

Redesigning Indonesia's People's School Policy: Structural Economic Lessons for Poverty Alleviation

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Abstract

This article critically examines Indonesia's *People's School Policy* as a socio-economic instrument for poverty alleviation, situating education reform within the broader structural economic context. The study employs a qualitative socio-legal and structural-economic approach, combining historical tracing of institutional design, policy document analysis, and a comparative review of education-linked poverty-alleviation programs in other developing countries. This methodological framework allows for a nuanced understanding of how education policy interacts with labor market segmentation, dependence on the informal sector, and unequal access to productive resources. The research identifies a significant gap in existing scholarship: most studies treat education policy as an isolated intervention, emphasizing access and enrollment while neglecting its integration with structural economic linkages. This narrow focus has limited the transformative potential of Indonesia's *People's School Policy*, which remains constrained by fragmented financing, weak institutional governance, and misalignment with long-term labor market strategies. Findings demonstrate that without structural economic alignment, expanded schooling

opportunities fail to translate into sustainable livelihood outcomes. Comparative lessons from other developing contexts highlight the importance of inclusive financing models, community-based governance, and integration with long-term economic restructuring. These elements are crucial to ensuring that education reform contributes directly to poverty alleviation rather than reproducing existing inequalities. The article concludes that poverty alleviation through education requires more than expanding access; it demands a redesign that situates schooling within systemic economic change. By proposing a multidimensional framework that links education reform to structural economic restructuring, the study contributes to policy debates on equitable development. It offers a pathway for Indonesia to strengthen its poverty alleviation agenda.

Keywords:

People's School Policy, Poverty Alleviation, Structural Economic Reform, Education Economics, Education Policy.

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Introduction

Indonesia is the world's fourth most populous country, with a population estimated at over 285 million by 2025 (BPS, 2025). According to BPS Indonesia, as of September 2024, using a per capita expenditure of around Rp 20,000 or USD 1.20 per day as a criterion, poverty affects 8.57 percent of the population, or approximately 24.06 million people.¹ Meanwhile, the World Bank (2024), using a criterion of around USD 8 per day for upper-middle-income countries, reaches over 60 percent of the population, or approximately 194 million people.²

Quality Education for All is a key global development strategy for achieving equitable prosperity. It has proven effective in driving sustainable economic growth, as evidenced by welfare states that have successfully implemented universal education.³ Quality Education for All is one of the Sustainable Development Goals, aimed at achieving prosperity for people in a fair and equitable way through increased social mobility, poverty alleviation, and enhanced economic growth.⁴ Quality education has proven highly effective in promoting sustainable economic development across countries.

Education has long been viewed as one of the most powerful instruments for social transformation and poverty alleviation. In Indonesia, the *People's School Policy* emerged as a response to the demand for more inclusive access to education, reflecting the state's aspiration to democratize opportunities and strengthen human capital⁵. Yet, while the policy has expanded enrollment, its impact on poverty reduction remains limited. This article suggests that education reform must be understood

¹ BPS-Statistics Indonesia., "Profil Kemiskinan Di Indonesia September 2024 [Poverty Profile in Indonesia September 2024]," Badan Pusat Statistik, 2024.

² Asep Suryahadi, Ridho Al Izzati, and Daniel Suryadarma, "The Impact of COVID-19 Outbreak on Poverty : An Estimation for Indonesia," *The SMERU Research Institute*, 2020.

³ Robert Barro, "Education and Economic Growth," *Annals of Economics and Finance* 14 (November 1, 2013): 301–28.

⁴ Jo Blanden, "Educational Inequality" 60208, no. April (2022), <https://doi.org/10.5157/NEPS>.

⁵ Aldehita Purnasanti Maulida et al., "Transforming Credit Guarantees in Indonesia: Legal Reform and Digital Innovation at Askrindo," *Journal of Law and Legal Reform* 7, no. 1 (2026): 251–92, <https://doi.org/10.15294/jllr.v7i1.38585>.

not only as a matter of access but also as part of a broader agenda of structural economic reform.⁶

The New Indonesian government, led by Prabowo Subianto, introduced the People's School (Sekolah Rakyat) Policy, which is expected to be inclusive and could eradicate poverty in Indonesia through sustainable, long-term investment in quality education. The People's School is part of the Ministry of Social Affairs' program to assist education for children from low-income families. After graduating from the People's School, these graduates are believed to be able to improve the quality of the Indonesian population, making them more productive in the future and potentially earning higher incomes than their predecessors.⁷

From a policy perspective, the *People's School Policy* represents a significant commitment to social equity. However, its design and implementation reveal weaknesses: fragmented financing, limited institutional coordination, and a tendency to prioritize short-term expansion over long-term sustainability. These limitations create a gap between policy aspirations and the lived realities of communities that continue to face structural barriers to economic mobility.

