Indonesia's Primary and Junior Secondary Schools in a post-crisis environment: Findings from a follow-up survey of 600 schools[1]

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EXECUTIVE SUMMARY

Overall, results from the 600 school survey provide little evidence of an impact of the crisis on basic education enrollment. For primary, the 5.1% decline in enrollment found over the five year period 1995/6 to 1999/0 was basically in line with the population decline for 7-12 year olds during that period. For junior secondary, the overall decline over the same period was insignificant (0.3%). These general findings, however, mask significant differences across years, geographical areas, the public/private divide and gender. For junior secondary, enrollments actually rose somewhat during the first year of the period analyzed (pre-crisis) and then fell by about the same amount during the later years. At that level there was also an enrollment increase in rural areas, off-set by substantial decreases in urban areas (in Jakarta the decline was 21.5% over the 5 years analyzed; 8.4 and 7.0% during the two crisis years). Private school enrollment declines were steeper than those for public schools, and religious (*Madrasah*) steeper than secular schools. Private and religious school declines in urban areas (Jakarta and non-Jakarta) were 25% or higher. Gender differences in enrollment declines were relatively minor, except in the case of Madrasah schools, where enrollment declines for girls were substantially greater than those for boys at both the primary and junior secondary levels.

Besides registering statistical impact, the survey recorded school staff perceptions of the effects of the crisis (respondents were asked about eleven potential impacts). The most frequently perceived crisis impacts for both primary and secondary schools were "late payment of fees," "ability to conduct extra-curricular activities," and "number of students who work." At the primary there were also significant concerns about declines in student achievement and student health, and at the junior secondary level about "decrease in student enrollment," "increase in student absenteeism," and a "reduction in the school's ability to hire part-time teachers." Perceptions of crisis impact were higher in urban areas (particularly Jakarta) than rural; also, private schools tended to perceive more impacts than public. Relatively few primary schools perceived more than two impacts of the crisis; for junior secondary the number of impacts perceived were more varied, with almost as many schools perceiving "9 or more" as "1 or 2." A principal component analysis revealed two underlying dimensions of crisis impact perception, one identified as "general impact," and the other "school functioning." Urban

primary schools outside of Jakarta, especially private ones, were found to be high on general impact; rural and Jakarta primary schools were relatively high in perceiving impact on school functioning. More respondents perceived the impact to be worse this year than last.

A substantial number of the schools surveyed received block grants during the two crisis years under the ministry's program to minimize crisis impact: in the most recent year (1999/0) 67% of primary schools did so, and 46% of junior secondary schools (the target was 60%). At the primary level, the highest proportion went to rural schools; at the junior secondary the highest proportion were received by non-Jakarta urban schools. About the same proportion of private schools received grants as public. Variations across provinces in the proportion of primary and junior secondary schools covered were large. Use of the grants was quite uniform: almost all schools reported using them for teaching aids and stationery; most also cited rehabilitation of facilities and student subsidies. Over half of the schools indicated having spent "most of their grant funds" on teaching aids. Student scholarships were also widely distributed: 5.4% of primary school students in sample schools and 16.4% of junior secondary students received them during the crisis years (the target was 6% and 17%). At the junior secondary level there was a shift in the second crisis year from rural students as recipients to urban students (outside of Jakarta) which was in line with an adjustment in the targeting of the program. There were also other differences (relatively minor) between urban and rural, public and private.

Another financial issue covered by the survey was the collection of school fees, both entrance and monthly, during the crisis years. The proportion of schools collecting fees those two years declined at both the primary and junior secondary levels, 15 percentage points for the former and 12 for the latter. The largest declines were generally in the first year of the crisis (1998/9). Urban schools were less likely to waive fees than rural: in Jakarta almost no sampled junior secondary school waived fees (compared to about 40% elsewhere). At the primary level, average entrance fee levels increased dramatically during the crisis years (mainly due to very large increases in Jakarta); but, except in the case of Jakarta, the increases did not keep pace with inflation. At the secondary level, nowhere did the increases keep pace with inflation. Monthly student fees also increased on average during the crisis years but in no case at a greater rate than inflation. By the second crisis year, monthly fees averaged about Rp 2500 for primary schools

and Rp 10,000 for junior secondary but differences between areas and public private were great: urban were about 2 to 6 times that of rural and private about 2 to 5 times that of public. Examination fees also increased during the crisis period, but at a rate below inflation; nevertheless these fees are still considered to be onerous.

The put things in a broader context, the survey, in the end, examined overall school funding levels during the past three years. In general, it revealed an increase in total funding during the crisis years at both primary and junior secondary levels, but these increases did not keep pace with inflation. Real (inflation adjusted) value declines in funding levels were particularly pronounced during the first crisis year and were most serious in Jakarta. In the second year of the crisis the real levels rebounded somewhat, but only in rural areas did they return to pre-crisis levels. Moreover, by 1999/0 primary schools received around two-thirds (66%) of their income from government sources (up from 49% in 1997/8); junior secondary schools received less than one-third (30%), up from 20%. Only a small proportion of the private funding was from foundations; the rest was from parental contributions (up to 75% for private junior secondary schools). Part of these changes came from the influx of school grant funds (DBO). Among schools receiving DBO grants, the grant amounted to a substantial part of government funding: among sampled primary schools 56% in 1998/9, **decreasing** to 35% in 1999/0; among sampled junior secondary 45% in 1998/9, **increasing** to 61% in 1999/0. The share of DBO in government subsidies for private junior secondary schools attained a very high 80% in both crisis years. A comparison of schools receiving DBO grants with those which did not shows that other government funds (notably from province and district sources) were generally reduced in the recipient schools and increased in the non-recipient.

The report concludes with suggestions for additional policy reviews, the most critical being the possible need for increased subsidies to private schools and Madrassah to help them survive until fuller economic recovery; the school funding implications of phasing out the current scholarship and grants program; possible reforms in current systems of allocating funds to schools; and challenges that districts will experience in financing a likely post-crisis expansion of demand for public school places, especially at the junior secondary school level. Critical follow-up research questions include the extent to which private school enrollment declines are

enduring; the reasons for urban school (especially Jakarta) enrollment declines (dropping out or moving out?); the impact of junior secondary school enrollment growth in rural areas; and reasons for Madrassah enrollment declines, particularly for girls.

CHAPTER I
BACKGROUND AND SURVEY METHODOLOGY

A. Background

Since mid-1997 Indonesia has been experiencing, and attempting to recover from, a severe economic crisis. At its onset, the effects of the crisis were expected to reduce enrollments and the ability of families to pay for school, to hurt the ability of schools to raise adequate resources for quality education, and to lower the overall budget available for education. The Government of Indonesia, with the support of the Asian Development Bank and The World Bank, launched a "stay in school" media campaign, a program to provide block grants to schools to offset the shortfalls resulting from parents' lessened ability to pay fees, and a program to provide scholarships to poor students to offset the direct costs of schooling.

There have been several studies of education over the crisis period (among others: Beegle, Frankenberg, and Thomas 1999; Filmer and others 1999; Frankenberg, Thomas and Beegle 1999; Jiyono and others 1999, Pradhan and Sparrow 2000; Susetyo and others 1999) as well as more directed efforts to assess the effectiveness of the government's response (Cameron 2000; CIMU 2000a, 2000b; Jones, Hagul, and Damayanti 2000).

In 1998 the World Bank and The Research and Development Department of the Ministry of National Education (MoNE) sponsored and implemented a "Crisis Impact School Survey (CISS)" of 600 schools to assess the impacts of the crisis from the schools' perspective.[2] The main approach used was to collect historical data on enrollment trends and analyze the variation in those trends by types of schools across different regions. At the time it was feared that the crisis would result in large-scale dropout and the results of the survey were intended to inform that debate and assist the government in formulating its policy. The main result from the survey (discussed in Filmer et. al. 1999) was that the greatest impact of the was on the ability of

[2] A similar survey with a different sample frame was sponsored and implemented by UNICEF and MoNE at about the same time.

households to keep up with regular payments required for school. Enrollment declines were smaller than expected, although they did occur among some groups (especially at the junior secondary level in poorer urban areas).

In 2000 this second round of the survey – CISS II – jointly carried out by the Government of Indonesia and the World Bank aims to follow-up the original study. Again, data were collected on enrollment trends but the survey instrument focused on two additional areas. First, on the perception of the impact of the crisis on schools as reported by members of the school staff, and second, on school financing issues. The remainder of this chapter describes the survey methodology. Chapter II reports the trends in the number of students enrolled in the survey schools; Chapter III analyzes the responses to the questions on the perceptions of the impact of the crisis on schools; Chapter IV describes the distribution and the use of school grants and student scholarships allocated as a part of the government's response to the crisis; Chapter V discusses trends in entrance and monthly fees; and Chapter VI discusses the current state of school finances (such as school income sources).

B. Survey Methodology

In 1998 the schools included in the CISS were from five provinces: North Sumatra, DKI Jakarta, Central Java, South Sulawesi, and Maluku. In 2000 the CISS II could not cover Maluku because of security concerns and East Nusa Tenggara (NTT) was chosen as a replacement because of its general similarity (geographic, religious, and location in the eastern part of Indonesia). In NTT the school selection process was the same as that used in the other provinces in 1998: within each province three districts, two rural (Kabupaten) and one urban (Kotamadya) were selected with Probability Proportional to population Size - PPS (in the case of Jakarta, three Kotamadya were selected). Within each district level, four sub-districts (Kecamatan) were randomly selected, again with PPS. In each group of four sub-districts, forty schools were randomly selected by type - public/private, Sekolah Dasar (SD) / Madrasah Ibtidayah (MI), Sekolah Lanjutan Tingkat Pertama (SLTP) / Madrasah Tsanawiyah (MTs) in proportion to their actual distribution in the four sub-districts.[3] The resulting target sample consists of 40 schools

[3] SD (Sekolah Dasar) and SLTP (Sekolah Lanjutan Tingkat Pertama) are secular schools, MI (Madrasah Ibtidayah)

per district, 120 per province, and 600 schools in total.[4] Outside of NTT the schools in CISS II are the same as those in the original CISS. A full listing of the of schools surveyed in each province is in Annex 2.[5]

Although 120 schools were covered in each province, the results are generally presented by averaging across school type (public-private, SD/SLTP-MI/MTs) at each level (primary, junior secondary) in three areas (rural, urban non-Jakarta and Jakarta) in order to achieve sample sizes that produce robust estimates. Despite the fact that schools from various areas were surveyed, the data are not designed to be statistically representative of Indonesia as a whole. The coverage was designed, however, to capture regional variation within Indonesia by surveying schools in different provinces both on- and off-Java, ensure coverage of the eastern islands, as well as schools in urban and rural areas.[6]

Within each province, weights are used to map the distribution of schools in the sample to the actual distribution of schools at the provincial level – weights therefore show how many *actual* schools of the same type a *survey* school "represents".[7] These weights are used in averaging across schools in the different provinces, so provinces with a large number of actual schools will naturally be more heavily represented. Therefore, the results for "rural" and "urban non-Jakarta" aim to be representative for rural and urban areas in the provinces surveyed, and indicative of trends in Indonesia. Since the impact of the crisis appeared to be significantly different for Jakarta in the earlier 1998 study, this report separates out results for schools surveyed in DKI Jakarta. The randomly selected schools in Jakarta aim to be representative for schools in DKI Jakarta as a whole. (See Annex for a description of some basic characteristics of the schools surveyed).

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and MTs (Madrasah Tsanawiyah) are religious schools. Each of these could be either public or private.

[4] The school sample consists of 479 primary and 121 junior secondary schools. In general the analysis is limited to data from CISS II however some of the enrollment analysis takes into account data from both rounds. In CISS II one school was replaced in Central Java . Three schools in North Sumatra were replaced due to wrong school codes. One school in Jakarta was added for CISS II. In those schools, and in schools in NTT, retrospective data was used to construct enrollment trends. In addition, five primary and one junior secondary schools were closed in 1999/2000 school year. Enrollments in those schools are set to zero.

[5] The data were collected between April 10 - May 7, 2000 and the interviewing involved more than 75 data collectors, mostly students from local universities. Each data collector was expected to visit one school per day.

[6] In addition provinces from the 1998 survey were chosen to coincide with areas where new World Bank basic education projects were being prepared.

CHAPTER II
ENROLLMENT TRENDS

A. Context

Besides the recent economic crisis there are three main background factors affecting enrollment trends in the survey schools: population trends, the government's program of universal 9 years of basic education, and the impact of the crisis on population movements. First, Indonesia's population growth rate has been falling dramatically over the past two decades which has resulted in smaller cohorts of primary school aged children.[8] Between 1995 and 1999 the number of 7 to 12 year olds fell by 4.2 percent while the number of 13 to 15 year olds stayed relatively constant, falling by 0.3 percent over the five years (Table II.1). If enrollment *rates* stayed constant over the period one would expect to see similar changes in the overall number of students enrolled in the surveyed schools.

Table II.1: Level and change in 7 to 12 and 13 to 15 year old cohorts in Indonesia

	1995	1996	1997	1998	1999	1995-1999
Age 7-12						
Millions	28.1	28.0	27.4	27.2	27.0	
Percent change		*-0.3*	*-2.4*	*-0.6*	*-0.9*	*-4.2*
Age 13-15						
Millions	13.8	14.2	14.0	13.9	13.8	
Percent change		*2.9*	*-1.6*	*-0.5*	*-1.0*	*-0.3*

Source: Derived from Susenas data

The second factor influencing enrollments is the government's "wajib belajar sembilan tahun" (nine-year universal basic education program) which was announced in 1989 and began to be implemented in 1994. This expansion involved a multi-pronged effort on the part of government, one of which was making *public* junior secondary places more accessible to

[7] see Annex Table I.1 for the weights used
[8] For a discussion see Gertler and Molyneaux (1994) "How Economic Development and Family Planning Combined

prospective students. The program was quite successful: while the population aged 13 to 15 population increased by 0.4 million, the number of junior secondary students increased by close to 1.3 million between 1995 and 1997 (Table II.2). Despite the fact that the program was largely focused on the public sector, the percentage of junior secondary students who were in public schools decreased slightly from 69.8 to 67.6 percent between those years.

Table II.2: Number of students and percent in public schools

	Primary		Junior Secondary	
	Number of students (million)	Percent public	Number of students (million)	Percent public
1995	30.1	90.0	9.1	69.8
1996	29.7	88.7	9.9	66.0
1997	29.6	89.1	10.4	67.6
1998	29.4	88.3	10.3	67.1
1999	29.1	89.5	10.5	69.5

Source: Derived from Susenas data

The third factor influencing enrollments is the population movements resulting from the economic crisis and the political turmoil that accompanied it. The political impacts in Maluku were so severe that the follow-up survey could not be implemented there. However, even in areas that could be surveyed in CISS II, population movements will affect the results. In NTT there was a substantial influx of refugees from neighboring East Timor: between 1997 and 1999 the cohorts of 7 to 12 and 13 to 15 year olds both increased substantially in this province (Table II.3). Conversely there was a substantial decline in the cohorts in Jakarta over the same time period as families moved away from this urban center where job opportunities were severely curtailed as a result of the crisis.

Table II.3: Percentage change in population, by age and province

	Age 7-12					Age 13-15				
	1995 to 1996	1996 to 1997	1997 to 1998	1998 to 1999	*Cumulative 1995 to 1999*	1995 to 1996	1996 to 1997	1997 to 1998	1998 to 1999	*Cumulative 1995 to 1999*
North Sumatra	0.9	-3.4	1.4	0.5	*-0.7*	1.6	-2.8	1.9	3.5	*4.2*
Jakarta	-1.8	-3.1	-0.9	-5.5	*-10.9*	-0.5	-2.5	0.9	-6.2	*-8.2*
Central Java	-0.9	-4.3	0.9	-2.4	*-6.6*	2.9	-2.6	-1.1	-3.1	*-3.9*
NTT	-4.0	-1.0	3.0	4.3	*2.0*	-3.6	2.5	6.7	-3.3	*2.0*
South Sulawesi	1.8	-3.6	0.8	-0.4	*-1.5*	-0.5	-0.6	-1.6	-0.4	*-3.1*

Source: Derived from Susenas data

to Reduce Indonesian Fertility" *Demography* 31(1).

B. Overall enrollments

As mentioned in Chapter I the main focus of the earlier 1998 CISS survey was tracking school enrollments early in the crisis. The main findings from that survey were that primary enrollment changes had not deviated from their pre-crisis trend; that overall junior secondary enrollments had fallen slightly between 1997/8 and 1998/9 – more so in urban areas; and that there had been substantially larger declines in enrollments among private schools (of both levels) between 1997/8 and 1998/9.[9] One of the goals of the 2000 CISS II survey was to assess whether those early findings would be confirmed, or needed to be modified, now that the crisis has persisted.

The number of students enrolled at the primary level fell by 5.1% between 1995 and 1999 (Figure II.1 and Table II.4) with a similar pattern across all areas.[10] The largest declines were in Jakarta, but the changes during the "crisis years" (1997/8 to 1998/9 and 1998/9 to 1999/0) were similar to, even slightly smaller than, earlier trends.

