

# Education Budget, Corruption and Quality of Education in Indonesia

**Nurkolis Siri Kastawi**

Education Administration-Universitas PGRI Semarang-Indonesia.  
Corresponding author email id: nurkolis@gmail.com

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**Abstract** – Previous research on relationship and influence of education budget and corruption on education quality happened contradiction. The aim of the study to determine the relationship between education budget and the quality of education as well as the relationship between corruption and the quality of education. Research location in 11 cities in Indonesia with respondents interviewed as many as 1067 people. The sample determined purposively that has a corruption perspective index score in 2015. The data source is secondary data. The data sourced from the 2015 corruption perception index document from Transparency International Indonesia and the 2016 local development documents from the Ministry of Education and Culture. This study with quantitative correlational of nonlinear regression analysis. The results showed that the average education budget outside of the salary had been high, i.e., 14.77%. The level of competence of teachers is still low at only 61 if compared to the government target 80. Average national exam score is still low at 60. The average human development index is high at 78. There is an inconsistent relationship between the education budget and the quality of education. Similarly, the correlation between corruption perception index and quality of education is inconsistent.

**Keywords** – Education Budget; Education Quality; Teacher Quality; National Exam Scores; and Human Development Index.

## I. INTRODUCTION

In the context of educational management, there are at least six essential resources to be able to improve the effectiveness of education, i.e., man, money, materials, machine, technology, and minutes. Education budget (money) is one of the critical resources in the implementation of education. Therefore the amount of education budget in Indonesia is regulated by Law no. 20 of 2003 on National Education System as reference [1].

The education budget in Indonesia from year to year continues to experience significant improvements. Article 49 (1) of Law no. 20 of 2003 states that the education budget is at least 20% of the state budget and state budget (APBN) and at least 20% of the regional budget (APBD). Fulfillment of education budget from APBN in 2009 has reached 20% based on reference [2], even 2007 has reached 22% as reference [3].

Unfortunately, the high budget of education function in Indonesia did not manage efficiently and effectively. A review of education spending shows that continuing to increase education is not perceived by improving the quality of education as reference [2].

The high education budget is prone to corruption by bureaucrats and education implementers. If so then corruption can disrupt the effectiveness of the use of

education budget. In the end, corruption of the education budget cannot improve the quality of education, especially the quality of teachers and student learning outcomes. In essence, corruption becomes a disruptive factor in the utilization of education budget to achieve a quality education.

Corruption not only has a negative impact on education but also hurts other sectors. Corruption gives adverse effects of national competitiveness. Corruption will affect the standard of living, the rate of employment, the productivity, the economic equilibrium, the national attractiveness, and the flexibility and the ability to sustain growth based on reference [4]. Corruption is not in a vacuum, but it influenced and influenced by the macroeconomic environment. Based on the results of research proved that the corruption phenomenon and the macroeconomic climate impact each other as stated on reference [5].

The finding from various studies on the relationship between resources and educational output show controversy. Of the 400 reviews of the relationship between supply and educational output, the results were inconsistent as on reference [6].

Studies in developing countries typically show that material resources (including educational budgets) are a critical determinant of student educational success as compared to developed countries, see reference [7]. However, the study of school effectiveness in general only finds a weak link between school expenditure (school budget) and student performance. According to reference [8] the findings indicate that at a given resource level, schools differ in their capacity to utilize what is available.

Therefore it is essential to research the relationship between education budget and education quality and the relationship between corruption and quality of education in Indonesia. So the purpose of this research is to know two things which also become research question. Firstly, is there a relationship between education budget and education quality? Second, is the relationship between corruption and the quality of education?

## II. LITERATURE REVIEW

### A. The Education Budget

The education budget from year to year continues to increase. Globally one of the four countries has experienced an increase in educational expenditures at least 0.5% of national income since 2010 as mention on reference [9]. In Indonesia, education spending from year to year also continues to increase. In 2015 the education budget in Indonesia reached 3.6% of GDP (Gross Domestic Product)

or reached 20.5% of the total national budget as reference [9]

Globally the education budget from year to year continues to increase. In 1999 for some 10% developing countries, 72% for OECD comes to 88%. In the 19th century, education expenditure relative to national income 1% -2%, and in the 20th century became 3-4% as reference [10].