From an economic perspective, education is inseparable from labor market dynamics. Indonesia's segmented labor market, reliance on informal employment, and unequal access to productive resources mean that schooling alone cannot guarantee poverty alleviation. Without integration into broader economic reforms, such as inclusive financing, industrial upgrading, and equitable resource distribution, education risks reproducing inequality rather than dismantling it.

There are few studies examining boarding schools for vulnerable children of low-income families or the poorest groups to help them

⁶ Agnes Sukasni and Hady Efendy, "The Problematic of Education System in Indonesia and Reform Agenda," *International Journal of Education* 9 (September 27, 2017): 183, <https://doi.org/10.5296/ije.v9i3.11705>; Losina Purnastuti, Paul Miller, and Ruhul Salim, "Declining Rates of Return to Education: Evidence for Indonesia," *Bulletin of Indonesian Economic Studies* 49 (August 1, 2013), <https://doi.org/10.1080/00074918.2013.809842>.

⁷ Purnastuti, Miller, and Salim, "Declining Rates of Return to Education: Evidence for Indonesia."

escape poverty.⁸ This study will examine the main characteristics of boarding school models for low-income families in Indonesia that are considered moderately and highly successful in improving students' social mobility.⁹ The analysis will be based on two case studies: one representing a religious community model (Pesantren Nurul Jadid in Paiton, East Java Province) and the other representing a private entrepreneur model (SMA Unggulan CT Arsa in Sukoharjo, Central Java Province).¹⁰

Since the government's People's Schools program is still relatively new, this study is expected to provide valuable insights into a boarding school model that can effectively increase social mobility for low-income individuals.¹¹ The results of this study are expected to provide valuable lessons for the large-scale implementation of the People's School Policy in Indonesia, ensuring that graduates contribute to sustainable development and prosperity equitably.

From a macroeconomic perspective, the theory of endogenous economic growth¹² (Romer, 1994) posits that external forces do not determine an investment system's outcomes. The endogenous growth theory is also supported by the microeconomic foundation of human capital theory (Becker, 1982). Further development of human capital theory suggests that investment in quality education generates income

⁸ Yuying Tong, Yiqing Gan, and Ming Wen, "Do the Institutionally Disadvantaged Students Benefit More from Boarding at School in Their Studying? The Role of Migration and Hukou Status in China," *Research in Social Stratification and Mobility* 90 (2024): 100913, <https://doi.org/https://doi.org/10.1016/j.rssm.2024.100913>.

⁹ Luc Behaghel, Clément de Chaisemartin, and Marc Gurgand, "Ready for Boarding? The Effects of a Boarding School for Disadvantaged Students," *American Economic Journal: Applied Economics* 9, no. 1 (2017): 140–64, <https://doi.org/10.1257/app.20150090>.

¹⁰ Raihani Raihani, "Report on Multicultural Education in Pesantren," *Compare: A Journal of Comparative Education* 42 (July 1, 2012): 1–21, <https://doi.org/10.1080/03057925.2012.672255>.

¹¹ Zhiyong Zhong, Yang Feng, and Yongqi Xu, "The Impact of Boarding School on Student Development in Primary and Secondary Schools: A Meta-Analysis," *Frontiers in Psychology* 15 (March 28, 2024): 1359626, <https://doi.org/10.3389/fpsyg.2024.1359626>.

¹² Robert E Lucas, "ON THE MECHANICS OF ECONOMIC DEVELOPMENT," *World Development Report* 22, no. February (1988): 3–42.

(Mincer, 1974), innovation, and strong institutions (Acemoglu, 2005), which are key factors for sustainable long-run output growth. To increase social mobility and break the cycle of poverty, access to quality education is essential for low-income groups, as stipulated in SDG 4, specifically, Quality Education for All. Access to quality education will be the basis for graduates to obtain decent jobs and drive economic growth through increased productivity. This aligns with SDG 8, Decent Work and Economic Growth.¹³ (United Nations, 2025).