Table II.4: Percentage change in the number of students enrolled

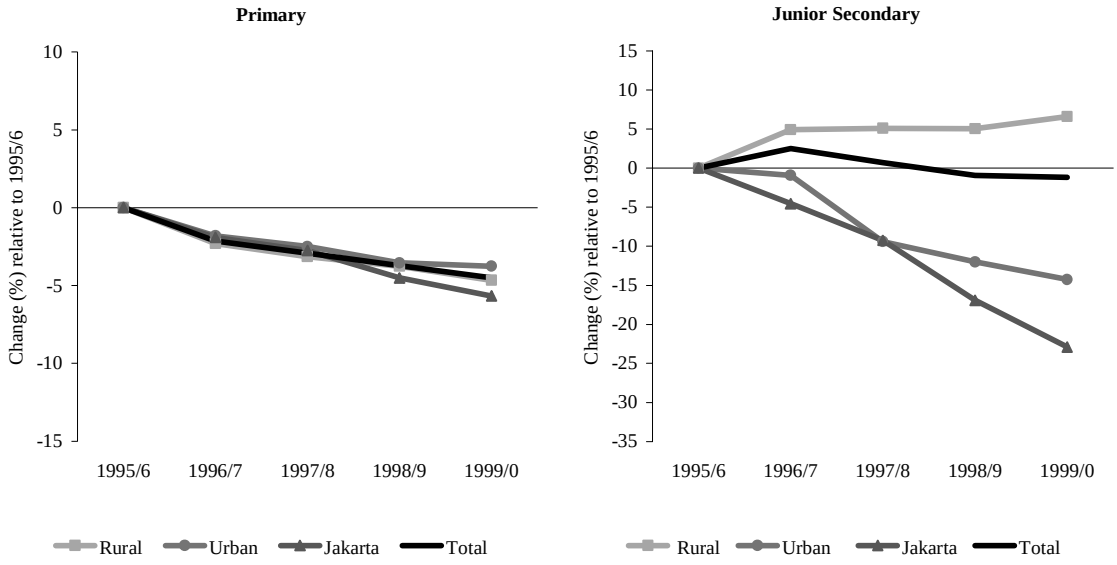
	Primary				Junior Secondary			
	Rural	Urban Non-Jakarta	Jakarta	Total	Rural	Urban Non-Jakarta	Jakarta	Total
1995/6 to 1996/7	-2.1	-1.6	-2.7	-2.1	5.2	-0.9	-4.6	2.8
1996/7 to 1997/8	-1.4	-2.1	-1.6	-1.4	0.2	-8.7	-3.3	-1.5
1997/8 to 1998/9*	-0.6	-1.0	-1.8	-0.8	0.4	-2.7	-8.4	-1.3
1998/9 to 1999/0*	-0.9	-0.3	-1.2	-0.9	1.5	-2.6	-7.0	-0.2
Cumulative 1995/6 to 1999/0	*-4.9*	*-5.0*	*-7.1*	*-5.1*	*7.5*	*-14.2*	*-21.5*	*-0.3*
Number of schools	*270*	*121*	*87*	*478*	*49*	*39*	*33*	*121*

Notes: * 'crisis impact' years.

[9] See Filmer et al (1999).

[10] Enrollment trends are constructed from historical data collected in CISS and CISS II. While some data were collected in both rounds of the survey (for example 1997/8 and 1998/9 student enrollments) the newer data are used. In cases of clear disagreement between the same data collected in the two rounds, visual inspection of the survey instruments generally indicated which was the more reliable set. In NTT, which was not included in CISS, the instrument for CISS II included more historical data to that a long time could be constructed for schools in that province.

Figure II.1: Cumulative percentage change in student enrollment



Declines in the number of students enrolled would be consistent with a crisis impact on enrollment *rates*, however they could also be driven by population changes: Table II.1 shows that the primary school aged cohort in all of Indonesia was falling consistently over this period. Moreover, between 1995 and 1999 the size of this cohort fell in all of the study provinces except NTT (Table II.3). The decline was especially sharp in Jakarta and Central Java, where the number of 7 to 12 year olds fell by 10.9 and 6.6% (over five years) respectively.

At the junior secondary level, the overall number of students enrolled remained fairly constant between 1995/6 and 1999/0. A slightly positive trend before 1996/7 subsequently turned slightly negative with almost no change as the net result. There is a lot of variation across areas: whereas enrollments increased by 7.5% in rural areas across the five years, they fell by 14.2% in urban areas outside of Jakarta and 21.5% in Jakarta. The fall in Jakarta was a sustained one over the crisis years: enrollment declined by 8.4% between 1997/8 and 1998/9 and by 7.0% between 1998/9 and 1999/0. In urban areas outside of Jakarta enrollments fell sharply in the very early days of the crisis (perhaps even before) and the magnitude of the decline became smaller (about 2.6% per year) in the crisis years.

Unlike the primary level, the decline in size of the 13 to 15 year old cohort does not appear to be the major factor in explaining the changes in the number of students enrolled at the

junior secondary level. For example, in the same years when enrollment in junior secondary schools in Jakarta fell by 8.4% (between 1997/8 and 1998/9) the population aged 13 to 15 increased by 0.9% (between 1997 and 1998).

The patterns revealed by breaking the analysis down by province are striking (although sample sizes tend to get small and the results need to be approached with some caution). Primary school enrollments increased by 10.4% in NTT between 1995/6 and 1999/0, whereas they declined relatively steadily in the other provinces (see Annex Table II.2). As Table II.3 showed, the primary school aged cohort grew quite substantially after 1997 (before which it had been declining) which is likely due in part to refugees from neighboring East Timor.

There are also cross-province variations at the junior secondary level. The number of students enrolled in Jakarta decreased by over 20% between 1995/6 and 1999/0 whereas most other provinces had small increases or decreases. The exception is NTT where, like the primary level, enrollment increased by more than 20% over the five years. Again, this was probably strongly affected by the inflow of refugees from East Timor.[11]

C. Decomposition of changes in enrollment

Private schools and Madrasah schools at the primary level

Since there are few private SD schools, there is very little difference between SDs as a whole and public SDs. Also, since there are so few public MI schools, there is very little difference between all public primary-level schools and public SDs. The pattern in these schools is a consistent and small decrease in all areas in each year.[12] The declines have been more dramatic in private schools as a whole, as well as in MI schools as a group, which typically cater to students from poorer families. Overall enrollments fell by 7.0% in private schools, and 7.4% in MI schools (Figure II.2 and Table II.3). The declines in urban areas outside of Jakarta have

[11] Note that had the study remained in Maluku we would observe a decline, since Maluku has lost population due to social unrest.
[12] Unfortunately the sample sizes are not sufficient to allow separate analysis of public SD, private SD, public MI and private MI.

been consistent and fairly large, between 3 and 4% per year, for a total decline of 14.1% between 1995/6 and 1999/0. In Jakarta, the decline in private school enrollments were concentrated between 1997/8 and 1998/9, an almost 5% fall in that year alone.

Figure II.2: Cumulative percentage change in student enrollment: Private, MI and MTs

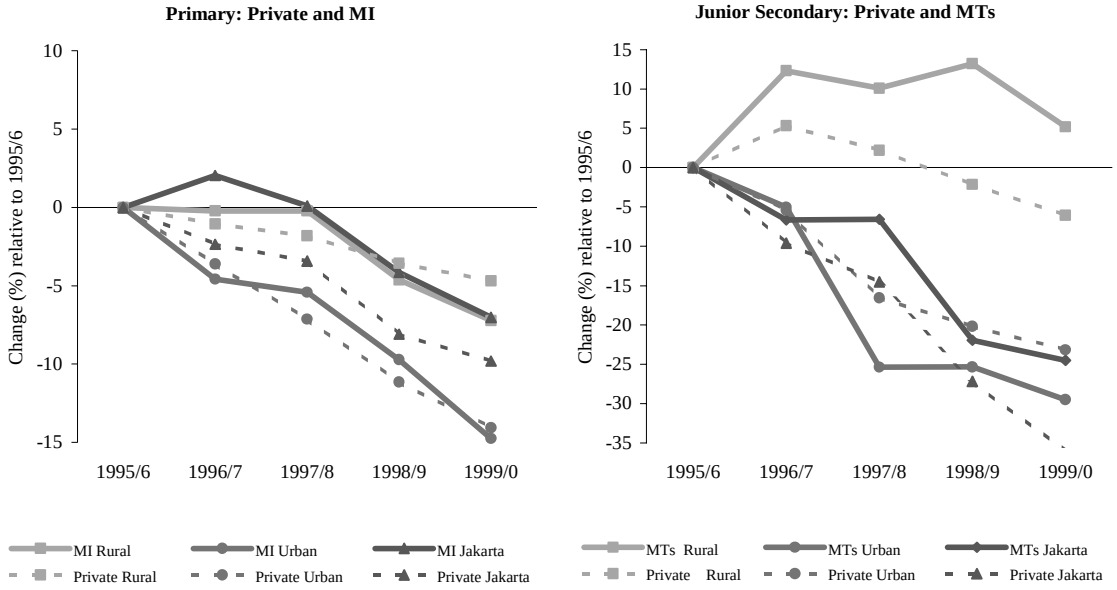


Table II.5: Percentage change in the number of students enrolled in primary schools

	Public				Private			
	Rural	Urban Non-Jakarta	Jakarta	Total	Rural	Urban Non-Jakarta	Jakarta	Total
1995/6 to 1996/7	-2.5	-1.1	-2.1	-2.3	-1.0	-3.6	-2.4	-1.5
1996/7 to 1997/8	-0.9	0.4	-1.1	-0.8	-0.8	-3.7	-1.1	-1.1
1997/8 to 1998/9*	-0.5	0.1	-0.6	-0.4	-1.8	-4.3	-4.8	-2.9
1998/9 to 1999/0*	-0.9	0.8	-1.0	-0.7	-1.2	-3.3	-1.9	-1.7
Cumulative 1995/6 to 1999/0	*-4.7*	*0.2*	*-4.7*	*-4.0*	*-4.7*	*-14.1*	*-9.8*	*-7.0*
Number of schools	210	88	58	356	60	33	21	122

	SD				MI			
	Rural	Urban Non-Jakarta	Jakarta	Total	Rural	Urban Non-Jakarta	Jakarta	Total
1995/6 to 1996/7	-2.5	-1.6	-2.4	-2.4	-0.2	-4.6	2.0	0.3
1996/7 to 1997/8	-1.0	-0.7	-0.8	-0.9	0.0	-0.9	-1.9	-0.2
1997/8 to 1998/9*	-0.4	-0.7	-1.6	-0.5	-4.4	-4.6	-4.2	-4.4
1998/9 to 1999/0*	-0.7	0.3	-1.0	-0.6	-2.7	-5.6	-3.0	-3.1
Cumulative 1995/6 to 1999/0	-4.5	-2.6	-5.7	-4.3	-7.2	-14.8	-7.0	-7.4
Number of schools	251	110	80	441	19	11	7	37

Note: Both SD schools and MI schools can be public or private, and both public and private schools can be SD or MIs. Sample sizes are not sufficient to allow separate analysis of public SD, private SD, public MI and private MI. Caution is warranted where cell sizes become very small.

In MI schools enrollments fell by slightly more than among private schools, especially in urban areas outside of Jakarta. In the two crisis years, the number of students enrolled in MI schools fell by 4.6% between 1997/8 and 1998/9, and by 5.6% percent between 1998/9 and 1999/0 as compared to 4.3% and 3.3% in private schools.

Private and Madrasah schools at the junior secondary level

Overall the number of students enrolled at the junior secondary level remained steady between 1995/6 and 1999/0. Figure II.2 and Table II.6 show that there was a decline in private SLTP and MTs enrollments which were dramatic in urban areas – both outside of and within Jakarta. For example, between 1995/6 and 1999/0 enrollments in private schools in Jakarta fell by over 36% with especially large declines in the crisis years (almost -15% between 1997/8 and 1998/9 and about -12% between 1998/9 and 1999/0). In other urban areas, the largest declines occurred earlier: private enrollments fell by almost 15% between 1997/8 and 1998/9. The patterns in urban areas are similar among MTs schools, even though the decline between 1995/6 and 1999/0 in Jakarta (-24.5%) was slightly smaller than in other urban areas (-29.5%).

Table II.6: Percentage change in the number of students enrolled in junior secondary schools

	Public				Private			
	Rural	Urban Non-Jakarta	Jakarta	Total	Rural	Urban Non-Jakarta	Jakarta	Total
1995/6 to 1996/7	3.1	5.6	1.0	2.9	5.3	-5.4	-9.6	-0.3
1996/7 to 1997/8	1.6	-5.0	-2.3	0.5	-3.0	-11.8	-5.5	-5.2
1997/8 to 1998/9*	0.9	-1.0	-2.1	0.3	-4.2	-4.3	-14.8	-6.5
1998/9 to 1999/0*	3.6	-1.3	-2.8	2.5	-4.0	-3.7	-12.2	-5.5
Cumulative 1995/6 to 1999/0	*9.5*	*-2.0*	*-6.2*	*6.2*	*-6.1*	*-23.2*	*-36.1*	*-16.5*
Number of schools	*18*	*13*	*7*	*38*	*31*	*26*	*26*	*83*

	SLTP				MTs			
	Rural	Urban Non-Jakarta	Jakarta	Total	Rural	Urban Non-Jakarta	Jakarta	Total
1995/6 to 1996/7	2.8	-0.7	-4.3	1.0	12.3	-5.0	-6.6	9.3
1996/7 to 1997/8	0.7	-7.9	-6.1	-1.7	-2.0	-21.4	0.1	-2.4
1997/8 to 1998/9*	-0.9	-3.0	-7.4	-2.2	2.8	0.1	-16.5	0.7
1998/9 to 1999/0*	3.7	-2.4	-7.6	1.1	-7.1	-5.6	-3.3	-6.7
Cumulative 1995/6 to 1999/0	*6.4*	*-13.5*	*-23.1*	*-1.8*	*5.2*	*-29.5*	*-24.5*	*0.1*
Number of schools	*31*	*36*	*26*	*93*	*18*	*3*	*7*	*28*

Note: Both SLTP schools and MTs schools can be public or private, and both public and private schools can be SD or MIs. Sample sizes are not sufficient to allow separate analysis of public SLTP, private SLTP, public MTs and private MTs. Caution is warranted where cell sizes become very small

While recent declines in private junior secondary enrollment are likely attributable to the effects of the economic crisis (for example the reduction in the ability of parents to pay the high school costs associated with private schooling as discussed in chapters V and VI), the longer term trend is consistent with the expansion of public school places resulting from the nine-year universal basic education program. This program included establishing new public schools and "open" schools, building additional classrooms in existing public schools, and encouraging schools to use their classrooms for morning and afternoon classes. Since the program has favored the provision of *public* places a result may have been students switching away from private, in addition to drawing new students into the system.

Gender differences

Enrollment declines at the primary level have been similar for boys and girls. In some years and areas the number of male students fell more than that of females (-2.2 versus -0.1% in Jakarta between 1998/9 and 1999/0) whereas at other times the reverse was true (-1.2 versus -3.6% in rural areas between 1995/6 and 1996/7). Over the five years, the percentage of boys enrolled fell by 3.4% whereas that of girls fell by 5.6% with most of the differential taking place before 1997/8.

At the junior secondary level there are likewise only small gender differences. The overall numbers do mask some differences across areas, however. In rural areas, the number of girls enrolled in junior secondary schools increased by 8.8% between 1995/6 and 1999/0, a differential largely attributable to changes early-on in that period (Table II.7). In urban areas outside of Jakarta, the enrollment of boys fell by slightly more than that of girls over the five years: -16.9% versus –11.6% with the differential maintained throughout the period, including crisis years between 1997/8 and 1998/9. In Jakarta the number of girls enrolled fell by slightly more than that of boys between 1997/8 and 1998/9 (-8.9 versus –8.1%) however this differential was reversed in the following year (-6.6 versus –7.6%).

Table II.7: Percentage change in the number of students enrolled, by gender

Primary schools								
	Male				Female			
	Rural	Urban Non-Jakarta	Jakarta	Total	Rural	Urban Non-Jakarta	Jakarta	Total
1995/6 to 1996/7	-1.2	-1.9	-1.6	-1.2	-3.6	-1.7	-2.3	-3.0
1996/7 to 1997/8	0.0	-0.7	-0.3	-0.1	-1.8	-0.7	-1.5	-1.6
1997/8 to 1998/9*	-0.8	-1.3	-2.0	-1.0	-0.4	-0.9	-1.6	-0.6
1998/9 to 1999/0*	-1.1	-1.0	-2.2	-1.2	-0.6	0.7	-0.1	-0.5
Cumulative 1995/6 to 1999/0	-3.1	-4.9	-5.9	-3.4	-6.2	-2.6	-5.4	-5.6
Number of schools	*270*	*121*	*87*	*478*	*270*	*121*	*87*	*478*

Junior Secondary schools								
	Male				Female			
	Rural	Urban Non-Jakarta	Jakarta	Total	Rural	Urban Non-Jakarta	Jakarta	Total
1995/6 to 1996/7	3.2	-2.8	-5.9	0.8	6.7	1.0	-3.2	4.2
1996/7 to 1997/8	-0.6	-8.4	-3.4	-2.0	0.9	-8.7	-6.6	-1.4
1997/8 to 1998/9*	1.9	-4.4	-8.1	-0.5	-2.0	-1.4	-8.9	-2.9
1998/9 to 1999/0*	0.0	-2.4	-7.6	-1.4	3.1	-2.7	-6.6	1.1
Cumulative 1995/6 to 1999/0	4.5	-16.9	-22.8	-3.1	8.8	-11.6	-23.0	0.8
Number of schools	*49*	*39*	*33*	*121*	*49*	*39*	*33*	*121*

There is a substantial difference in the trends in boys' and girls' enrollment in Madrasah schools. Overall the number of girls enrolled in MI schools fell by 12% between 1995/6 and 1999/0, with the biggest changes occurring in the later years (Table II.8). The number of boys enrolled in MI schools fell by only 3% over the same years. While the decrease for girls was consistent across rural and urban areas, the decrease for boys was concentrated in Jakarta where it was roughly the same magnitude as that of girls (Table II.8 and Figure II.3).