In Indonesia, often heard a sentence "money is not everything, but everything needs money." It can apply in reading the quality of education of countries that have the best world rank in educational achievement. Evidence suggests that states with the best quality of education, also allocate large educational budgets.

Based on evidence from countries with the top 10 on reference [11], all allocate education budgets between 5.1% to 8.6% of GDP; the highest educational budget is Denmark. Indonesia has also assigned a substantial education budget of 3.6% of GDP.

Competent education managers should understand that educational resources should use efficiently and effectively. A reference [10] follows Farrel's (1975) opinion that the definition of technical efficiency as the proportion of input used by an organization to produce the output. Meanwhile, effectiveness is a concept that the achievement of goals by the planned.

It indicates that a sizeable educational budget should be used well for education can be achieved efficiently and effectively. But if the education budget is not used dating well because of corruption, then the achievement of educational goals will be disrupted.

### *B. The Corruption Perception Index*

The definition of corruption based on reference [12] according to Transparency International (2017) is the abuse of authority for personal gain. The description of corruption in the 2015 Corruption Perceptions Survey refers to the dimensions of the measurement of corruption in the Corruption Perception Index (CPI) developed by Transparency International Indonesia refer to reference [13]. Meanwhile, perception is a person's interpretation and judgment of a particular social phenomenon.

Thus, it concluded that the corruption perception index is the scoring of the respondent's interpretation based on the direct or indirect experience of misuse of authority of a public official to obtain personal benefits. Since education is a public affair and education budget also means public budget, the perception of corruption produced by TII can be indirectly applicable in the education sector.

Corruption distorts resource allocation decisions, reduces public service productivity, and negatively affects public revenue as on reference [14]. Therefore, corruption in education brings adverse impacts on access to education, quality of education, and equity in education based on reference [15].

To quote Ackerman (1999), that a country is poorer overall if corruption levels are high, reference [16] states that an educational institution more destitute if its engage in corrupt practices.

Currently on reference [17], education is a sector with high investment and is increasingly vulnerable to

corruption. Corruption in education has gone from generation to generation and took place in every country. Reference [16] states that corruption occurs in every educational institution, every nation, and age.

Educational corruption has also penetrated Indonesia. Indonesian Corruption Watch has conducted research and results there is corruption in educational institutions. Even corruption in education is systematic. It because bribery in schools is part of a series of corruption educational institutions on it. Lembaga above the school in question is the sub-district education office, the district or city education office, that the education ministry based on reference [18].

Because of the systematic education in Indonesia, the education budget does not positively affect the access and quality of education. In Indonesia, public spending has no positive effect on access to education in areas with low corruption. Public expenditures also have no significant impact on school performance as on reference [19]. But he did not find any direct effect of corruption on education outcomes. Nevertheless implying that corruption adversely affects the education system is through reducing the effectiveness of public spending refer to reference [20].

The research concludes on reference [21] that high and rising corruption decreases access to schooling significantly. It found a unit of increase in bribery reduces enrollment rates by almost ten percentage points. Research results in 50 countries on reference [22] also show that corruption in education has a negative relationship with educational outcomes.

### *C. The Quality of Education*

The quality of education in this article includes three things. First, the quality of teachers as seen from the professional competence and pedagogy of Junior Secondary School (JSS), Senior High School (SHS), and Senior Vocational School (SVS). Second, the quality of student learning outcomes as seen from the average of the national exam for the level of JSS, SHS, and SVS. Third, the human development index which one of the indicators is the quality of education.

If the budget is used correctly, increasing the education budget will improve the quality of teachers. Especially since 2007 the teachers in Indonesia also get a professional thread. Professional allowances aimed at improving the professionalism of teachers also include the education budget. The question is: has the professional benefit of teachers been used to enhance their professionalism? A reference [23] show that teachers receive professional allowances have not changed in the quality of teaching.

Certification received by the teacher has no impact on the quality of learning process and student learning outcomes. Another research result in Indonesia that the teacher certification does not improve the quality of the learning process as reference [24].

Recent research results on reference [25] suggest that teacher professional allowances increase teacher satisfaction concerning earnings, but do not lead to improved student outcomes. It also indicates that professional teacher allowance is not used to improve the professionalism of teachers.