Several studies have examined the correlation between boarding school attendance and students' academic achievement. In the United States, Curto and Fryer Jr. (2014) studied urban public boarding schools, specifically the SEED Schools, which serve low-income families in Washington, D.C., and Baltimore, Maryland. The results indicate that attending the SEED Schools leads to increased achievement in reading and math.

An empirical study on the role of boarding schools in producing quality education for low-income families in generating equitable economic growth was presented by UNICEF on April 4, 2024, in a White Paper titled "The Role of boarding schools for vulnerable children in the Europe and Central Asia Region"¹⁴ (UNICEF, 2024)¹⁵. The study highlights the significance of boarding schools in promoting social mobility for vulnerable children from low-income families.

The support for boarding schools for low-income families in ASEAN countries varies. Based on the Philippines' Basic Education Development Plan 2030, announced on May 30, 2022 (Government of the Philippines, 2022), the government does not operate boarding schools for low-income families; instead, it supports them through the

¹³ Ibrahim Taweel, "The Impact of Higher Education Outcomes on Labor Market Requirements under the Vision of Saudi Arabia 2030," *International Journal of ADVANCED AND APPLIED SCIENCES* 7 (June 1, 2020): 110–15, <https://doi.org/10.21833/ijaas.2020.06.014>.

¹⁴ UNICEF, "The Role of Boarding Schools for Vulnerable Children in the Europe and Central Asia Region," *Geneva: UNICEF Regional Office for Europe and Central Asia*, 2024.

¹⁵ OECD, "OECD Economic Surveys: Thailand 2025," *Paris: OECD Publishing*, 2025; Natcha Mahapoonyanont, "How To Reduce Educational Inequality In Thailand, Lessons From Vietnam, Indonesia and New Zealand," March 10, 2022, 2907–12.

Pantawid Pamilyang Pilipino Program, a conditional cash transfer program that focuses on health and education. There are religion-based boarding schools in the Philippines that serve low-income families, such as Faith Academy and the Sisters of Mary Schools.

The Government of Thailand does not operate the boarding schools directly. Still, it provides support through the 15-year Free Education Program and the Equitable Education Fund (EEF), which offers financial aid for students from low-income families.¹⁶ (OECD, 2025). There is a boarding school for underprivileged girls provided by Dhammajarinnee Withaya School (DWS), a private organization managed by Buddhist nuns, and supported by the Government of Thailand.¹⁷ This is the only free boarding school for underserved girls in Thailand.

The Malaysian Government has an education policy for low-income families, among other initiatives, including the establishment of boarding schools for these families through an agency under the Ministry of Regional Development and Rural Affairs, known as Majlis Amanah Rakyat (MARA).¹⁸ The Government of Malaysia established “Maktab Rendah Sains MARA” (MRSM), a group of boarding schools for highly potential students from low-income families. The World Bank Report (2024), which focused on Malaysia’s economic mobility, stated that labor market outcomes reflect human capital accumulation across the life

¹⁶ Ann Purcell, “Buddhist School for Girls in Thailand,” HUFFPOST, 2013.

¹⁷ Raveewan Sethi, “THE BENEFITS AND CHALLENGES FOR SCHOOL COUNSELORS AS THAI NATIONALS AND FORMER INTERNATIONAL STUDENTS WORKING IN INTERNATIONAL SCHOOLS IN BANGKOK” (2023).

¹⁸ Mohd Awang, Abdul Ahmad, and Bennedine Allang, “Rural Education: How Successful Low-Income Students Received Socio-Educational Supports from Families, School Teachers and Peers?,” *International Journal of Academic Research in Progressive Education and Development* 10 (February 28, 2020), <https://doi.org/10.6007/IJARPED/v10-i1/8988>.

cycle¹⁹. The rapid expansion of educational attainment in Malaysia has helped close the earnings gap between Bumiputera and other workers.²⁰

Historically, Indonesia has implemented various education models for low-income groups, organized by both religious communities and private entrepreneurs. The term “People’s School” (*Sekolah Rakyat*) was first used when the Indonesian government had just gained independence.²¹ The Indonesian government at that time changed the colonial policy of Village School (*Sekolah Desa*), which had a duration of 3 (three) years, to People’s School (*Sekolah Rakyat*) that had a duration of 4 (four) years in 1954, and to Elementary School (Sekolah Dasar or SD) that had a duration of 6 (six) years.²² Until the end of the 1960s, educational facilities and infrastructure remained minimal due to a lack of funding and political instability. Following the stabilization of the political-economic situation in the early 1970s and the subsequent tripling of world oil prices in 1973, the Indonesian government embarked on a massive construction project for elementary schools, as directed by Presidential Instructions in the mid-1970s, which were later known as SD Inpres.²³

