unification and social mobility for all people, without discrimination based on institutions or sectoral interests.

CONCLUSION

Fundamental Finding: This study finds that Indonesia's current higher education budgeting structure violates the Rawlsian difference principle, which allows inequality only insofar as it maximizes the benefits of the least advantaged group. The dual-subsidy system, concentrated in Civil Service Universities (PTK), covering tuition exemptions, housing, living allowances, and daily consumption, fails to improve the welfare of the most disadvantaged students nationwide, namely low-income students enrolled in State Universities (PTN) who face continuously rising UKT. Instead, fiscal benefits are disproportionately captured by PTK students who have passed highly selective processes and are institutionally positioned within relatively secure socio-economic trajectories through civil service contracts. Consequently, the observed budget disparity between PTK and PTN cannot be normatively justified, as it reinforces advantages for already privileged groups rather than elevating the position of those most in need of public support. **Implication:** The findings imply an urgent need to reconstruct PTK's position and role within Indonesia's higher education system. Normatively, this restructuring aligns with Government Regulation No. 57 of 2022, which frames PTK as institutions designed to meet specific governmental and strategic needs. PTKs can be legitimately maintained when they provide highly specialized disciplines, such as intelligence, cryptography, or meteorology, that cannot feasibly be replicated within general universities and serve critical state functions. However, when PTK offers programs identical to those widely available at PTN, such as management, accounting, tourism, or law, the result is institutional redundancy, fiscal inefficiency, and deviation from their regulatory mandate. In such cases, the state faces a structural policy choice: either reintegrating PTK governance into the national higher education system under the

Ministry of Higher Education or, at a minimum, enforcing unified national unit-cost standards to eliminate discriminatory fiscal treatment among students. This restructuring should be understood not merely as an administrative rationalization but as an essential step to realign institutional mandates, fiscal justice, and national higher education policy. **Limitation:** This study is limited by its reliance on descriptive qualitative analysis and secondary budgetary and statistical data. While this approach allows for normative and structural evaluation of distributive justice, it does not capture micro-level behavioral responses, such as individual student decision-making, household coping strategies, or dynamic enrollment effects arising from tuition changes. In addition, the analysis does not estimate counterfactual scenarios quantitatively, such as how reallocating PTK budgets might affect UKT levels, participation rates, or long-term labor market outcomes for PTN graduates. These limitations constrain the study's ability to make precise causal or predictive claims. **Future Research:** Future research should extend this analysis through quantitative simulation or structural modeling to estimate the distributional impact of alternative budget allocation scenarios, including PTK reintegration or national unit cost standardization. Longitudinal studies examining how tuition burdens affect access, persistence, and intergenerational mobility among low-income students would further strengthen the distributive justice evaluation. Additionally, comparative studies across countries with centralized versus fragmented higher education governance could provide valuable benchmarks for assessing institutional design choices. Such research would deepen the empirical foundation for policy reform and help ensure that higher education budgeting functions as a genuine instrument of social mobility rather than institutional stratification.

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***Rizky Maulana (Corresponding Author)**

Department of Economics, Faculty of Economics and Management,
IPB University
Address: Jl. Agatis, Babakan, Dramaga, Bogor Regency, West Java 16680
Email: rizky.maulana@apps.ipb.ac.id

Dominicus Savio Priyarsono

Department of Economics, Faculty of Economics and Management,
IPB University
Address: Jl. Agatis, Babakan, Dramaga, Bogor Regency, West Java 16680
Email: priyarsono@apps.ipb.ac.id

Wiwiek Rindayati

Department of Economics, Faculty of Economics and Management,
IPB University

Address: Jl. Agatis, Babakan, Dramaga, Bogor Regency, West Java 16680

Email: wiwiekri@apps.ipb.ac.id

Alla Asmara

Department of Economics, Faculty of Economics and Management,
IPB University

Address: Jl. Agatis, Babakan, Dramaga, Bogor Regency, West Java 16680

Email: allasmara@apps.ipb.ac.id

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