An increase in education budget that does not have a positive impact on teacher quality improvement analyzed with two preconceived notions. The first allegation, there has been a misuse of educational budget or has happened corruption, so that teacher competence does not increase. The second claim, the professional allowance given to teachers is not used to improve the professionalism of teachers but instead used to enhance the lifestyle of shopping consumer goods.

Quality of education can also as seen from student learning outcomes. The result of the students' learning in this research as seen from the average national exam score consisting of the average score of national exam of JSS, average score of NE of SHS, an average rating of national exam of SVS. The quality of education in this study also reviewed from the score human development index which is a combination of educational, health, and economic development achievements.

### III. METHOD

Participants in the perception of corruption index interviews are entrepreneurs in 11 cities as many as 1,067 people conducted by Transparency International Indonesia (TII). The 11 towns are Pekanbaru, Semarang, Banjarmasin, Pontianak, Makassar, Manado, Medan, Padang, Bandung, Surabaya and North Jakarta. Sampling technique with stratified random sampling to represent small, medium, and large entrepreneurs. To maintain the legitimacy of data, an audit of 25 of the survey data.

The corruption perception index instrument also developed by TII. The potential for corruption identified through five (5) categories: the prevalence of corruption; public accountability; corruption motivation; and the impact of corruption; and the effectiveness of corruption eradication. A value of 0 means that the potential for corruption is very high and the score of 100 potential fraud is low.

While the education budget, teacher competence, national exam results, and the index of human development index sourced from the document of Neraca Pembangunan Daerah issued by the Ministry of Education and Culture in 2016.

This study uses a quantitative approach to the type of correlational research. The data source derived from secondary data from TII and the Ministry of Education and Culture. The sample in this study is a small sample that is 11 cities; the data is not normal and not homogeneous. Therefore, the hypothesis test with nonlinear regression analysis is simple with Spearman correlation. Data analysis using the help of program excel for windows 2016. This study is not looking for influence between independent variable to a dependent variable because corruption perception index indirect variable related to educational budget, but the perception of corruption in general.

### IV. RESULT AND DISCUSSION

The relationship between independent variable with the dependent variable, it is necessary to describe the

description of data as shown in table 1. Meanwhile, the correlation between the two variables as shown in table 2.

The education budget in table 1 excludes the budget for teacher salaries and education staff. It means that the education budget of the municipal government reported by the Ministry of Education and Culture is only for investment spending and operational spending.

Other reports on reference [26] show that the average educational budget if not including salary expenditure averaged 6.5%. The study conducted in 10 districts and cities across Indonesia. Meanwhile, based on the report of the Ministry of Education in 2015, the education budget outside the teachers' and education staff's gleanings in 11 sample cities averaged 14.77%. Thus the education budget in the 11 towns that became the sample of this study is already high.

Corruption perception index in 11 cities averages 54.45 which means classified as being in the range 41-60. Meanwhile, the competence of teachers at three levels is about 61 is still low when compared with the target government with an 80. Average national exam scores for three levels reached 60, which means classified moderate. The average of HDI in the sample city is 78 which means relatively high.

#### *A. The Correlation between Education Budget and Quality of Education*

The quality of education reviewed from JSS teacher competence, SHS teacher competence, SVS teacher competence, average score of national exam of JSS, average score of national exam of SHS, average score of national exam of SVS, and human development index score.

The competence of teachers obtained from the 2016 Regional Balance Sheet report from the ministry of education based on the results of teacher competence test in 2015. The teacher competence test is held nationally by the Ministry of Education and Culture covering two competencies namely professional competence and pedagogic competence.

Based on Spearman correlation test between educational budget with education quality showed that six indicators from 8 indicators showed negative or reverse relationship. It means that the high educational budget there is no positive impact on the quality of education.

The six indicators with a negative relationship with the education budget are CPI (-.20), teacher competency of JSS (-.16), teacher competency of SHS (-.06), teacher competency of SVS (-.16), national exam of JSS, national exam of SVS (-.27). Meanwhile, the relationship between education budget and national exam of SHS is very low (+.06). The relationship between education budget and HDI is low (+.23).