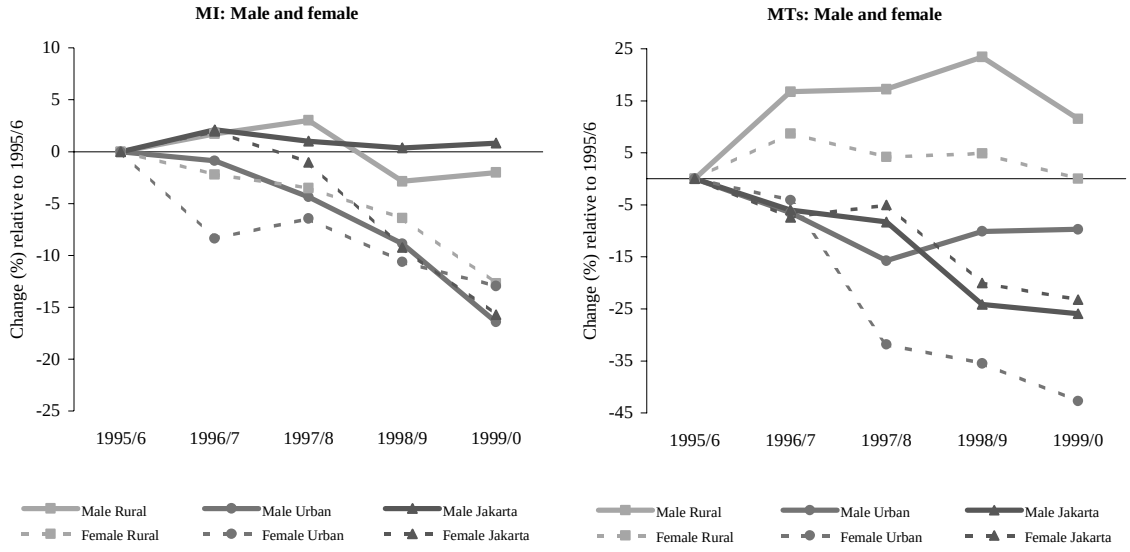
The situation at the junior secondary level is different. Overall the number of girls enrolled in MTs decreased between 1995/6 and 1999/0 whereas the number of boys increased over that period. This is largely driven by the situation in rural areas where there was no change for girls and an 11.5% increase for boys. In Jakarta there were virtually no gender differences in the trends. In urban areas outside of Jakarta the enrollment of girls in MTs fell substantially between 1995/6 and 1999/0 however. The largest decline was 29% between 1996/7 and 1997/8 when the number of boys enrolled fell by only 10%. In the latest change observed, 1998/9 to 1999/0, girls enrollment in MTs fell by 11% whereas that of boys did not change much at all.

These gender distinctions appear to be only related to Madrasah schools and are not found among private schools (see Annex Table II.3).

Table II.8: Percentage change in the number of students enrolled in private and in Madrasah schools, by gender

	Rural	Urban Non-Jakarta	Jakarta	Total	Rural	Urban Non-Jakarta	Jakarta	Total
	MI				MTs			
Male								
1995/6 to 1996/7	1.7	-0.9	2.1	2.3	16.7	-6.5	-6.0	12.9
1996/7 to 1997/8	1.3	-3.5	-1.1	0.5	0.4	-9.9	-2.4	-0.2
1997/8 to 1998/9*	-5.7	-4.7	-0.6	-4.9	5.3	6.7	-17.3	2.8
1998/9 to 1999/0*	0.9	-8.3	0.5	-0.5	-9.6	0.4	-2.4	-8.7
Cumulative 1995/6 to 1999/0	*-2.0*	*-16.4*	*0.8*	*-2.8*	*11.5*	*-9.7*	*-25.9*	*5.8*
Female								
1995/6 to 1996/7	-2.2	-8.4	2.0	-1.8	8.7	-4.1	-7.4	6.3
1996/7 to 1997/8	-1.3	2.1	-2.9	-0.8	-4.1	-28.9	2.5	-4.5
1997/8 to 1998/9*	-3.0	-4.5	-8.3	-4.0	0.7	-5.4	-15.8	-1.3
1998/9 to 1999/0*	-6.7	-2.6	-7.1	-6.1	-4.7	-11.2	-4.0	-4.8
Cumulative 1995/6 to 1999/0	*-12.7*	*-13.0*	*-15.7*	*-12.2*	*0.0*	*-42.7*	*-23.2*	*-4.6*

Figure II.3: Cumulative percentage change in male and female enrollment in Madrasah schools.



D. Summary

In general, the study found little evidence of crisis-induced change in educational enrollment. Overall enrollment in primary education fell by about 5.1% between 1995/6 and 1999/0, and the fall during the crisis years 1998 and 1999 was no greater than that during pre-crisis years. Moreover, this rate of change is in line with the rate of population decline of 7-12 year-olds during the same period. At the junior secondary school level, the decline in enrollment was a mere 0.3% over the five year period. This figure, however, masks significant differences across years and geographical areas. In the first year of the period (1995/6 to 1996/7) overall enrollment actually increased three percent, reflecting the Government's vigorous nine-year basic education promotion. However, in subsequent years overall enrollment levels either fell slightly or remained stable. Area differences, on the other hand, were pronounced: in rural areas overall junior secondary enrollment increased by 7.5% over the five years, but in urban areas it declined (by 21.5% in Jakarta and 14.2% in other urban areas). The fall in Jakarta was particularly steep during the crisis years 1998 and 1999 (8.4% and 7.0% respectively) but in the other urban areas it was a moderate 2.4 % per year. Age-group population decline does not appear to be a factor at the junior secondary level: for example, when enrollment in Jakarta fell by 8.4% (1998) the population age 13 to 15 increased by 0.9%.

When the data are further disaggregated by public and private, larger differences emerge, even at the primary level. In Jakarta, private primary school enrollments declined by almost 10% over the 5 year period 1995/6 to 1999/0 (twice the overall average), and in other urban areas the decline was over 14%. Falls in urban religious schools (Madrasah) were almost the same, 7% and 15% for Jakarta and non-Jakarta urban, respectively. In most cases the declines were particularly steep during the two crisis years. At the junior secondary level, private urban schools experienced extremely large declines in enrollment (Jakarta 36% and non-Jakarta urban 23%), and so did Madrasah (24.5% and 29.5% respectively). Except in the case of private schools in Jakarta, these declines were especially pronounced during the first year of the crisis (1997/8 to 1998/9).

The study revealed some gender differences in enrollment changes, but overall they were minor: in primary schools during 1995/6 to 1999/0 enrollment fell by 3.4% among males and by

5.6% among females (mostly during pre-crisis years); at the junior secondary level, the figures showed a decrease of 3.1% for boys and an increase of 0.8% for girls. More detailed breakdowns, however, revealed some significant differences. Male-female enrollment decline differences in Madrasah (primary level) were substantial, female enrollment declining by 12% over the five year period and male by 3%. For junior secondary there were also large gender differences when the data is broken down by urban-rural and school type. In rural areas, over the five year period, female enrollment increased by 8.8% almost doubling that of males (4.5%), and in urban (non-Jakarta) it fell less than that for males (11.6 vs. 16.9%). For junior secondary level Madrasah the picture was less positive. In rural areas female attendance at these religious schools was largely unchanged over the five year period whereas for males it increased by 11.5%. In urban areas outside Jakarta female enrollment fell substantially, the largest decline being pre-crisis (1996/7 to 1997/8) when it fell by 29% compared to male's 10%. After the onset of the crisis it continued to fall, from 1998/9 to 1999/0 by 11%, whereas for males it changed very little at that time. In Jakarta there were virtually no gender differences in trends.

CHAPTER III
PERCEPTIONS OF THE IMPACT OF THE CRISIS

A. Overall results

In this round of the school survey respondents were asked about their own perceptions about the impact of the crisis on their school. For this part of the interview, respondents other than the head-teacher (for example teachers and administrative staff) were encouraged to join the discussion and the group was encouraged to form a consensus response.[13] The structure of the instrument was to submit a statement describing an impact of the crisis to the respondents (for example "The crisis has lead to a decrease in enrollments") and ask the extent to which they agreed or not with the statement (i.e. "strongly agree" "agree" "disagree" "strongly disagree" and "no opinion"). If they agreed they were then asked whether the situation had improved, stayed the same, or become worse over time. Respondents were told that there was no "correct" answer to the questions and that the interviewer's goal was to find their opinion on the subject.

Eleven statements were read to the respondents – ranging from potential impacts on students such as enrollment and achievement, potential impacts on teachers such as absenteeism and morale, and potential impacts on the learning environment. Table 1 lists the statements in the order they were administered and the percentage of schools where the respondents agreed (strongly or otherwise) with the statement (Annex Table III.1 shows the distribution across the degrees of agreements).

Clearly the largest perceived impact has been on late payment of fees (which include BP3 – Parent/Teacher Association – contributions). About 62 percent of primary school respondents, and 66 percent of junior secondary school respondents agreed that the number of parents who pay fees late has increased as a result of the crisis. In primary schools there is not much difference between public and private schools while in junior secondary schools the rate among

[13] Since perceptions are intrinsically subjective, the hope was that involving several participants would minimize potential biases introduced by a sole respondent.

private schools is substantially higher than that in public schools (78 versus 47 percent). The impact that drew the next largest agreement was that the economic crisis has reduced the ability of schools to conduct extra-curricular activities. Again, there is not much difference between public and private schools at the primary level, both at almost 40 percent, whereas at the junior secondary level 61 percent of respondents at private schools agreed versus only 35 percent at public schools. A third impact agreed to by a high proportion of both primary and secondary schools was number of students who work has increased (about 27% for primary and 44% for junior secondary). This item drew more agreement from public schools in the case of primary (29%) and more from private schools in the case of junior secondary (51%).

Table III.1: Percentage of schools where respondents agreed with the statement regarding an impact of the crisis.

	Primary			Junior Secondary		
	All	Public	Private	All	Public	Private
Enrollment has decreased	22.6	20.8	30.7	44.3	23.0	58.5
Student absenteeism has increased	21.1	21.3	20.3	39.0	16.5	54.1
Student health condition has worsened	35.4	36.2	32.1	28.6	19.6	34.6
Number of students who work has increased	26.7	28.8	17.1	44.3	34.8	50.7
Student achievement has decreased	35.4	36.2	31.9	25.3	18.2	30.0
Number of parents who pay fees late has increased	61.8	61.6	62.4	65.5	47.0	77.8
Teacher absenteeism has increased	6.4	6.0	8.2	18.2	9.5	23.9
Teacher morale has decreased	16.9	17.0	16.8	26.2	9.1	37.6
Ability to provide good learning process has decreased	21.7	20.8	25.6	21.3	6.8	31.0
Ability to hire part time teachers has decreased	16.9	14.5	27.6	38.3	18.8	51.4
Ability to conduct extra-curricular activities has decreased	37.4	37.2	38.2	50.5	34.5	61.2
Number of schools	478	356	122	121	38	83

After these three impacts, primary and junior secondary schools differ in the major effects identified. Between 30 and 40 percent of respondents at primary schools agree that the crisis has worsened student achievement and student health. Again, public / private differences are small although in the impacts regarding student achievement and health, slightly more respondents from public schools agree that there has been an impact (about 36 percent in public schools versus 32 percent in private schools). In junior secondary schools the next group of impacts – which about 40 percent of respondents agree to – is a decrease in student enrollment, an increase in student absenteeism and a reduction in the ability to hire part-time teachers. All of these have large public / private differences (agreement with the statements are between 50 and 60 percent in private schools).

At both levels, about 20 percent of schools agree with the remaining statements about impacts. The most consistent finding is the public / private difference at the junior secondary level. Except for teacher absenteeism (which may have a biased response given that teachers are involved in answering the question) no less than 30 percent of private schools agree with each of the potential impacts. Especially worrying is teacher morale which seems to have been particularly hit in private junior secondary schools.

Figure III.1: Percentage of schools where respondents agreed with the statement regarding an impact of the crisis.

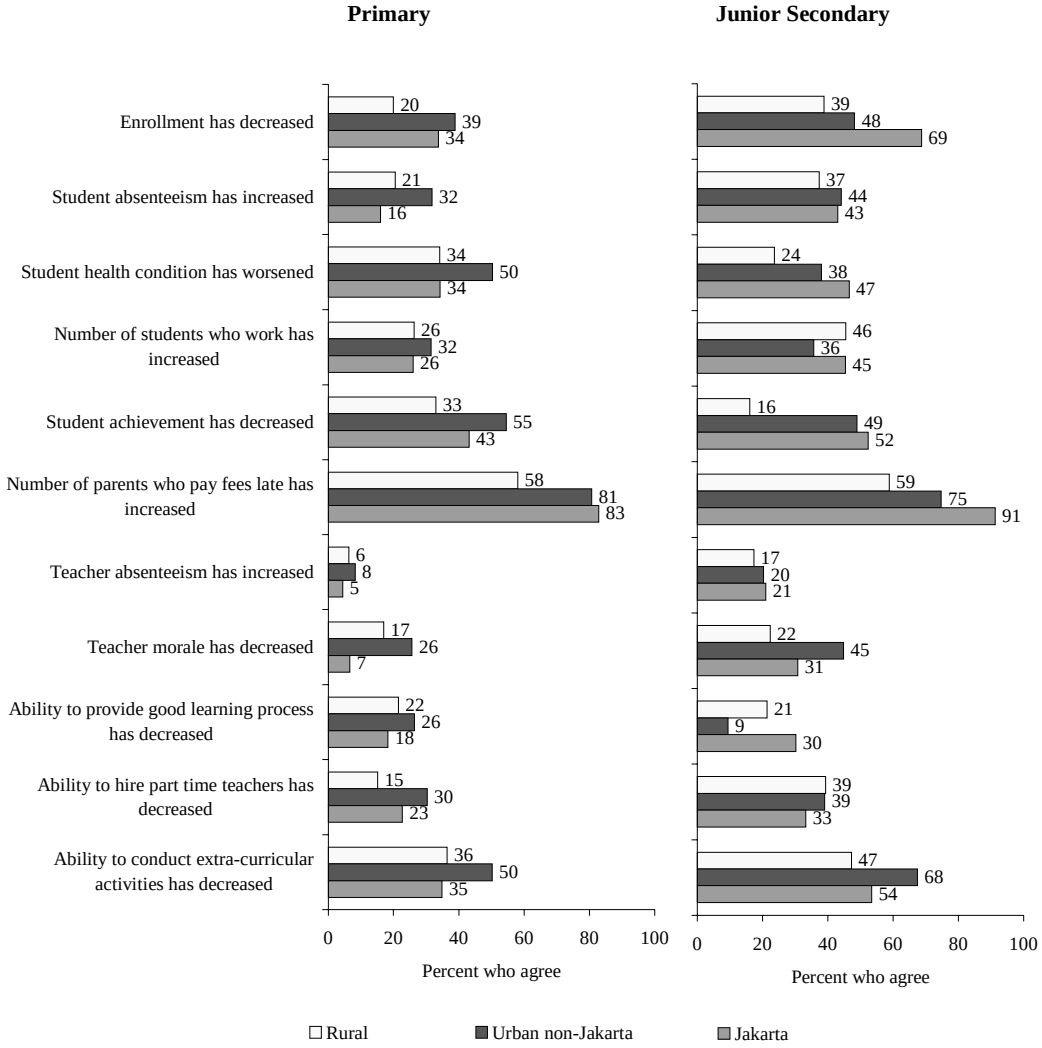


Figure III.1 shows the results for rural areas, urban areas outside of Jakarta, and Jakarta. The overall patterns hold across the different areas, however, perceptions indicate somewhat more of an impact in urban areas. At the primary level the rural-urban (non-Jakarta) differential

is greater than 15 percentage points for enrollment, student health, student achievement, late fee payment, and the ability to hire part-time teachers. At the junior secondary level, the differential is larger that 15 percentage points for student achievement, late fee payment, teacher morale, and extra-curricular activities.

Perceptions in Jakarta are substantially worse than other urban areas for enrollment, late fee payment, and general "ability to provide a good learning process" at the junior secondary level. In each of these cases between 15 and 20 percent more respondents agree that there was a crisis impact in Jakarta than in the other urban areas surveyed. At the primary level, Jakarta seems to have been somewhat insulated relative to other urban areas. Fewer respondents agree that there were impacts, in some cases substantially fewer: between 15 and 20 percent fewer agree that there were impacts on student absenteeism, student health, teacher morale, and the ability to conduct extra-curricular activities.

B. "Distribution" of impacts

There are two ways that these results can be further analyzed to assess the distribution of impacts. First, one can assume that each of the questions represents an independent "dimension" of the potential impacts. One can then assess the number of dimensions along which the average school is effected. The main question of interest here is whether some schools report being impacted by the crisis along all the different dimensions whereas others are not affected at all – or whether there is a range across the entire distribution? Second, one could hypothesize that the questions represent measures of an underlying smaller set of dimensions of potential impacts (e.g. impacts on students versus on schools). Here one can estimate the number of these dimensions and analyze their distribution.