Since the early 2000s, based on changes to the 1945 Constitution, the budget for education was set at 20% of the total APBN to be able to realize the 12 (twelve) years of Compulsory Education Program through

¹⁹ Indah Sri Utari et al., “A Criminological Perspective on Corruption as a Catalyst of Economic Breakdown: Socio-Legal Challenges in Indonesian Environmental Governance,” *Jambe Law Journal* 9, no. 1 (2026): 205–47, <https://doi.org/10.22437/jmj4ac47>.

²⁰ Zarina Kadir, “The Role of MARA (The Council of Trust for Indigenous Peoples) in Enforcing Affirmative Action in Malaysia,” *Academic Journal of Interdisciplinary Studies*, October 1, 2013, <https://doi.org/10.5901/ajis.2013.v2n11p193>.

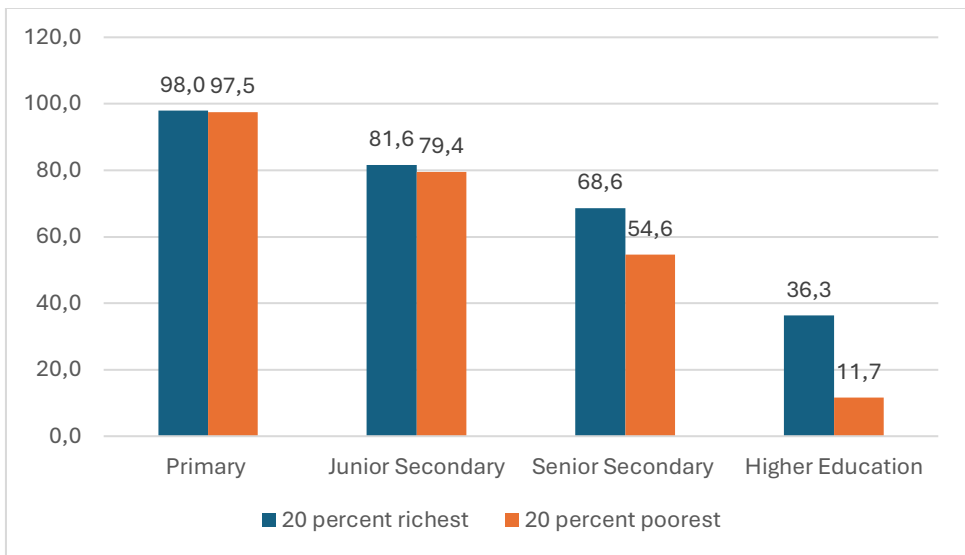
²¹ Achmad Walikrom, “History of the Growth and Development of Education in the Early Period of Independence of the Republic of Indonesia,” *MANDALIKA: Journal of Social Science* 1 (February 5, 2023): 12–16, <https://doi.org/10.56566/mandalika.v1i1.55>.

²² Achmad Syauqy, “THE LEGAL ASPECT OF THE NATIONAL EDUCATION BUDGET ALLOCATION,” *Yuridika* 33 (October 1, 2018): 349, <https://doi.org/10.20473/ydk.v33i3.7910>.

²³ Nurlaili Nurlaili et al., “Harnessing Islamic Education for Agricultural Empowerment: The Islamic Boarding School Model in Indonesia,” *Jurnal Penyuluhan Pertanian* 20 (July 30, 2025): 79–94, <https://doi.org/10.51852/2wp5we67>.

free education.²⁴ The results shown in Figure 1 are based on the 2023 BPS Education Statistics. The higher the level of education, the greater the gap in net enrollment rates between the 20 percent poorest households and the 20 percent wealthiest households.