This data also shows that there is no consistent relationship between the size of the education budget and the quality of education.

These data suggest that the magnitude of the education budget has no positive and significant impact on the quality of education if did not use efficiently and effectively. The amount of education budget will not necessarily have a positive effect on the output of school, especially the quality

of education. Reference [27] stated that the resource allocation alone is no guarantee of the quality of teaching and learning. Much depends on the commitment of the pupils and support of their parents and community.

One of the recipes given by education finance experts, for the education budget to have a positive impact on the quality of education one of them is the proportion of salary compared to the operational and investment. The effectiveness of a budget seen from the target or not. A good education budget is used to finance student activities in the teaching and learning process. In developed countries, the management of educational budget has Vaizey's advice on managing the education budget. It said that in developed countries the expenditure for employee salaries is limited to a maximum of 60% as reference [28].

Reference [26] shows that regular expenditures on the education of districts and municipalities, now referred to operational spending mostly used for teachers salaries and educational staff of 96%. It is one of the causes of inefficiency and effectiveness of the education budget, due to the high indirect spending while the direct expenditures on the students are low.

The use of educational resources does not affect the effectiveness of education. External factors such as the level of financial resources do not determine whether a school is useful or not, on the contrary, the way schools use resources will determine whether the education is meaningful or not, as on reference [29].

Regarding money used, recent studies in Indonesia have highlighted substantial inefficiencies in public education spending. For example, the latest education public expenditure review found that the increase in overall spending has been disappointing. The report demonstrated growing levels of inefficiency in public education spending driven in part by the combination of a small number of elementary schools and staffing standards that did not take this into account, see reference [30].

Recommendations of an expert that the increased budget for education in Indonesia should use efficiently and have a positive impact on the student learning outcomes or the quality of education in general as on reference [31].

### *B. The Correlation between Corruption and Quality of Education*

Table 2 shows that corruption perception index (CPI) correlates positively with teacher quality. CPI positively related to JSS teacher competence (+.14), CPI positively associated with SHS teacher competence (+.20), and CPI positively associated with SVS teacher competence (+.10). It means that the lower the level of corruption, the better the expertise of teachers in the city. The positive relationship between CPI on teacher competence at three levels of education is in a low category.

On the other hand, CPI has a negative correlation to the national exam score of JSS students (-.14). CPI is also negatively related to the national exam score of SHS students (-.03). Furthermore, the CPI also adversely affects the national exam score of SVS students (-.16). It means that the lower the level of corruption in the sample city is the national exam value of the lower students too. The negative relationship between the CPI and the national

exam value on the three levels of education is in a low category.

The strange relationship is between the CPI and the HDI denoting the negative (-.52) relationship in the moderate category. It means that the lower the level of corruption, the lower the level of human development index.

It concluded that there is an inconsistent relationship between CPI with the quality of education. The results of the study are similar to the outcome of research in other countries about the relationship between corruption with the results of development.

The influence of corruption on economic growth is also a contradiction. Another reference [32] on 13 Asia-Pacific countries, corruption, and economic growth resulted contrary. In South Korea, corruption has a positive effect on economic growth. In China, economic growth affects corruption. In the other 11 countries, there is no significant influence on corruption and economic growth.

In fact, corruption in educational institutions occurred, among others, found by ICW above. Corruption in education should seriously take in a different approach as the suggestion below.

It suggests that measures to prevent corruption in education should be criminal offenses, but equally harmful forms of malpractice as on reference [17].

If corruption in education not explicitly addressed, then it can impact labor on educational outcomes. According to Rosser and Joshi, there is often as much as a failure to improve education access, and education quality and illegal fees are prevalent. Evidence from Indonesia argues that the underlying problem was political. They indicate that free education is an attainable objective if the interest groups are empowered to influence policy, the demand for accountability and seek redress against illegal fees, see reference [33].

## **V. CONCLUSION**

The six indicators out of eight indicators there has no positive relationship between education budget and quality of education, the event the relationship reversed. The only two indicator with a positive relationship between education budget and quality of education is the score of the national exam for SHS and score for HDI.

The is a positive relationship between corruption perception index and teacher quality for all level of education. But, corruption perception index has a reverse correlation with a score of national exam and human development index.