Each question as an independent "dimension" of potential impacts

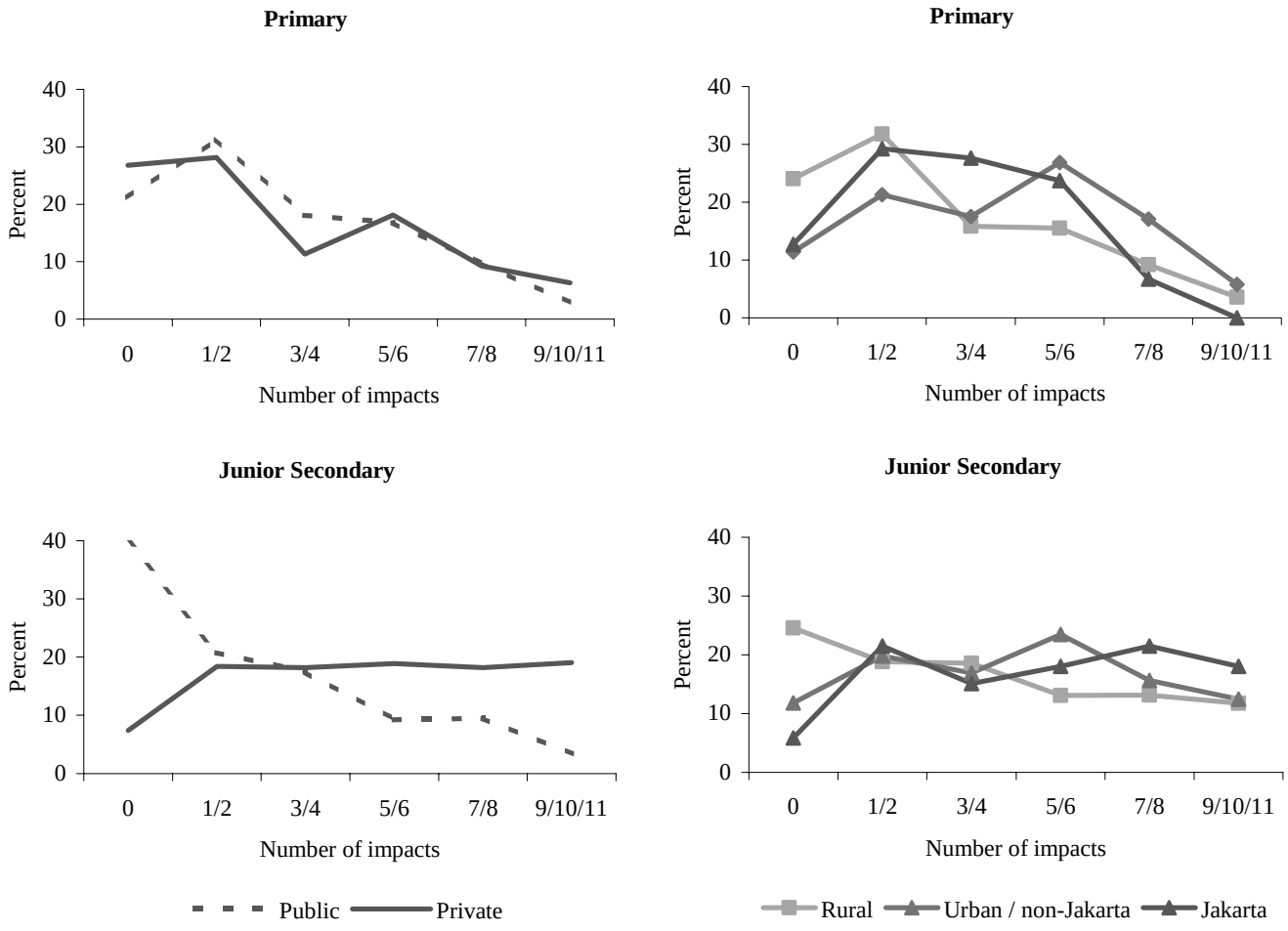
The four panels in Figure III.2 shows the percentage of schools of each type (all / public / private and by area) who report no impacts, 1 or 2 impacts, 3 or 4 impacts, and so on with the highest category being 9, 10 or 11 impacts.

Overall in both public and private primary schools there is about an even split between schools with no impacts and those with one or two reported impacts (top left panel). After that point the distribution is almost linearly decreasing suggesting that most schools experience a few types of impacts and only small number of schools are affected along many dimensions. Only about 20 percent of schools reported no impacts, but only slightly more than 10 percent were affected in 7 or more of the dimensions the instrument inquired about.

The pattern is different for primary schools in urban areas and different again between Jakarta and the other urban areas surveyed (top right panel). In both urban areas only about 10 percent of schools report no impacts. After that about the same percentage of schools in Jakarta report 1/2, 3/4, and 5/6 impacts (almost 30 percent in each case) suggesting that the "severity" of the impact of the crisis differs substantially across schools, and that there are about as many schools that were only affected along a few dimensions as there are that were affected along several dimensions. Not many schools report being affected along lots of dimensions: fewer than 10 percent of schools report 7 or more impacts. Among schools in urban areas outside of Jakarta the pattern is different. There is a peak at 5 to 6 impacts (27 percent report this many impacts) with the remaining schools having slightly more or slightly less, indicating that many schools were impacted along many dimensions.

At the junior secondary level the patterns are different again. Here, a large percentage of public schools (about 40 percent) report no impacts whereas less than 10 percent of private schools do so. Among private schools, the distribution across the number of impacts is flat – as many as 20 percent of private junior secondary schools report more than 9 types of impacts suggesting a large distribution in the severity of impacts. Among public schools, the percentage of schools decreases as the number of impacts increases so while some schools appear to have been affected, not many report having been so along many dimensions. While disaggregating across areas tells a similar story to the aggregate graph, the results do show that only a small percentage of urban (and especially Jakarta) junior secondary schools perceived no impact of the crisis. Among affected schools about the same percentage are only affected in few dimensions as in many dimensions.

Figure III.2: Number of impacts reported by schools



Questions as multiple measures of a reduced set of "dimensions" of potential impacts

It is possible that instead of capturing independent dimensions of potential impacts, the responses given reflect a smaller set of underlying "dimensions" of the impact of the crisis on schools. For example, one could think of enrollment, absenteeism, and student working as one dimension, and teacher absenteeism and morale as another. One way of assessing these inter-relationships is through the use of principal components analysis. This statistical method (very closely related to the method of factor analysis) decomposes the group of variables by generating statistically independent linear combinations of them. These linear combinations can be thought of as the underlying dimensions of the potential impacts, and the weights (or scoring factors) that

are produced by the method yield insights into their interpretation (See Annex for more details on this method). Note that there is no automatic interpretation to the weights. It is only by inspection of their pattern that they can be given a real-world meaning.

Results from carrying out the principal components procedure on these data are reported in Table III.2. A usual standard by which components are retained as relevant is that of an Eigenvalue greater than 1. According to this criterion, there are two dimensions in these data - both at the primary and junior secondary levels. In both cases the weights in the linear combination that make up the first component are of the same sign and of similar magnitude. This suggests that *all* the impact variables tend to "move together" - a plausible result suggesting that the first order effect is whether schools are "affected" or "not-affected" rather than the particular question considered.

The second principal component identified from the procedure is again similar for the primary and junior secondary levels. The weights assigned suggest that this component captures non-student, or "school functioning" factors. This is because enrollment, student absenteeism, health, work, achievement, and late fee payment all have negative weights (except student achievement in primary schools whose weight is close to zero) and teacher absenteeism, morale, overall learning process, part-time teacher hiring and extra-curricular activities all have positive weights.

While the third component has an Eigenvalue of less than one, it is close to one and may indicate a relevant dimension of the data. Again, at both primary and junior secondary levels the weights indicate a similar pattern: here it is teacher absenteeism that has a large and positive weight. As above, this may be picking up the fact that teachers were among the respondents and that their answer to this question tends to be only weakly related to the other responses given.

Table III.2: Selected results from Principal Components procedure

	Primary			Junior Secondary		
	Component			Component		
	1	2	3	1	2	3
Summary Statistics:						
Eigenvalue	3.89	1.43	.977	4.45	1.39	.978
Proportion of variance explained	.354	.130	.089	.405	.127	.089
Weights in linear combination ("Scoring factors"):						
Enrollment has decreased	0.29	-0.30	0.35	0.33	-0.33	-0.19
Student absenteeism has increased	0.33	-0.39	0.22	0.37	-0.13	0.19
Student health condition has worsened	0.32	-0.23	-0.17	0.29	-0.22	-0.05
Number of students who work has increased	0.31	-0.26	0.31	0.30	-0.18	0.27
Student achievement has decreased	0.39	0.05	-0.06	0.30	-0.32	0.01
Number of parents who pay fees late has increased	0.27	-0.22	-0.49	0.31	-0.15	-0.02
Teacher absenteeism has increased	0.23	0.37	0.47	0.19	0.14	0.76
Teacher morale has decreased	0.26	0.47	0.21	0.29	0.44	0.10
Ability to provide good learning process has decreased	0.26	0.42	-0.15	0.28	0.57	-0.09
Ability to hire part time teachers has decreased	0.29	0.13	-0.32	0.30	0.36	-0.27
Ability to conduct extra-curricular activities has decreased	0.35	0.16	-0.26	0.32	-0.01	-0.42

Each principal component defines a linear index – or "underlying dimension" of the data.[14] Table III.3 reports the average values of the first ("General impact") and the second ("School functioning") components by area and type of school. The overall average of the components is zero (for each component and each level of schooling).

At the primary level, urban schools outside of Jakarta seem to have been particularly affected: the value of the index equals 0.89 for these schools – and is especially high among private schools. At the junior secondary level it is private schools in all areas that are shown to be affected according to this "general impact" index, especially private schools in Jakarta.

The variation across groups in the "school functioning" index is smaller than that for the general impact index. Nonetheless, primary private schools in rural areas, as well as in Jakarta

[14] The index based on the first principal component is defined as $I_j = f_1 \times (a_{j1} - a_1)/(s_1) + \ldots + f_N \times (a_{jN} - a_N)/(s_N)$ where *j* is the school, a_{j1} is the value of the impact measure 1 for school *j*, a_1 is the average value of a_{j1} across all schools, and s_1 is the standard deviation of a_{j1} across all schools.

stand out as having been affected on this dimension. At the junior secondary level it is rural private schools that have a high value of the index.

Table III.3: Average values of first and second principal component of various measures of perceived crisis impact

	Primary			Junior Secondary		
Component1: "General impact"						
	Public	Private	All	Public	Private	All
Rural	-0.080	-0.190	-0.097	-1.198	0.580	-0.226
Urban non-Jakarta	0.834	1.038	0.893	-0.349	0.827	0.461
Jakarta	-0.066	0.452	0.121	-0.552	1.095	0.759
All	-0.014	0.065	0.000	-1.072	0.714	0.000
Component 2: "School level impact"						
Rural	0.008	0.189	0.036	-0.092	0.290	0.117
Urban non-Jakarta	-0.031	-0.304	-0.110	-0.163	-0.259	-0.229
Jakarta	-0.551	0.163	-0.293	-0.866	-0.279	-0.399
All	-0.027	0.121	0.000	-0.157	0.105	-0.000

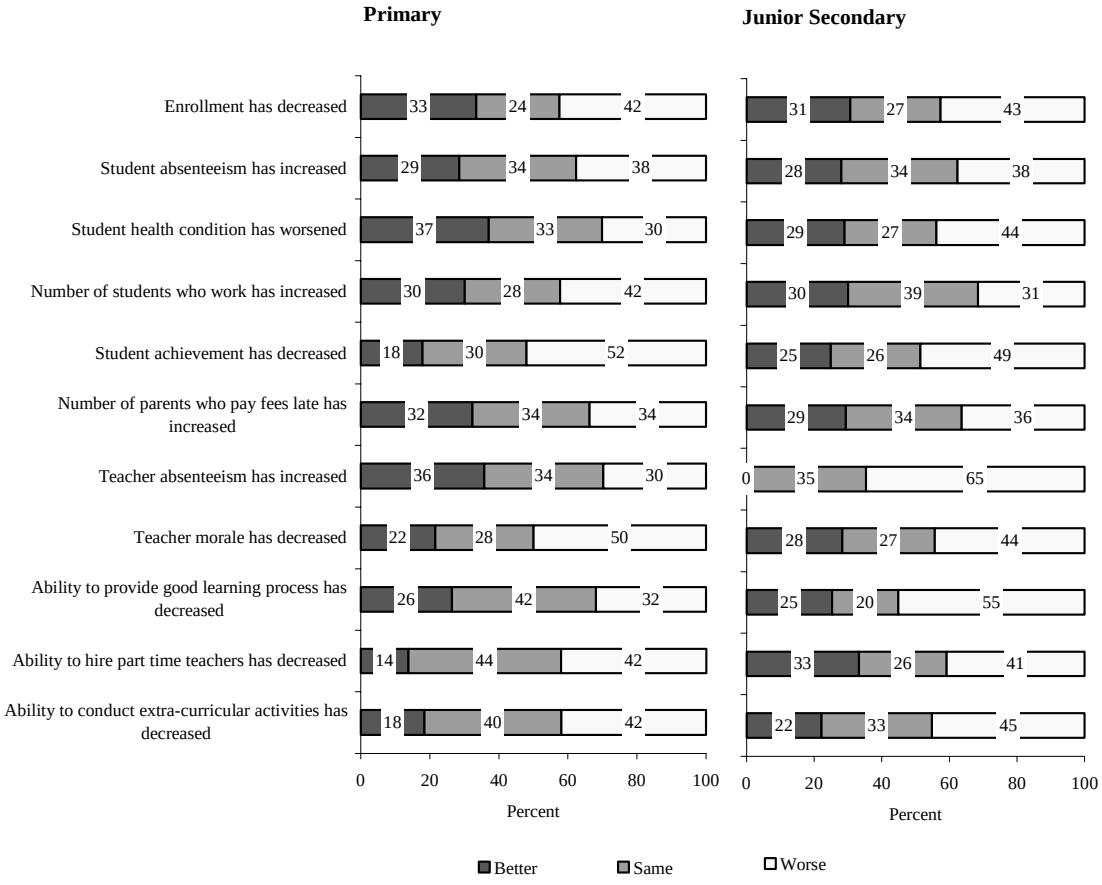
C. Change in impacts over time

As mentioned above, the self-perceived section of the questionnaire was not implemented in the previous round of the school survey. Nevertheless, the questions do allow some analysis of perceived changes over time in the impact of the crisis. When respondents agreed that there had been an impact of the crisis they were asked whether for that impact "the situation is worse this year than last year," "the situation is better this year than last year," and "the situation is the same this year than last year." Since the survey was conducted in May 2000, two school years after the onset of the crisis in June 1997, the phrasing of the question uses the school year to anchor the question.

Among schools that report that they were affected by a given impacts, few indicate that the situation is better this year compared to last year. In most cases the percentage who say that the situation is worse this year than last year is the largest group. According to these responses, only 58 percent of primary schools and 54 percent of junior secondary schools were either unaffected or have recovered when it comes to late payment of fees. The remaining schools are

roughly evenly split between those where the situation is getting worse and those where it has remained stable at an affected level.

Figure III.3: Perceived impacts of crisis – with response on percentage who say the situation is better, same, or worse than last year.



It is worrisome that among 18 percent of all primary schools the student achievement is said to have been affected and the situation has become worse. Perhaps surprisingly, among the affected the share who say that the situation became worse does not vary much across the type of school or by area (Annex Table III.2).

At the junior secondary level the most worrying trend is that 19 percent of all schools report a decrease in enrollments that is worsening over time. Overall 42 percent of those who say that enrollments have decreased say that the situation has worsened. In Jakarta, that percentage is 65 percent whereas in the other urban areas of the sample it is only 21 percent.

D. Summary

Teachers and administrative staff members at a school registered their perceptions of crisis impact by citing their agreement or disagreement with eleven statements (all specifying potential impacts). The most frequently agreed upon crisis impact for both primary and junior secondary were late payment of fees, the ability to conduct extra curricular activities, and the number of students who work. In addition, at the primary level there was significant concern about student achievement and student health. At the junior secondary level, respondents cited a decrease in student enrollment, an increase in student absenteeism, and a reduction in the school's ability to hire part-time teachers. At this level such concerns were more prevalent at private than at public schools.

While these responses hold for all areas (rural, urban other than Jakarta, and Jakarta), perceptions indicate higher impact in urban areas, with differences on many items exceeding 15 percentage points. The most negative were respondents from Jakarta, who were 15 to 20 percentage higher than the others in perceiving enrollment decreases, late payment of fees and "ability to provide good learning process."

The data were also analyzed in terms of the number of impacts perceived by each school: none, 1 to 2, 3 to 4, and so on, with the highest being 9 to 11. In primary schools, both public and private, the most prevalent response (about 30% of schools) was 1 or 2. After that point, the distribution decreases almost linearly, suggesting that most schools experience a few types of impacts and only a few schools are affected along many dimensions. As in other analyses, urban schools appear to perceive more negative impacts than rural. In junior secondary schools the pattern is more varied. Perceptions in public schools are much like those for primary (except that the modal response is "none"), but for private schools the distribution across the number of impacts is flat – with almost an equal number of schools (around 20%) reporting few and many impacts, suggesting a large variation in the perceived impact severity. This flat distribution is still found when the data is disaggregated by rural and urban.

A principal component analysis was conducted to identify a smaller set of underlying dimensions to the impact perceptions. It identified two principal components, a "general impact" dimension (whether schools were "affected" by the crisis or not), and a "school functioning" dimension (an impact on school as opposed to student variables). The two components were then used as linear indexes. Using the "general impact" index, the analysis revealed urban primary schools outside of Jakarta to have been particularly "affected," especially the private ones. At the junior secondary level it was the private schools that were affected, especially private schools in Jakarta. The analysis using the "school functioning" index revealed a smaller between group variation than for general impact; nevertheless, primary schools in rural areas and Jakarta stand out as having been on affected on this dimension. At the junior secondary level it was rural private schools that had a high value on this index.