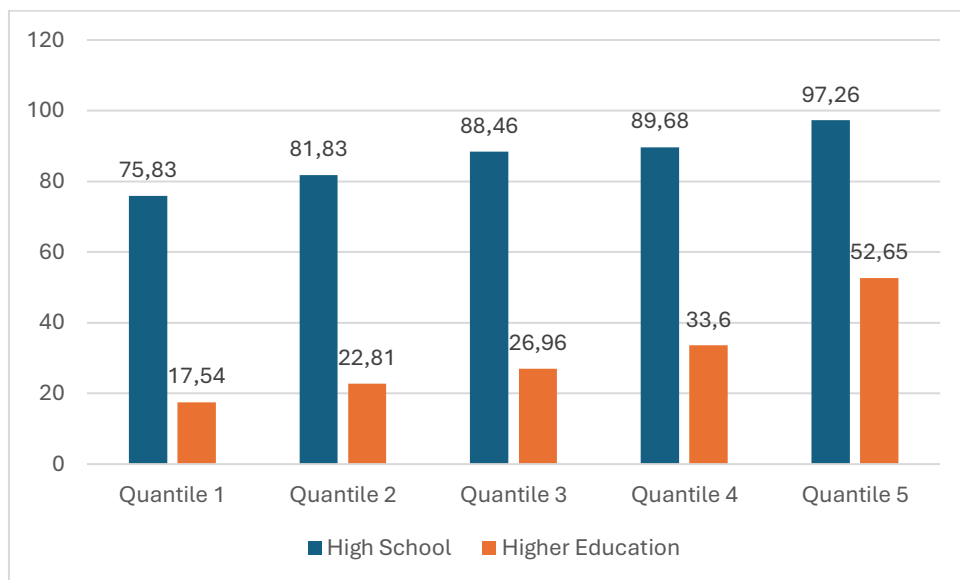
Figure 1. Net Participation Rate by Level of Education and Demographic Characteristics



Source: BPS, Socio-Economic Survey 2023

²⁴ Syaury, "THE LEGAL ASPECT OF THE NATIONAL EDUCATION BUDGET ALLOCATION."

Figure 2. Gross School Participation Rate at Senior Secondary Education (SMA) and Tertiary Education (PT), by level of income (quintile 1= the poorest 20 percent, to quintile 5 = the wealthiest 20 percent)



Source: BPS, Socio-Economic Survey 2023

The primary challenge facing Indonesia today is limited access to quality education for the low-income population, particularly the poorest 20 percent (quintile 1), as illustrated in Figure 2. The Gross School Participation Rate at the Senior Secondary Level for the poorest 20 percent of the population is 75.83 percent, compared to 97.26 percent for the wealthiest 20 percent. In higher education, the gap between the poorest 20 percent and the wealthiest 20 percent of the population is wider: 17.54 percent for the poorest 20 percent and 52.65 percent for the wealthiest 20 percent.²⁵

President Prabowo Subianto, who took office in October 2024, addressed this challenge by implementing the Sekolah Rakyat (People's

²⁵ Jochen Kluge et al., "Interventions to Improve the Labour Market Outcomes of Youth: A Systematic Review of Training, Entrepreneurship Promotion, Employment Services and Subsidized Employment Interventions," *Campbell Systematic Reviews* 13 (December 4, 2017): 1–288, <https://doi.org/10.4073/csr.2017.12>.

School), which is a Quality Education for the Poor program in the form of boarding schools.²⁶ This program is managed by the Ministry of Social Affairs, in coordination with the Ministries of Primary and Secondary Education, the Ministry of Higher Education, and the Ministry of Religious Affairs, which is responsible for religious-based education. The People's School Model is a free education program for low-income individuals, offered as a boarding school. The model is derived from the Indonesian experience of boarding schools, namely the Pesantren's boarding school and the Excellent Boarding School.

President Prabowo aims to establish 200 to 500 People's Schools from 2025 to 2029.²⁷ The legal framework for this policy is the President's Instruction Number 8 of 2025 on optimizing the realization of poverty alleviation and extreme poverty, which includes the People's School and the Ministry of Social Affairs' Decree Number 49/HUK/2025, which establishes the formatur team to ensure the education program is delivered effectively. The objectives of People's School are to bridge the educational gap of the poorest families, to provide quality education, and to improve their competitiveness in the labor market through life and technical skills.²⁸ This program supports the general principles outlined in the Constitution, specifically Article 31, which states that all Indonesian citizens have the right to education.²⁹

The Minister of Social Affairs has announced that the first 100 People's Schools will be established by mid-2025. It launched the first sixty-three People's Schools on July 14, 2025, and followed up with the next thirty-seven at the end of July 2025.³⁰ People's School is a boarding school for students from the lowest-income group, as determined by poverty statistics.