## **VI. SUGGESTION**

The use of educational budget must always adhere to the laws and regulations of the government among others following the principle of efficiency and effectiveness. Education budget will be efficient and useful if there is no corruption either directly or indirectly.

The primary purpose of education is to develop learners. Therefore, the budgeting of educational will be more effective if it is used to finance the learning process. It

recommended that the decision makers make rules related to the proportion of direct expenditure, namely for operational and indirect spending, especially for personnel expenditure.

## APPENDIX

*Anggaran Pendapatan dan Belanja Nasional (APBN)* is national budget of the Republik of Indonesia.

*Anggaran Pendapatan dan Belanja Daerah (APBD)* is regional either provincial, district, or city budget.

*Sekolah Menengah Pertama (SMP)* is Junior Secondary School (JSS) for student aged 13-15 years old.

*Sekolah Menengah Atas (SMA)* is Senior High School (SHS) for student aged 16-18 years old.

*Sekolah Menengah Kejuruan (SMK)* is Senior Vocational School (SCS) for student aged 16-18 years old.

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**AUTHOR’S PROFILE**



**Nurkolis Siri Kastawi** was born in Boyolali District in Central Java Province of Indonesia in 1967. He got a bachelor degree in curriculum development (Drs), magister degree in educational administration (M.Pd), and doctoral degree in educational administration (DR). He was a school principal of international Junior Secondary School until 2005. He was as an educational

consultant of international development organization from 2005-2017. Since 2010 he is a senior lecturer at Universitas PGRI Semarang in Central Java Province of Indonesia. His home base is Educational Administration Department of Postgraduate Program, among other, teach education finance, policy making, and national educational management. He wrote some books as School-Based Management: Theory, Model, and Applications (2013 & 2005); Developing Effective School in Indonesia (2017); Implementing School-Based Management to Improve Education Quality (2018); and The Efficiency and Effectiveness of Education Financing in Indonesia (2018). His contacts are [nurkolis@upgris.ac.id](mailto:nurkolis@upgris.ac.id) and [nurkolis@gmail.com](mailto:nurkolis@gmail.com).

**Table 1. Descriptive Statistics for Dependent and Independent Variables (N= 11)**

Variable & Sub Variabel	Minumum	Maximum	Mean	Standard Deviation
1. Percentage of Education Budget (PEB)	6.53	22.30	14.77	4.74
2. Corruption Perception Index (CPI)	30.00	68.00	54.45	8.98
3. Education Quality:				
a. Average Teacher Competency JSS (TCJSS)	52.52	68.79	60.54	4.54
b. Average Teacher Competency SHS (TCSHS)	57.15	72.73	65.04	5.16
c. Average Teacher Competency SVS (TCSVS)	52.79	64.51	59.53	3.56
d. Avarage of National Exam JSS (NEJSS)	50.40	75.60	61.75	6.70
e. Average of National Exam SHS-social (NESHS)	47.30	73.80	58.47	8.33
f. Avarage of National Exam SVS (NESVS)	49.60	72.40	59.48	5.97
g. Human Development Index (HDI)	66.61	80.36	78.00	3.89

**Table: 2 Bivariate Correlations Among Variables with Spearman (N = 11)\***

Variabel & Sub Variable	PEB	CPI	TCJSS	TCSHS	TCSVS	NEJSS	NESHS	NESVS	HDI
Percentage of Education Budget (PEB)	1	-.20	-.16	-.06	-.16	-.23	+.06	-.27	+.23
Corruption Perception Index (CPI)		1	+.14	+.20	+.10	-.14	-.03	-.16	-.52
Average Teacher Competency JSS (TCJSS)			1	-	-	+.26	-	-	+.34
Average Teacher Competency SHS (TCSHS)				1	-	-	+.39	-	+.17
Average Teacher Competency SVS (TCSVS)					1	-	-	+.24	+.13
Avarage of National Exam JSS (NEJSS)						1	-	-	+.03
Average of National Exam SHS-social (NESHS)							1	-	+.16
Avarage of National Exam SVS (NESVS)								1	+.42
Human Development Index (HDI)									1

\*Correlation is significant at the 5 percent level (2-tailed).