Finally, respondents were asked to indicate whether the situation during the survey year (1999/0) was worse, better, or the same as the previous year. Among schools reporting that they were affected by the given impacts, those reporting that the situation was worse during the second crisis year than first was the largest group. The most outstanding example was in Jakarta where 65% of schools perceived that decreases in enrollment had gotten worse.

CHAPTER IV
SCHOLARSHIP AND GRANTS

A. Distribution and use of block grant funds

The main public educational policy response to the economic crisis was a "Stay in School" media campaign accompanied by a program of scholarships for students and block grants for schools (Scholarships and Grants Program - SGP). This section assesses the how the school Block Grants were distributed across the various regions, and how schools report using the funds. The subsequent section assesses the coverage of scholarships.

Figure IV.1: Percent of schools that received a block grant for 1999/0

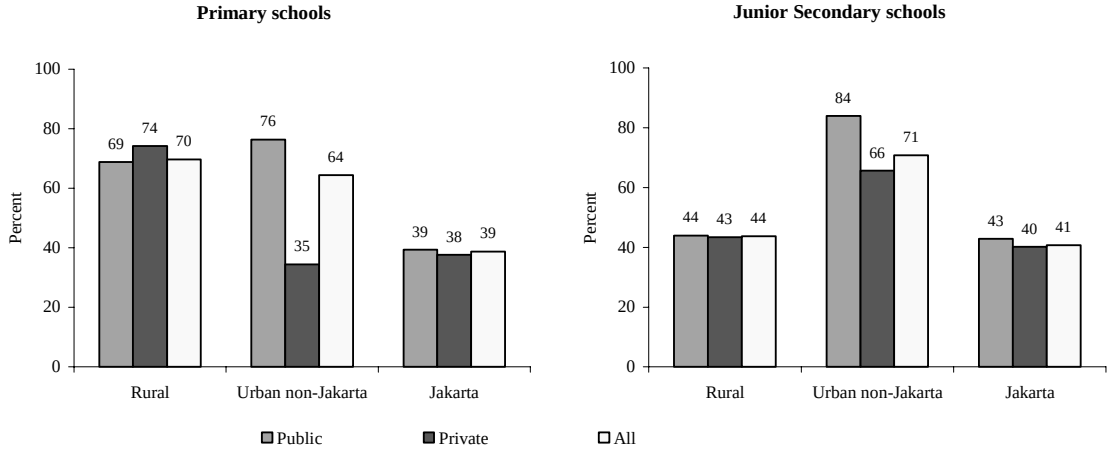


Figure IV.1 (and Table IV.1) shows the percentage of schools that received a block grant in the 1999/0 academic year.[15] About 70% of all rural primary schools received a grant, with the distribution roughly even across public and private schools. Primary religious schools in rural were more likely to be grant recipients (85% of them received a grant).

[15] In order to de-link the expectation of a block grant from actual receipt of a block grant the wording in the survey instrument was "were you promised a block grant for 1999/0?". With the exception of one primary school, all schools that had been promised a grant for 1999/0 had already received at least part it by the survey date.

Table IV.1: Percentage of schools that received a block grant for 1999/0, by type of school								
	Primary				Junior Secondary			
	Rural	Urban Non-Jakarta	Jakarta	Total	Rural	Urban Non-Jakarta	Jakarta	Total
Public	68.8	76.3	39.3	67.7	44.0	84.0	42.9	47.1
Private	74.2	34.5	37.7	64.0	43.4	65.7	40.1	45.8
SD/SLTP	67.7	66.9	38.2	65.6	47.1	72.9	40.0	49.5
MI/MTs	85.7	36.8	42.9	79.2	35.4	53.6	42.9	37.2
All	69.7	64.4	38.7	67.0	43.7	70.8	40.7	46.3

In Jakarta only about 40% of all primary schools and 40% of junior secondary schools received a grant – again with little difference between public and private schools. In other urban areas the pattern is quite different. At the primary level substantially more public schools got a grant , 76%, whereas roughly the same percentage of private schools, 35%, did so. A similar discrepancy, albeit smaller, exists between public and private schools at the junior secondary level. Nevertheless, a higher percentage of both public and private junior secondary schools received a grant in these areas than in rural areas or in Jakarta. Madrasah schools outside of Jakarta (both rural and urban areas) were less likely than secular schools to be receiving a grant (35 versus 47% in rural areas, 54 versus 73% in urban areas).

Table IV.2: Percentage of schools that received a block grant for 1999/0, by province						
	North Sumatra	Jakarta	Central Java	NTT	South Sulawesi	All
Primary						
Rural	77.6		77.1	63.8	39.4	69.7
Urban non-Jakarta	68.1		58.2	80.1	63.2	64.4
Jakarta		38.7				38.7
All	76.2	38.7	75.8	65.3	41.2	67.0
Junior Secondary						
Rural	63.9		22.7	100	51.5	43.7
Urban non-Jakarta	81.4		73.3	88.9	42.5	70.8
Jakarta		40.7				40.7
All	67.8	40.7	27.4	99.4	50.2	46.3

Table IV.2 reports the percentage that received a grant in each of the different survey provinces. Clearly there are large differences, especially among rural schools. At the primary level, the range is from about 40% in South Sulawesi to 78% in North Sumatra. At the junior secondary level the range is from 23% in rural Central Java to all the rural junior secondary

schools in the sample from NTT. While there is variation across urban areas of the survey provinces, these are not as large as those for rural areas.

The main purpose of grants program was to alleviate financial constraints on schools. Schools that had received a grant in 1998/9 were asked what the grant was used to finance, and to rank items according to what most of the funds were spent on. Respondents could choose between teaching aids (books, sport kits, learning kits, ...), stationary, subsidies for students, rehabilitation / maintenance of school facilities, building new school rooms, teacher transportation, teacher honorarium, and buying electronic goods.

Table IV.2: Use of DBO funds – Percent of schools that report that they spent *any* of their DBO grant on item.

	Teaching aids	Stationary	Subsidies for students	Rehabili-tation of school facilities	Building new room	Subsidy for teacher transport	Teacher honorarium	Buying electronics
Primary								
Rural	97.8	98.5	89.5	93.4	0.5	2.0	6.0	1.9
Urban non-Jakarta	96.2	93.8	64.2	95.5	0.0	3.2	1.3	4.8
Jakarta	94.8	89.5	60.5	84.3	0.0	0.0	5.2	10.5
Total	97.6	97.9	87.3	93.1	0.5	2.0	5.7	2.3
Junior Secondary								
Rural	100.0	100.0	70.1	92.2	4.9	2.4	0.0	2.4
Urban non-Jakarta	100.0	100.0	61.0	91.6	13.6	16.1	1.7	15.2
Jakarta	88.8	88.8	60.4	90.5	0.0	11.2	0.0	11.2
Total	99.1	99.1	68.6	92.0	5.1	4.2	0.1	4.1

Note: Rows add to more than 100% since multiple answers were allowed.

Table IV.2 reports the percentage of respondents who used at least some of the grant for each type of spending. Between 90 and 100% of schools used the grant for teaching equipment and stationary. The next most frequently reported type of spending was rehabilitation of school facilities followed by subsidies for students. Rural primary schools were more likely than others to have used part of the grant for these student subsidies. Despite that fact that the purchase of electronic equipment with the grants was not officially allowed, about 10 percent of primary and junior secondary schools in Jakarta used some of the grant for this purpose. Junior secondary schools in urban areas outside of Jakarta follow a somewhat different pattern than other schools: they tended to spend on items that were not allowed. For example, about 15 percent of these

schools spent some of the grant on each of new construction, transport subsidies for teachers and buying electronics.

Table IV.3 shows the distribution of the items that received the most first place rankings. For example, 52.8% of all primary schools report that most of the grant went for "Teaching Aids (Penunjang KBM)" expenditures. The percentage of primary schools that report mainly purchasing teaching equipment is fairly constant across primary schools in both rural and urban areas at between 53 and 58%. The next most frequently reported expenditure item was rehabilitation of school facilities, with almost 28% of rural schools reporting that this is what most of the grant financed, versus about 18% of schools in Jakarta. Overall, only 6.5% of schools responded that most of the grant went directly to subsidizing students.[16]

Table IV.3: Use of DBO funds – Percent of schools that report that they spent most of their DBO grant on item.

	Teaching aids	Stationary	Subsidies for students	Rehabilitation of school facilities
Primary				
Rural	52.6	12.9	6.4	27.9
Urban non-Jakarta	58.3	3.8	9.7	27.0
Jakarta	52.8	21.0	5.3	17.7
Total	52.8	12.8	6.5	27.4
Junior Secondary				
Rural	35.7	18.5	6.2	39.6
Urban non-Jakarta	33.2	54.1	0.0	12.7
Jakarta	28.4	30.2	9.5	32.0
Total	34.9	22.2	6.0	36.9

Note: Almost no schools report spending most of the grant on building new school rooms, teacher transportation, teacher honoraria, or buying electronic goods.

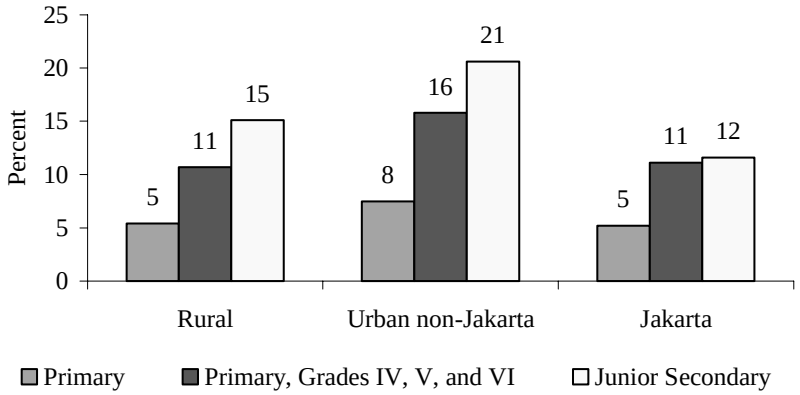
At the junior secondary level, teaching equipment is less frequently reported as the biggest expenditure item, although almost 35% of schools still say this is what most of the grant went for. Stationary, especially in urban schools outside of Jakarta, appears to have been a major expenditure item.[17]

[16] Of course it is possible that fees were lower than they would have been in the absence of the grant.
[17] See Chapter VI for additional discussion on the value of the block grants.

B. Distribution of scholarships

The second major component of the government's strategy to mitigate the effects of the crisis on basic education was a program of scholarships for students. These were intended primarily to reduce the financial burden that families face in funding their children's schooling. The program aims at giving scholarships to 6% and 17% of primary and junior secondary students respectively. Figure IV.2 shows the percentage of children in the survey schools that were reported to be receiving an SGP scholarship and Table IV.3 provides additional breakdowns.

Figure IV.2: Percent of students receiving an SGP scholarship in 1999/0



At both levels, the scholarships are reaching the targeted level of students: 5.4% of the students at primary schools in the survey, and 16.4% at junior secondary schools, were receiving an SGP scholarship. At the primary level, restricting the focus to the target group – students in Grades IV to VI – results in a coverage of 11.4 percent. Respondents reported virtually exactly the same number of scholarship students in both academic years for which the program has been implemented (1998/9 and 1999/0). The only exception is at the junior secondary level where there was a shift away from scholarships in rural areas to higher coverage in urban areas (14.7 to 20.6% of students in urban areas outside of Jakarta, and 9.6 to 11.6% in Jakarta).

Coverage at both schooling levels is higher in urban areas outside of Jakarta than in the other areas. At the primary level almost 16% of such students in Grades IV to VI were receiving

a scholarship versus about 11% in rural areas and in Jakarta. At the junior secondary level the difference emerges in the 1999/0 academic year with a 5 percentage point higher coverage in urban non-Jakarta as compared to rural areas, and 9 percentage points as compared to Jakarta.

Table IV.4 also shows the difference in coverage between students in public and private schools, as well as between boys and girls (additional disaggregations are in Annex Table IV.1). At the junior secondary level there are almost no differences across groups, except for a slightly higher coverage of girls. At the primary level there is a similar slight advantage for girls, but there are more dramatic differences between public and private schools outside of Jakarta. In rural areas, coverage is 15% (of students in Grades IV to VI) in private schools versus 10% in public schools. In urban areas outside of Jakarta the pattern in reversed, there coverage was almost 18% in public schools as opposed to about 10% in private schools.

Table IV.4: Percentage of students reported as receiving an SGP scholarship

	Primary (Grades IV, V, and VI)				Junior Secondary (Grades I, II, and III)			
	Rural	Urban non-Jakarta	Jakarta	Total	Rural	Urban non-Jakarta	Jakarta	Total
1998/1999								
All	10.7	15.8	10.8	11.4	16.5	14.7	9.6	15.3
1999/2000								
All	10.7	15.8	11.1	11.4	15.1	20.6	11.6	15.3
Public	10.0	17.8	11.3	11.0	15.3	20.5	11.4	15.3
Private	15.3	9.8	10.6	13.3	14.4	20.7	11.8	15.1
Boys	9.7	14.5	10.7	10.4	13.8	19.2	11.3	14.1
Girls	11.7	17.0	11.5	12.3	16.3	22.0	11.9	16.5

Note: The percentage of all primary students receiving a scholarship was 5.4, 7.5, 5.2, and 5.4 in rural, urban non-Jakarta, Jakarta, and all areas in 1999/2000.

C. Summary

The provision of block grants to schools was one of the main features of the country's "Stay in School" campaign for combating the economic crisis. About 67% of all primary schools surveyed and 46% of all junior secondary schools received block grants during the 1999/0 academic year, slightly more public than private. At the primary level the highest

proportion went to rural schools (70%); at the junior secondary it was the non-Jakarta urban schools where the proportion was highest (71%). At both levels, it was only in non-Jakarta urban where proportion of private schools was significantly lower than for public. Large variations were found across the five provinces. For example, at the primary level the proportion of schools receiving grants ranged from 40% in South Sulawesi to 78% in North Sumatra. At the junior secondary level, the range was from 23% in rural Central Java to all the rural schools surveyed in NTT.

School respondents were asked to indicate what the grants were used to finance: teaching aids, stationery, subsidies for students, rehabilitation/maintenance of facilities, building new rooms, subsidy for teacher transport, teacher honorarium, and buying electronics. Almost all schools reported using the grants for teaching aids and stationery (98% for primary; 99% for lower secondary). Most also cited rehabilitation of facilities (93% and 92%, respectively). Student subsidies were also quite popular (87% and 69%). To the question about what they spend most of their block grant funds on, a majority of primary schools responded teaching aids (53%), with the next highest category being rehabilitation of facilities (28%). At the lower secondary level, 35% selected teaching aids, but 37% rehabilitation of facilities.

The second major component of the government's strategy to mitigate the impact of the crisis on basic education was a program of scholarships for students; in particular, those whose families were facing financial hardships. The program aimed to reach about 6% of primary school students and 17% of junior secondary. This survey revealed that the targets were essentially being met: 5.4% of primary school children received scholarships and 16.4% of junior secondary school students. The same number of students received scholarships during the two years of the survey (1998/9 and 1999/0), but at the junior secondary level there was a shift from rural to urban which reflects a change in the targeting of the program to focus on urban areas where the poverty impact of the crisis was greatest. At both levels the proportion of students receiving scholarships was highest in urban areas other than Jakarta. There were minor differences between boys and girls (slightly favoring girls) and also few between public and private school students, except at the primary level (grades IV to VI): in rural areas coverage for

private was 15% compared to 10% public; in urban outside Jakarta it is the reverse: 18% for public compared to 10% private.

CHAPTER V
ENTRANCE AND MONTHLY FEES CHARGED BY SCHOOLS

A. Schools with no entrance and monthly fees

As a part of its effort to mitigate the impacts of the crisis on school enrollment, the government abolished school entrance fees starting with the 1998/9 academic year. Such a policy is of course difficult to enforce, especially given the fact that schools frequently call fees by other names. This survey attempted to collect information on fees at school entry (i.e. Grade I at each level) covering both formal "registration fees" as well as "voluntary contributions" (which in almost all instances are *de facto* required fees). In addition information on monthly fees, both Parent Association fees (BP3) as well as school monthly fees (which are only supposed to exist in private schools), was collected as well. In the following discussion no distinction is made between these two types of monthly fees as they are both essentially mandatory monthly fees for the different types of schools.

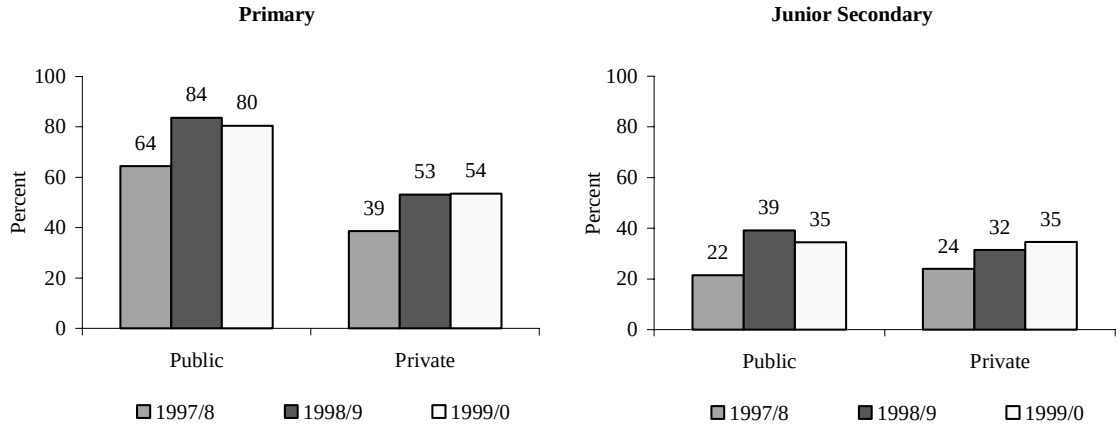
Table V.1: Percent of schools without entrance fees

	Primary				Junior Secondary			
	Rural	Urban non-Jakarta	Jakarta	Total	Rural	Urban non-Jakarta	Jakarta	Total
All								
1997/8	64.0	36.1	37.5	59.7	23.9	38.8	5.8	23.0
1998/9	81.6	67.3	50.8	78.1	37.1	47.1	11.7	34.5
1999/0	78.5	66.6	51.9	75.5	39.5	35.9	8.7	34.5
Public								
1997/8	66.7	44.9	53.4	64.4	19.6	45.3	14.3	21.5
1998/9	85.1	76.2	70.7	83.6	36.5	71.9	28.6	39.1
1999/0	81.4	75.3	70.7	80.4	36.5	33.2	14.3	34.5
Private								
1997/8	49.2	14.5	9.2	38.7	27.5	35.9	3.7	24.0
1998/9	62.2	45.4	15.5	53.1	37.7	35.9	7.3	31.5
1999/0	62.2	45.4	18.5	53.5	42.1	37.1	7.3	34.6

Even at the very start of the crisis period there was substantial percentage of schools that did not require entrance fees for Grade 1 students (Table V.1). In 1997/8, 59.7% of primary schools did not and 23.0% of junior secondary schools did not. This percentage has increased between 1997/8 and 1999/0 at both school levels, although it appears that the increase from

1997/8 to 1998/9 has reversed, or at least leveled off. In 1999/0 about 75% of primary schools and 35% percent of junior secondary schools claim to not charge an entrance fee. While this is an improvement from the perspective of lowering the financial barriers to entry, this corresponds to only a 12 to 15 percentage point increase.

Figure V.1: Percentage of public and private schools without entrance fees



At the primary level the pattern is fairly similar across areas although schools in urban areas, both in and out of Jakarta are less likely to waive entrance fees. At the junior secondary level, the distinction is between Jakarta and all areas outside of Jakarta: in the capital very few schools waive entrance fees, whereas in other areas about 40 percent do so. The big distinction, however, is between public and private schools – especially among primary schools. Whereas about 80% of public primary schools did not require an entrance fee in 1999/0, about 54% of private schools did not. (The differences between SD and MI, and SLTP and MTs are very similar. See Annex Table V.1 for these breakdowns).

There is a different trend in the waiving of monthly fees. Very few schools do not have monthly fees (Table V.2). At what might be considered the height of the economic crisis, 1998/9, there was an increase in the percentage of both primary and junior secondary schools without these fees. In primary schools in rural areas this reached as high as 34% of schools, although in urban areas, and at the junior secondary level the numbers are substantially lower. Despite this increase however, the percentages of schools without monthly fees had largely returned to their 1997/8 level by 1999/0.

Table V.2: Percent of schools without monthly fees

	Primary				Junior Secondary			
	Rural	Urban non-Jakarta	Jakarta	Total	Rural	Urban non-Jakarta	Jakarta	Total
1997/8	12.3	3.2	0.0	10.7	0.0	0.0	0.0	0.0
1998/9	33.9	11.9	5.5	30.0	14.9	3.8	12.8	13.3
1999/0	15.7	1.5	0.0	13.4	1.9	0.0	0.0	1.4

There are not large differences in the proportion of public versus private schools that waive monthly fees although in general, public schools are somewhat more likely not to have them (Annex Table V.2). Interestingly, while SD were more likely than MI to waive monthly fees in 1998/9 (especially in rural areas and Jakarta), the opposite is true at the junior secondary level. In rural areas almost 19% of MTs waived monthly fees in 1998/9 versus 13% of SLTP; 29% of MTs in Jakarta waived these fees, versus 8% of SLTP. By 1999/0 the pattern appears to have returned to that in 1997/8 with almost no junior secondary schools waiving monthly fees.

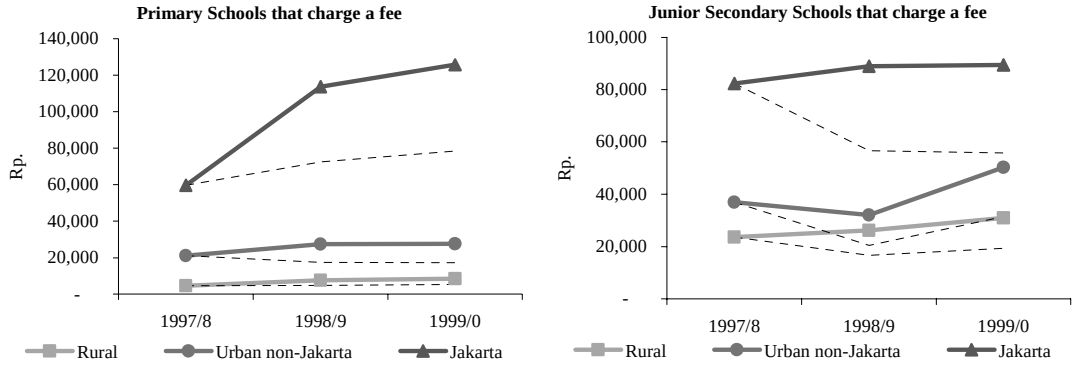
B. Average entrance and monthly fees

Entrance fees

Despite the various government efforts to soften the financial impacts of the crisis on schools, there was a real fear that schools would need to raise fees in order to cover many of their operating expenses. Indeed, over the period of the survey prices did rise dramatically. While it is difficult to state with certainty the effective inflation rate between the different academic years faced by the various schools, averaging the Consumer Price Index over July to June of each academic year suggests that the prices increased by a factor of 1.57 between 1997/8 and 1998/9, and 1.021 between 1998/9 and 1999/0.[18]

[18] This is based on the IMF International Financial Statistics reported CPI. The July 1997-June 1998 average CPI was 136.39; the July 1998-June 1999 average was 214.68; and the July 1999-June 2000 average was 219.18.

Figure V.2: Average entrance fees in schools that charge a fee



Note: Dashed lines show real values

Nominal entrance fees - in primary schools that charged a fee - increased by about 100% between 1997/8 and 1999/0. This large average is due to an increase in entrance fees charged by schools in Jakarta: from about Rp 60,000 in 1997/8 to Rp 114,000 in 1998/9 (Figure V.2 and Table V.3). While primary school entrance fees increased in the other areas (by about 60% in rural areas, and 30% in urban areas outside of Jakarta) these increases are equal to, or less than, inflation over the same period.[19] At the junior secondary level, nominal entrance fees didn't increase by much, and certainly didn't keep up with inflation over the two year period. Fees in urban areas outside of Jakarta actually fell between 1997/8 and 1998/9 although an increase in the subsequent year made up for this. Nevertheless, average fees had increased by less than 40% over the two years whereas inflation had been about 60%.

Overall differences between public and private schools in average fees did not change much over the three years. There are however striking exceptions to this. In rural primary schools, entrance fees in public schools that charged fees more than doubled (from about Rp 4,300 to about Rp 10,600). In contrast, average fees in private schools were almost halved (from Rp 5,800 to Rp 2,600). At junior secondary schools in urban areas outside of Jakarta there was a sharp fall in average entrance fees.[20]

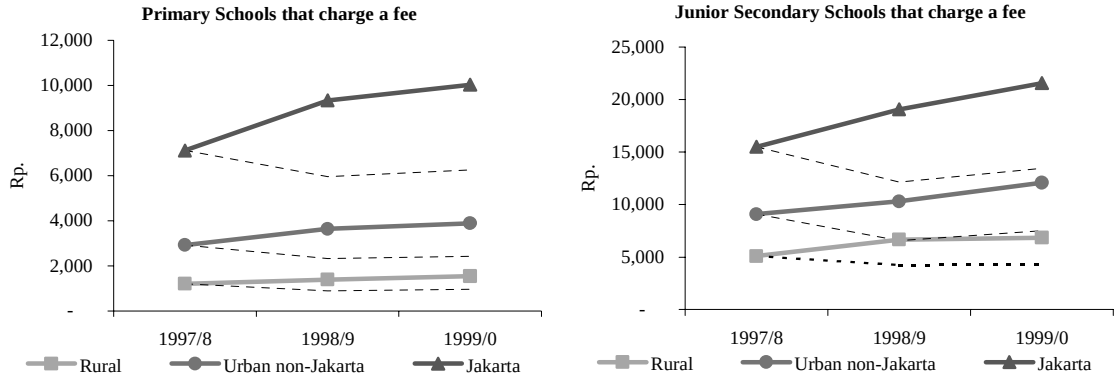
[19] Note that the sample of schools is changing slightly over the different years as in each year, only schools that charge a fee are included in the average. The fees that an average child is expected to pay is determined by whether or not the schools charges a fee and the amount of that fee. If one considers the change in this combined amount over the three years the general pattern is very similar (Annex Table V.1).

[20] Neither of these exceptions is completely driven by the fact that these focus on schools that charge fees. Average entrance fees (including those that charge zero entrance fee) among all public rural primary schools increased from about Rp.1,400 to 1,900 between 1997/8 and 1999/0. The average over all junior secondary urban schools outside of Jakarta (including those that charge zero entrance fee) was only Rp. 356.

Table V.3: Average entrance fee, among schools that charge a fee (Nominal Rp '000)								
	Primary				Junior Secondary			
	Rural	Urban non-Jakarta	Jakarta	Total	Rural	Urban non-Jakarta	Jakarta	Total
All								
1997/8	4.7	21.2	59.7	13.3	23.6	37.0	82.4	35.3
1998/9	7.5	27.4	113.8	26.9	26.1	32.0	89.0	39.0
1999/0	8.4	27.5	125.7	26.8	31.0	50.4	89.4	44.6
Public								
1997/8	4.3	14.9	18.1	6.5	36.6	56.1	46.0	38.6
1998/9	9.8	21.5	27.1	12.7	31.6	2.0	48.9	32.5
1999/0	10.6	23.0	32.6	13.5	39.8	54.8	87.8	45.8
Private								
1997/8	5.8	30.6	97.4	30.4	11.7	29.5	91.1	32.9
1998/9	2.6	34.1	162.6	49.1	21.5	35.2	97.3	42.8
1999/0	2.6	32.9	180.1	52.2	22.9	48.6	89.8	43.7

Monthly fees

Figure V.3: Average monthly fees in schools that charge a fee



Note: Dashed lines show real values

There was a steady increase in average monthly fees over the three years in both primary and junior secondary schools. However, the overall increase was not as large as that in entrance fees, and in percentage terms was more similar across the different areas (Figure V.3 and Table V.4): between 25% (rural) and 41% (Jakarta) at the primary level and 33% (urban non-Jakarta) and 39% (Jakarta) at the junior secondary level. With inflation of roughly 60% this suggests that the real revenue per student that schools could raise from these types of fees fell quite strongly over the crisis period. The monthly fee increase was not very different between public and

private schools: on the order of 30% among private primary schools, and 35% among private junior secondary schools.

By 1999/0 monthly fees were on average Rp 2,500 per student at the primary level and almost Rp 10,000 at the junior secondary level. These averages mask very large differences across areas. For example, average monthly fees in primary schools in Jakarta were Rp 10,000 on average in 1999/0 whereas those in rural areas were only Rp 1,500. At the junior secondary level average monthly fees range from about Rp 7,000 in rural areas to over Rp 20,000 in Jakarta (with other areas about half way between these extremes). There are also very big differences between public and private schools. Average monthly fees in private schools are substantially larger than those in public schools. For example in rural primary public schools average monthly fees were Rp 1,300 in 1999/0 whereas in private schools they were Rp 2,900. In Jakarta the difference is about 5-fold: Rp 4,100 in public schools versus Rp 20,500 in private schools. Similar differences occur at the junior secondary level with the exception of Jakarta. Rural public junior secondary schools charged on average Rp 4,100 versus more than double that in private schools (Rp 9,100). In urban areas outside of Jakarta private junior secondary schools charge about three times as public ones (Rp 15,100 versus Rp 4,500).

Table V.4: Average monthly fee, among schools that charge a fee (Nominal Rp '000)

	Primary				Junior Secondary			
	Rural	Urban non-Jakarta	Jakarta	Total	Rural	Urban non-Jakarta	Jakarta	Total
All								
1997/8	1.2	2.9	7.1	1.9	5.1	9.1	15.5	7.1
1998/9	1.4	3.6	9.3	2.4	6.7	10.3	19.1	8.9
1999/0	1.5	3.9	10.0	2.5	6.9	12.1	21.6	9.6
Public								
1997/8	1.0	1.7	2.9	1.2	2.7	3.8	11.4	3.5
1998/9	1.1	1.9	3.9	1.4	3.9	3.7	13.3	4.6
1999/0	1.3	2.0	4.1	1.5	4.1	4.5	17.7	5.2
Private								
1997/8	2.3	6.0	14.6	5.2	7.0	11.5	16.6	9.5
1998/9	3.0	7.5	18.1	6.4	8.9	12.8	20.6	11.7
1999/0	2.9	8.6	20.5	6.7	9.1	15.1	22.6	12.5

C. Exam fees

In addition to entrance and monthly fees, students are frequently required to pay fees for tests that they take quarterly (EHB) and final exams that are taken once a year by grade VI primary and grade III junior secondary students (EBTA/EBTANAS). As shown in Table V.5, these fees have barely changed between 1997/8 and 1999/0 (the fee for EBTA/EBTANAS was not asked for the 1999/0 year as the exam is at the end of the year – after the survey was administered). In real terms the value of these fees for revenue raising has clearly been dramatically reduced. Nevertheless, from the perspective of students these fees are quite onerous. The fee for the EBTA/EBTANAS test is of a similar order of magnitude to the entrance fees required of new students, and the EHB fees are of similar orders of magnitude to the monthly fees required.

Table V.5: Average exam fees among schools that charge a fee

	Primary				Junior Secondary			
	Rural	Urban non-Jakarta	Jakarta	Total	Rural	Urban non-Jakarta	Jakarta	Total
EHB								
1997/8	1.5	2.0	4.6	1.7	7.6	7.9	14.8	9.3
1998/9	1.6	2.1	5.2	1.9	8.6	9.0	17.1	10.6
1999/0	1.7	2.3	5.7	2.1	8.5	9.8	18.7	11.0
EBTA / EBTANAS								
1997/8	15.4	22.9	30.2	17.4	33.4	45.1	72.7	43.2
1998/9	16.7	24.5	33.0	18.8	35.4	48.1	80.8	46.6

D. Summary

The survey investigated the extent to which schools, in the face of the crisis, eliminated the collection of student fees (mandatory fees and "voluntary contributions"), both those paid at entrance and those paid monthly. The proportion of schools charging entrance fees did decline during the crisis years at both the primary and junior secondary levels, on average by about 15 percentage points in the former and 12 in the latter. The largest declines were generally in the first year of the crisis. At the primary level urban schools were somewhat less likely to waive fees; at the junior secondary level, there was a large difference between Jakarta schools, where very few schools waived fees and the others, where around 40% did. Big distinctions were also found between public and private schools, especially primary: about 80% of public primary

schools did not require an entrance fee; but only about 54% of private schools did not. Regarding monthly fees, only about 10% of primary schools and virtually no junior secondary schools failed to collected fees in the pre-crisis year (1997/8). That jumped to 30 and 13% in the first crisis year (1998/9) and then returned almost to pre-crisis levels the next year.

The survey sought evidence that schools increased their fee levels to cover increases in their costs (prices rose dramatically during the survey period). Overall, at the primary level nominal entrance fees did rise dramatically (about 100%) between 1997/8 and 1998/9, but this was almost entirely due to increases in Jakarta. In Jakarta the increases were similar to inflation, in other regions they were at par with or below it. At the lower secondary, the entrance fee increase was modest, and in general did not keep up with inflation. Differences between public and private schools did not change much over the years, except in the case of rural primary schools where fees for public schools doubled and those for private were cut in half.

Monthly fees increased over the three year period 1997/8 to 1999/0 but by a slower rate than the entrance fees and in no case at a greater rate than inflation. By 1999/0 the monthly fees were on average Rp 2500 per student for primary and Rp 10,000 for junior secondary. Differences between areas (rural versus urban non-Jakarta versus Jakarta) and public/private schools were large: with urban being about 2 to 6 times that of rural and private being 2 to 5 times that of public.

Finally, examination fees for quarterly and end of cycle exams were tracked. The fees barely increased on the average and thus did not keep pace with inflation. Nevertheless, they were still found to be onerous, being similar in magnitude to required entrance and monthly fees.

CHAPTER VI
SCHOOL INCOME

As alluded to earlier in this report, the ability to maintain the financing of education at the school level was a major concern in designing the government's response to the crisis. Schools were expected to suffer from two shortfalls in revenue: a decrease in the ability of families to mobilize funds for education and a decrease in the real value of public funds flowing into schools. Chapter V suggested that the real value of fees charged by schools did indeed fall over the three years. This Chapter focuses on actual amounts collected from all income sources. It focuses in particular on the value of the grants received as a part of the Scholarships and Grants Program (SGP).

A. School income from all sources

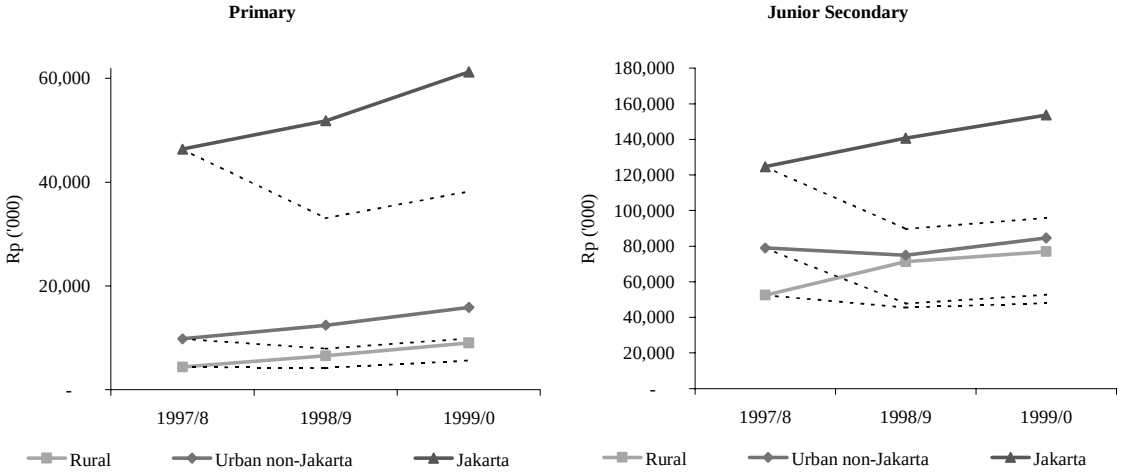
Measuring school income is very difficult because of the myriad sources by which schools finance their operations. This survey inquired about the main sources of school funding. On the government side these include national, provincial and district direct funding, various allocations to schools and DBO which are schools block grants allocated by the SGP.[21] From the parents side these include parent association fees (BP3) as well as other fees (entrance fees, profits from uniform sales, test and exam fees, extra-curricular, and "other"). In addition, some private schools receive funds from their sponsoring foundation. The sum of all these sources is referred to here as "total school income" even though it is possible that schools receive funds from other sources that were not reported.[22] Note that this discussion excludes subsidies for teacher salaries from school income.

[21] Government allocations for primary schools include SBPP (a subsidy for stationery and learning support provided by local government); BOP (an operational and maintenance fund for public SD and MI); and DIK (a direct allocation from the Ministry of Religious Affairs to MI). At the junior secondary level they include DPP; OPF (operational funds available to public schools for the maintenance of facilities) and UYHD (which are reimbursements for routine expenditures for public schools); and again DIK (a direct allocation from the Ministry of Religious Affairs to MTs).

[22] In addition, it was necessary to make certain estimates since the data were collected for an academic year that was not yet complete. In particular: BP3 receipts, and for primary schools SBPP/DIK receipts for 1999/0 were set equal to four times the receipts for July, August, and September. For past years, these provided a good match with directly reported annual totals.

In 1999/0, the average primary school had total annual income of about Rp 13 million and the average junior secondary school almost Rp 90 million (Figure VI.1 and Table VI.1). Not surprisingly, there are huge differences across locations. While rural primary schools have an average income of Rp 9 million and urban primary schools outside of Jakarta about Rp 16 million, primary schools in Jakarta had an average income of almost six times that: about Rp 61 million. At the junior secondary level there are differences as well but these are much smaller ranging from Rp 77 million in rural areas to Rp 154 million in Jakarta.

Figure VI.1: Average school income (Nominal Rp '000)



Note: Dashed lines show values in real terms

With the exception of urban junior secondary schools outside of Jakarta, school income increased in nominal terms between 1997/8 and 1998/9. Both primary and junior secondary schools in rural areas had large increases between 1997/8 and 1998/9: 32% for primary and 25% for junior secondary. This percentage growth was larger in rural than urban areas. Despite this nominal increase *real* school incomes fell over this period. Figure IV.1 shows the value in "real 1997/8 Rupiah" in dashed lines (where inflation is given by 57.0% between 1997/8 and 1998/9 and 2.1 percent between 1998/9 and 1999/0 based on IMF *International Financial Statistics*). For primary schools in Jakarta, and junior secondary schools in all urban areas, income in 1998/9 is significantly below that in 1997/8 in real terms.

By 1999/0 primary schools outside of Jakarta appear to have made up much of the real

decline in income – and in the case of rural areas have actually increased total income by almost 30% in real terms. Primary schools in Jakarta, and junior secondary schools in general, were not able to regain their 1997/8 real levels of income. Over the two year period between 1997/8 and 1999/0 real school income fell by as much as 33% in urban junior secondary schools outside of Jakarta, and by 23% in Jakarta. Without huge increases in the efficiency with which schooling is delivered, declines by this magnitude are bound to affect the quality of learning.

Table VI.1: Level (Nominal Rp '000) and growth (percent) in average annual school income

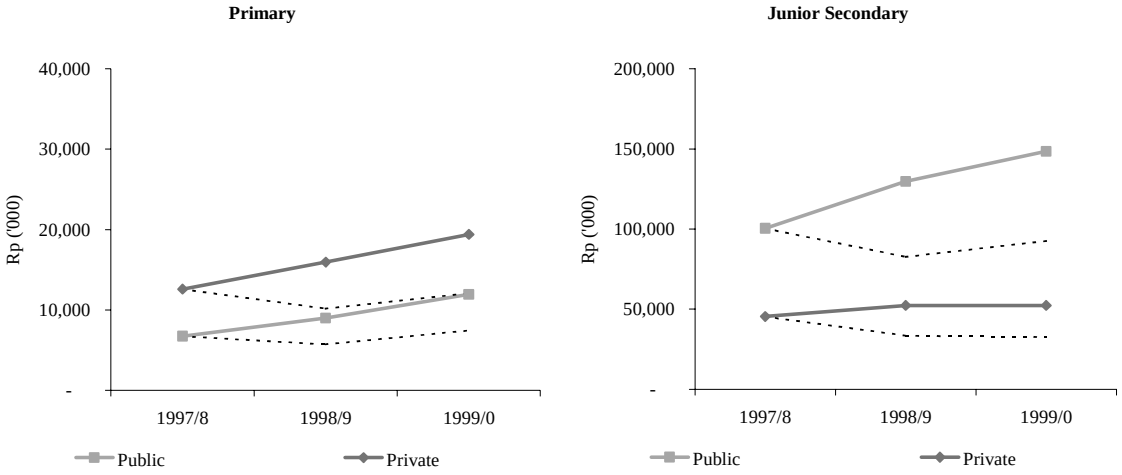
	Primary				Junior Secondary			
	Rural	Urban non-Jakarta	Jakarta	Total	Rural	Urban non-Jakarta	Jakarta	Total
Level								
1997/8	4,373	9,821	46,396	7,763	52,543	78,953	124,545	66,745
1998/9	6,553	12,427	51,858	10,208	71,340	74,936	140,666	82,415
1999/0	9,023	15,858	61,281	13,244	76,943	84,628	153,654	89,640
Growth (nominal)								
1997/8 to 1998/9	49.9	26.5	11.8	31.5	35.8	-5.1	12.9	23.5
1998/9 to 1999/0	37.7	27.6	18.2	29.7	7.9	12.9	9.2	8.8
1997/8 to 1999/0	*106.3*	*61.5*	*32.1*	*70.6*	*46.4*	*7.2*	*23.4*	*34.3*
Growth (real)								
1997/8 to 1998/9	-4.6	-19.4	-28.8	-16.2	-13.5	-39.5	-28.1	-21.4
1998/9 to 1999/0	34.9	25.0	15.7	27.1	5.6	10.6	7.0	6.5
1997/8 to 1999/0	*28.7*	*0.7*	*-17.6*	*6.4*	*-8.6*	*-33.1*	*-23.0*	*-16.2*

Note: Real growth rates are calculated on the basis of an economy-wide inflation rate of 57.0% between 1997/8 and 1998/9 and of 2.1 percent between 1998/9 and 1999/0.

Figure VI.2 shows the level and trends in total school income for public and private schools separately, again with real values shown in dashed lines (details are in Annex Table VI.1). While private primary schools tend to have higher total incomes, there is not much difference in the growth patterns over time: by 1999/0 both types of schools had on average recovered their 1997/8 real levels of income. While public junior secondary schools have higher income than private schools, public schools lost only about 8% of their real income over the two years whereas private schools lost about 28% of the value of real income. Note that a large part of these public/private differentials at the junior secondary level are driven by the levels and changes in school size. Income per student is higher in private schools, and both types of schools lost about 15% in the value of the income they are able to generate (Annex Table VI.2).[23]

[23] In general, adjusting for the number of students at the primary level slightly exacerbates the public / private differential, but that not qualitatively affect the findings.

Figure VI.2: Average school income, Public and Private schools (Nominal Rp '000)

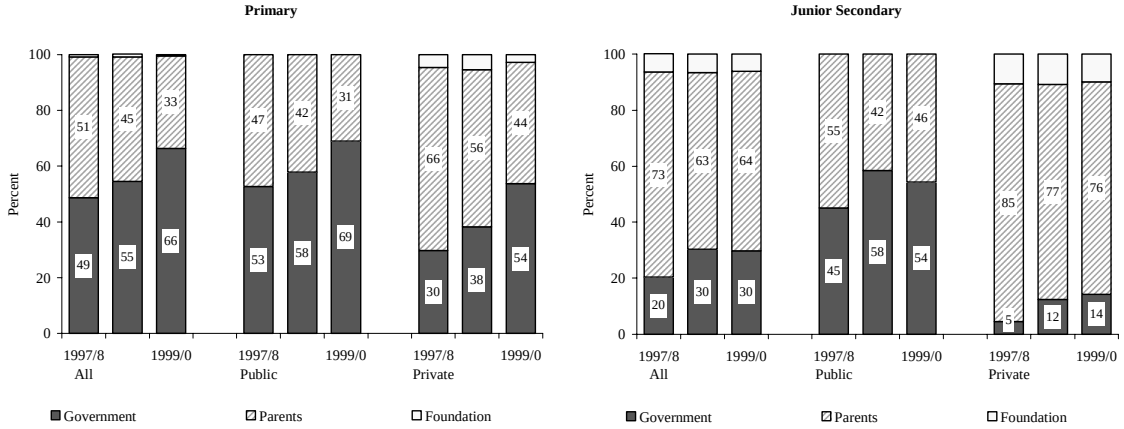


Note: Dashed lines show values in real terms

B. School income by source: government and parents

Primary schools received 66% of their total income from government sources in 1999/0, junior secondary schools 30% (Figure VI.3). As could be expected, this share is substantially lower for private schools: 54% for private primary schools and as low as 14% for private junior secondary schools. Foundations constitute a small fraction of school income – even for the private schools that tend to be sponsored by them: about 3% of private primary, and about 10% of private junior secondary income is from foundations (Annex Table VI.3). Overall (public and private) MI schools received less than 1%, and MTs 7.2% of their 1999/0 funding from foundations. The remaining share of income is largely made up of parental contributions. As is clear from Figure VI.3, these make up the overwhelming share in private junior secondary schools (over 75%). Elsewhere they make up somewhat less than half of all income. The majority of this source of income is collected through parent association fees: between 75 and 80% on average, with a slightly higher share for public schools (Annex Table VI.4).

Figure VI.3: Average share of school income from government, parents and foundations (percent)



The time trend is telling: in virtually all cases the share of total school income that is from government sources has been increasing over the three years. This is true almost regardless of the type of school considered (the changes are as, if not more, dramatic among MI and MTs, see Annex Table VI.3). The average amount of government's contribution to the average primary school in 1997/8 was 49% while in 1999/0 it was 66%. At the junior secondary level the change was from 20 to 30%. Part of these changes are due to the government's SGP grant program discussed in Chapter IV. At the same time government increased other types of school support. For example at the primary level, SBPP (school subsidy for stationary and learning support provided) allocations increased by 40% in real terms and BOP (school maintenance and repair) allocations increased by 210% in real terms over the period. At the junior secondary level, non salary routine budget and school maintenance and repair increased by 41 and 3% (real terms) respectively.

These numbers are reflected in the growth of average income that schools report from the various sources. Table VI.2 reports the growth in real terms of the average income that schools derive from governments and parents (details are in Annex Tables VI.5 and 6). Clearly the real level of income from parent sources has fallen: by about 15% at the primary level and about 30% at the junior secondary level, in both cases with fairly small differences across areas. As in the earlier results, these declines largely occurred between 1997/8 and 1998/9, with recovery in all other areas except junior secondary schools in Jakarta.

Table VI.2: Growth (percent) in real average annual school income from government and parent sources

	Government				Parents			
	Rural	Urban non-Jakarta	Jakarta	Total	Rural	Urban non-Jakarta	Jakarta	Total
Primary								
1997/8 to 1998/9	11.9	2.2	-28.8	-7.3	-13.4	-24.2	-28.9	-20.6
1998/9 to 1999/0	82.4	119.4	11.4	59.6	0.8	2.1	19.9	7.2
1997/8 to 1999/0	*104.0*	*124.2*	*-20.7*	*48.0*	*-12.7*	*-22.6*	*-14.8*	*-14.9*
Junior Secondary								
1997/8 to 1998/9	19.8	-51.8	-26.4	2.2	-34.0	-35.1	-28.6	-32.3
1998/9 to 1999/0	10.2	23.3	49.5	16.1	1.9	7.2	-4.3	0.4
1997/8 to 1999/0	*32.1*	*-40.6*	*10.0*	*18.6*	*-32.8*	*-30.4*	*-31.7*	*-32.0*

When it comes to the real growth in government sources of income, the patterns are more complicated. In rural areas there was a real increase in income from government, a substantial increase at the primary level (over 100%) and a relatively large increase at the junior secondary level (about 30%).[24] At urban primary schools outside of Jakarta there was an increase in the real amount in income from government sources, and like rural areas this was largely due to a substantial increase between 1998/9 and 1999/0. On the other hand, there was a decrease in Jakarta, this time largely due to a fall between 1997/8 and 1998/9. At the junior secondary level, Jakarta looks more like other urban areas. Income from government sources fell quite substantially between 1997/8 and 1998/9 but then increased in the subsequent year. The different magnitudes of these changes resulted in a substantial decline among urban schools outside of Jakarta over the two years, and a small increase in schools in Jakarta.

[24] The same inflation rate is being applied to urban and rural areas in this analysis. If one thought that the CPI used is largely based on urban areas, and *if* price increases were lower in rural areas, then real growth would be even higher than reported.

C. Contribution of school block grant to school income

The schools block grants allocated by the Scholarships and Grants Program – known as DBO – were a major part of the government's effort to support schools during the economic crisis. The allocation of the DBO grant across areas and types of schools was discussed in Chapter IV. Here the focus is on the extent to which the grants contribute to the income of the recipient schools. The DBO grant for primary schools was set at Rp 2 million, and at Rp 4 million for junior secondary schools. Among schools that received a grant Table VI.3 shows that the grants amounted to a substantial part of government funding at the school level, especially in 1998/9 (details are in Annex Table VI.7).[25]

At the primary level 56% of all school income from government sources came through the DBO in that year, by the following year, this had fallen to 36%. The pattern is similar among both public and private schools, although at a higher level among private ones. Geographic differences are not large at the primary level, however DBO constitutes a very small (less than 10%) portion of school income from government sources in public schools in Jakarta.

Table VI.3: Percentage of school income from government resources that were from a DBO grant, among schools that received a grant

		Primary				Junior Secondary			
		Rural	Urban non-Jakarta	Jakarta	Total	Rural	Urban non-Jakarta	Jakarta	Total
All	1998/9	57.3	48.5	29.4	55.9	42.3	74.9	50.5	45.8
	1999/0	36.8	34.8	21.5	36.0	57.8	70.3	64.6	61.2
Public	1998/9	53.7	45.8	7.4	52.0	14.6	47.6	13.1	16.1
	1999/0	34.4	31.0	8.4	33.2	25.8	39.7	16.7	27.4
Private	1998/9	69.6	67.5	68.2	69.4	80.9	86.3	73.3	80.7
	1999/0	48.9	59.8	50.9	49.9	81.1	85.7	78.2	81.6

At the junior secondary level the pattern is different: DBO constituted a large part of government funding, but this increased from one year to the next. Among public junior secondary schools DBO constituted a relatively small share of government subsidies to schools in 1998/9, 16%, which then increased to 27% in 1999/0. In general this share was higher outside

[25] Recall that this discussion excludes teacher salaries, so this means that grants amounted to a substantial part of

of Jakarta, especially in urban areas. Among private schools, the share of DBO in government subsidies stayed at a very high 80% in both years. Clearly, to the extent that private schools junior secondary schools depend on government resources, DBO represent a large share of those resources.

Table VI.4: Percentage of schools for which a DBO grant constitutes at least 50 percent of school income.

	Primary				Junior Secondary			
	Rural	Urban non-Jakarta	Jakarta	Total	Rural	Urban non-Jakarta	Jakarta	Total
All								
1998/9	9.9	0.0	0.0	8.3	3.6	0.0	0.0	2.6
1999/0	6.1	0.0	0.0	5.1	3.6	0.0	0.0	2.6
Public								
1998/9	7.8	0.0	0.0	6.7	4.5	0.0	0.0	3.7
1999/0	4.0	0.0	0.0	3.5	4.5	0.0	0.0	3.7
Private								
1998/9	21.2	0.0	0.0	15.7	2.9	0.0	0.0	1.9
1999/0	17.5	0.0	0.0	13.0	2.8	0.0	0.0	1.9

Table VI.4 reports the percentage of schools for which a DBO grant makes up at least 50 percent of all school income (from all sources). Clearly there are few schools for which this is the case – in the sample none in urban areas. In rural areas about 10% of primary schools relied heavily on grants but this had fallen to 6.1% by 1999/0. Among rural private primary schools the percentage is much higher at almost 20%. Clearly any effort to cut DBO funding would impact these schools most. At the junior secondary level only about 4% of schools rely heavily on DBO grants as a source of income, a percentage that doesn't differ much across public and private schools.

Table VI.5 extends this analysis further to look at the overall level of income from all, government, and parent sources among schools that received a grant and those that didn't (details are in Annex Table VI.8 and 9).[26] At the primary level, non-receiving schools have substantially lower total income: Rp 4 million less in 1998/9 and Rp 9.5 million less in 1999/0. Surprisingly,

government funding of non-salary subsidies to schools.

[26] Note that this comparison is not the same as an analysis of what would have occurred in schools that received a grant if they had not received a grant. Since grants were targeted, recipient schools might differ systematically differ from non-recipient schools.

DBO receiving schools had about the same level of overall income derived from government sources than non-receiving school. This difference comes largely from the fact that average income from parent sources was substantially lower in receiving as opposed to non-receiving schools. Interestingly, among private schools the difference in government sources of income is almost exactly Rp 2 million – the amount of the primary DBO. In public schools the difference is Rp 109,000 in 1998/9 and Rp 184,000 in 1999/0 suggesting – but not proving – that for these schools other sources of government funding may be reduced when a DBO grant is given.

Table VI.5: School income from all, government, and parent sources by whether or not a school received a DBO grant (Nominal Rp '000)

		Total income			Income from government sources			Income from parent sources		
		DBO receiving	Non DBO receiving	Difference	DBO receiving	Non DBO receiving	Difference	DBO receiving	Non DBO receiving	Difference
Primary schools										
All	1998/9	7,889	11,955	-4,066	4,060	3,819	241	3,719	7,516	-3,797
	1999/0	9,897	19,396	-9,499	6,578	6,055	523	3,307	12,195	-8,888
Public	1998/9	7,796	9,810	-2,014	4,415	4,306	109	3,381	5,504	-2,123
	1999/0	10,336	14,967	-4,631	7,082	6,898	184	3,253	8,066	-4,813
Private	1998/9	8,213	25,469	-17,256	2,824	754	2,070	4,898	20,192	-15,294
	1999/0	7,733	39,101	-31,368	4,100	2,302	1,798	3,573	30,564	-26,991
Junior Secondary schools										
All	1998/9	91,107	68,823	22,284	49,848	13,483	36,365	39,815	52,450	-12,635
	1999/0	70,826	104,401	-33,575	27,759	48,886	-21,127	41,719	51,616	-9,897
Public	1998/9	137,612	106,719	30,893	87,936	56,733	31,203	49,677	49,985	-308
	1999/0	100,850	183,735	-82,885	65,128	118,052	-52,924	35,722	65,683	-29,961
Private	1998/9	36,674	58,018	-21,344	5,268	1,151	4,117	28,272	53,152	-24,880
	1999/0	52,710	52,007	703	5,211	3,207	2,004	45,337	42,326	3,011

Note: One might think that the income from government sources among DBO receiving schools compared to Rp 2 million in primary and Rp 4 million in junior secondary schools is inconsistent with the percentages in Table IV.3. The difference is because for many schools the grant constitutes a very large part of government income, for other schools a very small amount – particularly those that have very high income government income. Taking averages of the amounts can therefore yield quite different numbers than averages of the percentages.

Table VI.6 reports the breakdown of the various government sources of income by whether or not the school received a DBO grant. Among public primary schools it would appear that schools that did not receive a grant received substantially more direct funding from Dati I and Dati II (province and district). In 1999/0 the size of the difference in Dati I and II funding is almost equal to the size of the block grant (Rp 1.7 million) suggesting, again not proving, that for these schools there is some substitution between DBO funds and other public sources. In private schools, there is not much scope for this type of substitution and there is no "compensating

effect" for the DBO grants.

Table VI.6 Various sources of government funding according to whether a school received a DBO grant in 1999/0 (Nominal Rp '000)

	Primary				Junior Secondary		
	DBO receiving	Non DBO receiving	Difference		DBO receiving	Non DBO receiving	Difference
Public							
Dati I and II	823	2,945	-2,122	Dati I and II	189	3,100	-2,911
SBPP/DIK	1,434	1,155	279	DPP	312	201	111
BOP	2,990	2,798	192	OPF	993	1,581	-588
				UYHD	66,292	113,252	-46,960
DBO	1,969	0	1,969	DBO	4,000	0	4,000
Private							
Dati I and II	32	2	30	Dati I and II	34	103	-69
SBPP/DIK	208	64	144	DPP	58	61	-3
BOP	2,347	2,236	111	OPF	1,035	1,080	-45
				UYHD	201	1,937	-1,736
DBO	1,934	0	1,934	DBO	3,966	0	3,966

At the junior secondary level the pattern is similar: when public schools receive a DBO grant, direct Dati I and II funds are less by almost an equivalent amount (whereas in primary schools the difference was almost the same amount as the grant, it is somewhat less in junior secondary schools) – when private schools receive a grant there is little difference in most of the other sources of funding. The big difference between DBO receiving and non-receiving schools however, comes through the UYHD (Uang Yang Harus Dipertanggungjawabkan). An SLTP is allocated a certain amount of UYHD but the treasury only disburses against use that is accounted for.[27] It would perhaps be unsurprising that as a result of receiving a DBO grant a school would have less need to resort to funding through UYHD. The magnitude of the difference is so large that this can hardly be the whole explanation though: DBO receiving schools reported UYHD of Rp 66 million on average whereas non-receiving schools reported UYHD of Rp 113 million on average, a difference of Rp 47 million. Without more information on these schools, it is difficult to draw firm conclusions on these numbers though.

[27] UYHD is used for example for: Teaching learning process (e.g. daily, quarterly, and final tests, and guidance and counseling); Provision of school facilities (e.g. stationary, materials for school labs, books); School maintenance; Pay electricity, water, and telephone; Stationary for the office; honorarium for full time teachers (for teaching extra hours) and honorer teachers.

D. Summary

The ability to maintain adequate school funding levels during the crisis has been a major concern of the Indonesian government, given expected shortfalls in parental contributions and the real value of public budgets for education. In general, the survey results revealed a nominal **increase** in funding to schools, both primary and junior secondary, but these increases did not keep pace with inflation. Real (inflation adjusted) value declines in funding levels were particularly pronounced during the first year of the crisis (1998/9) and were the most serious in Jakarta. In the second year of the crisis (1999/0) the real levels rebounded somewhat, but only in rural areas did they return to pre-crisis levels. During the most recent year (1999/0) nominal school income at the primary level was Rp 13 million per year; at the junior secondary almost Rp 90 million. Disparities across areas were large: for primary the range was Rp 9 million for rural, Rp 16 million for urban outside Jakarta, to Rp 61 million for Jakarta; for junior secondary the range was Rp 77 million for rural to Rp 154 million in Jakarta. At the primary level, **private** schools had higher incomes than public but similar growth patterns; both kinds of schools experienced real declines in the first crisis year with rebounding in the second; for junior secondary, the reverse was found, with **public** schools having higher incomes than private and higher nominal growth; both kinds also showed real value declines in the first crisis year, but only for the public schools was there a rebound.

By 1999/0 primary schools received around two-thirds (66%) of their income from government sources, but junior secondary below one-third (30%); for private schools the proportion was 54% for primary and 14% for junior secondary. Only a small proportion (3-10%) of the private funding was from foundations; the rest was from parental contributions (up to 75% for private junior secondary schools). Despite this, the total school income from government sources has been increasing over the three years: the average for primary from 49% in 1997/8 to 66% in 1999/0; for junior secondary from 20 to 30%. Part of these changes were due to the influx of school grant funds (DBO).

The magnitude of the DBO grants was set at Rp 2 million for primary and Rp 4 million for lower secondary. Among the schools receiving DBO grants, the grant amounted to a substantial part of government funding at the school level: primary, 56% in 1998/9, decreasing

to 36% in 1999/0; in secondary, 45% in 1998/9, increasing to 61% in 1999/0. Among private junior secondary schools the share of DBO in government subsidies attained a very high 80% in both years. A cut-back or termination of DBO funding would be particularly devastating for them. A comparison of schools receiving DBO grants with those which did not shows evidence of a possible reduction of other government funding among schools which receive a DBO grant.

CHAPTER VII
SUMMARY AND CONCLUSIONS

In order to assess the impact of Indonesia's economic crisis on basic education this survey of 600 schools was fielded in five provinces of Indonesia in 2000. The survey covers enrollments, perceptions of the crisis from school staff, the distribution and use of school grants that were implemented by the government of Indonesia to mitigate the effects of the crisis, as well as school fees and school financing more generally.

The study found that the number of students enrolled in primary schools declined slightly but at the same pace as previous years and consistent with rates of population decline. For junior secondary education slight negative enrollment trends continued, however, this can largely be attributed to the rather sharp declines at urban schools: rural school enrollment actually increased. In urban areas outside of Jakarta enrollments declined by more than 14% and in Jakarta by 21.5% between 1995/6 and 1999/0. Declines in private schools were higher than in public: 23% in urban outside of Jakarta and 36% in Jakarta. In addition, enrollments in Madrasah (Muslim religious schools), particularly the enrollment of girls, fell at both the primary and junior secondary levels. These findings suggest that, while not as widespread or large as initially feared, there was an effect of the crisis on enrollments for junior secondary and private schools, and, for girls, in Madrasah schools in urban areas (particularly Jakarta).

School enrollments, the economic crisis and school perceptions of impact

Survey results reveal some possible associations between enrollment and socio-economic change. Table VII.1 summarizes select enrollment variables and economic variables for primary and junior secondary. At both levels the decreases in enrollment appear to be associated with economic variables such as late payment of fees, the collection of entrance fees, and the average size of entrance fees. These associations are particularly pronounced for junior secondary education, and can be seen vividly in the contrast between rural and Jakarta schools. For example, over the two crisis years enrollment increased in rural areas by about 2%, but decreased in Jakarta by over 17%. At the same time, there were large differences between rural and Jakarta

schools on economic variables such as perception of late fee payment (59% rural versus 91% Jakarta), proportion of schools not charging entrances fees (26-40% for rural; 9-12% for Jakarta), and magnitude of the entrance fee payment (Rp 30-40,000 in rural schools; about Rp 89,000 in Jakarta). For urban areas besides Jakarta the contrasts to rural areas were similar to those for Jakarta but differences were smaller. These findings seem to confirm the more general findings elsewhere that it was the urban areas of the country that were the most seriously affected by the crisis. They also appear to support the premise of substantial working class family out-migration from cities.

Table VII.1: Select Enrollment and Economic Variables, by School Level and Area

	Primary			Junior Secondary		
Variable	Rural	Urban Non-Jakarta	Jakarta	Rural	Urban non-Jakarta	Jakarta
Change in enrollment 95-00	-5	-5	-7	8	-14	-22
Change in enrollment 98/99	-0.6	-1	-1.8	0.4	-3	-8
Change in enrollment 99/0	-0.9	-0.3	-1.2	1.5	-3	-9
Perception of late fee payment	58	81	83	59	75	91
Prop of schools w/o entrance fees 98/9	82	67	51	40	47	12
Prop of schools w/o entrance fees 99/0	78	67	52	26	36	9
Ave entry fee (nominal, in Rp '000) 98/9	8	27	114	31	32	89
Ave entry fee (nominal, in Rp '000) 99/0	8	28	126	40	50	89
Prop of schools receiving block grants	70	64	39	44	71	41

In Jakarta the decline in enrollment was particularly pronounced among private schools (36% over the five years, 27% during the two crisis years). It is not clear whether the falls in enrollment represent drop-outs or shifts. There are basically two kinds of private schools in Indonesia, elite schools (often church-based), and "*sekolah sore*" afternoon schools (often held in existing public schools and run by regular school personnel as a second source of income). The former (relatively few in number) are generally attended by higher achieving middle and upper class children, the latter by children of lower income families who have not been able to earn admission to public schools. Given the high cost of Jakarta private schooling (in 1998/9 almost twice that of public), it is not surprising to see enrollment losses. But where are they going? Not to Jakarta schools, which are selective and which also lost enrollment. Nor are they apparent in rural private schools, which also experienced enrollment declines. More likely is that they have

dropped out completely or found places in rural public schools, where enrollment increased even during the crisis years.

The economic doldrums of the late 90s also appeared related to school morale and self perception. The schools most adversely affected by the economic slump, private junior secondary schools, were also those which complained most about student absenteeism, teacher absenteeism, low teacher morale, staffing problems (ability to hire part-time teachers) and ability to conduct extra-curricular activities. These schools were also far above the norm in the number of crisis impacts they perceived (what we have called "severity" of impact), with 60% complaining of five or more impacts out or a possible eleven (compared to public junior secondary schools where the modal response – that given by 40% of schools -- was zero impacts). Low school morale may also have contributed to enrollment declines.

School funding issues

In 1999/0 the average primary school had an average of Rp 13 million in income and the average junior secondary school averaged Rp 90 million. Most of this income was from government sources (about 66%) with the remainder coming from parents in the form of various fees. A consistent finding of this (and the previous CISS) school survey has been that one of the main impacts of the crisis was the inability of parents to pay fees – including "voluntary" fees – required of them by schools. This has resulted in a fall of about 15% in real terms of the amount of school income from parental sources between 1997/8 and 1999/0 at the primary level, and slightly over 30% at the junior secondary level. While this means that the direct financial burden on parents has fallen, there is a real danger of adverse longer-term impacts on the quality of education schools are able to provide (we already see around 50% of urban schools worrying about declining student achievement, and over 20% of rural primary/junior secondary schools and 30% of Jakarta junior secondary schools complaining about worsening teaching learning processes).

There were some compensating factors to this decline. Overall school income fell substantially in real terms in the first year of the crisis (between 1997/8 and 1998/9): 16% for

primary and 21% for junior secondary, but the situation subsequently improved (between 1998/9 and 1999/0) but in most cases this was not enough to make up for earlier losses. The foremost new channel for supporting schools was the government's scholarship and grants program. Almost 70% of primary schools and 46% of junior secondary schools surveyed received block grants in 1999/0 which in line with the overall program target of 60% coverage. At the primary level these grants were fairly evenly distributed across schools outside of Jakarta with between 65 and 70% of schools receiving compared to fewer than 40% of primary schools in Jakarta receiving. At the junior secondary level urban schools outside of Jakarta were much more likely to be receiving a grant: 71% versus about 40% in rural areas and in Jakarta.

School grants constituted a large share of government support among schools that received a grant: 36% in primary schools and 60% in junior secondary schools in 1999/0. While this was a decrease from the prior year at the primary level, it was a substantial increase at the junior secondary level (up from 46%). Combined with the fact that the government's share of total income has been increasing since 1997/8 this suggests that any reduction of the scope or amounts of the grant will need to be carried out with care to ensure that schools that rely heavily on them will not be excessively hurt. This is especially the case for private schools in urban areas. While these schools were generally less likely to be receiving a grant than their public counterparts, school grants constituted a larger share of government support. For example, 50% of all government support in private primary schools was in the form of an SGP grant in 1999/0 (60% in urban areas outside of Jakarta), and 82% in private Junior Secondary schools (86% in urban areas outside of Jakarta).

At the same time as the grants program is slated to end, Indonesia has decentralized many government functions. This includes the management and funding of public basic education. Therefore, much of the responsibility for ensuring adequate financing of schools will now fall to the district level government. The results of the survey suggest that lower levels of government have already been involved in school funding, particularly in compensating for the grants program allocations. Public schools that received a grant received less from other government sources (including provincial and district sources) and those that did not receive a grant received more from these sources. The combination of phasing out and decentralization will therefore

likely affect more than just recipient schools. As grants are reduced, or targeted towards fewer schools, funding from other government sources will probably be redirected away from other schools to help make up for this income loss. Therefore all schools, not just recipient schools, will potentially loose income as a result of the grant phase-out. As district governments consider the financing requirement for basic education, this broader impact will need to be taken into account.

Policy issues and future research

The policy implications of this 600 school study are numerous, especially in an era of Indonesian government decentralization. The findings suggest the following points needing further policy review:

- To what extent do private school enrollments need to be supported by the state? Are new subsidies needed to keep private schools open?
- What should be done, if anything, in order to reverse the decline in enrollments at Madrasah schools?
- How much enrollment decline does a school experience before it becomes non-viable and needs to be closed?
- What are the implications of phasing out the current scholarships and grants program of government? Should other donor-assisted programs take its place?
- To what extent can/will local government make up for the government funding shortfalls that will appear when the scholarship and grants program is phased out?
- Even though Jakarta is relatively prosperous in many ways is there the need for a school grants program there to arrest to current fall in enrollments?
- Are there more efficient ways to use or allocate government funds in order to keep funding at a level that quality will not be threatened?
- As the country stabilizes into a new post-crisis mode, should there be a new balance between public and private funding of schools?
- There are still about 40% of the junior secondary school cohort which does not attend school at that level. Should the government press for a “post-crisis” expansion of junior secondary enrollments or focus its funds on maintaining current enrollments and

improving quality levels? If national or district governments expect to expand enrollment, how can this be financed?

The survey results also open the door to new research questions related to crisis impact on education, including the following:

- To what extent are declines of enrollment in urban areas and in private schools temporary? Can enrollments be expected to return to their pre-crisis levels?
- To what extent are urban school students dropping out of school altogether or simply moving to new locations? If the latter, are they likely to stay in the new locations or return to the urban areas? When can their return be anticipated?
- What explains the precipitous drops in Jakarta junior secondary school enrollments?
- Is junior secondary enrollment increase in rural areas the result of greater school numbers or increased school size? If increased school size, how is that affecting the quality of those schools? Are they overcrowded?
- What accounts for the enrollment reductions at Madrasah schools? In particular, why are enrollment declines for girls substantially greater than for boys?
- When will it be possible for schools which have waived entrance or monthly fees to begin charging them again?

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