²⁶ Saldi Isra and Pan Faiz, "The Indonesian Constitutional Court: An Overview," 2024, 55–94, https://doi.org/10.1163/9789004691698_004.

²⁷ Office of Assistant to Deputy Cabinet Secretary for State Documents Translation, "President Prabowo Subianto: Gov't Aims to Expand People's School Program," Office of Assistant to Deputy Cabinet Secretary, 2025.

²⁸ Henry Sopacua, "State Responsibility for Fulfilling the Right to Basic Education Facilities Based on Human Rights," *Pena Justisia: Media Komunikasi Dan Kajian Hukum* 24 (June 5, 2025): 6380–96, <https://doi.org/10.31941/pj.v24i2.6563>.

²⁹ Isra and Faiz, "The Indonesian Constitutional Court: An Overview."

³⁰ Translation, "President Prabowo Subianto: Gov't Aims to Expand People's School Program."

This policy is expected to be inclusive and could eradicate poverty in Indonesia through sustainable, long-term investment in quality education. After graduating from the People's School, these graduates are believed to be able to improve the quality of the Indonesian people, making them more productive in the future and potentially earning a better income than their predecessors. The gap analysis shows that existing scholarship and policy practice often isolate education from structural economic linkages, focusing narrowly on access and enrollment.³¹ This article seeks to bridge that gap by situating the *People's School Policy* within the discourse of structural economic reform and poverty alleviation.

Studies on the role of boarding schools for low-income families in Indonesia remain limited; therefore, this study will help enhance Indonesia's policy on socio-economic mobility.

This study employs a mixed-methods approach, combining qualitative and quantitative analyses. Qualitative analysis is based on in-depth interviews with stakeholders of the Pesantren Model (Pesantren Nurul Jadid at Paiton, East Java Province) and the Excellent School (SMA Unggulan CT Arsa Foundation at Sukoharjo, Central Java); to describe the relationships between the principal, the owner of the boarding school education, and the agents, the managers at the school level. Quantitative analysis involves descriptive analysis using secondary data at the school, regional, and national levels.

The model describes education as a process for achieving social mobility and a higher quality of life by producing high-quality graduates, resulting in higher income and greater happiness, which represent the prosperity or welfare of the people. The input for this model is the principal's goals (vision and mission) and their leadership in organizing implementation through a set of standards that school managers effectively carry out at the school level.³²

³¹ George Psacharopoulos and Harry Anthony Patrinos, "Returns to Investment in Education: A Decennial Review of the Global Literature," *Education Economics* 26, no. 5 (September 3, 2018): 445–58, <https://doi.org/10.1080/09645292.2018.1484426>.

³² Miftahul Ulum, Nurul IR, and Abdul Wadud, "Islamic Boarding School-Based Economic Empowerment in Jember District The One Islamic Boarding School One

Several processes at the principal levels are (i) efficient financial management; (ii) an effective incentive system for human resources; (iii) a monitoring and evaluation process on the implementation of education management at the school levels.³³ The activities at the school level include the recruitment of prospective students, the organization of education through high-quality teachers, the implementation of an appropriate curriculum, the use of various educational infrastructure and technology, and other indicators that measure the organization of education in schools.³⁴

The output of these education models at the school level is primarily the characteristics of graduates with high-quality achievements. The outcome of an effective education policy that provides quality education for low-income families is social mobility, which, in turn, drives economic performance.³⁵

The author applies economic theory in explaining the quality education policy for low-income families (SDG 4) to produce decent jobs and economic growth (SDG 8) to alleviate extreme poverty (SDG 1)

Based on microeconomic theory, the school is a producer of knowledge; the author describes the supply of education model at the school level and applies the relationship of input, process, and output. The education process are including principal leadership (the owners' vision and mission), its implementation at school level through: (i) planning of resources; (ii) budgeting (financial management and the incentive system for human resource management); (iii) implementation of good governance in educational process, which start at the recruitment process for prospective teachers and students, the process of organizing

Product (OPOP) Program,” *Jurnal Syntax Admiration* 4 (November 9, 2023), <https://doi.org/10.46799/jsa.v4i11.783>.

³³ Roland Fryer, “Financial Incentives and Student Achievement: Evidence From Randomized Trials,” *The Quarterly Journal of Economics* 126 (April 1, 2010): 1755–98, <https://doi.org/10.1093/qje/qjr045>.

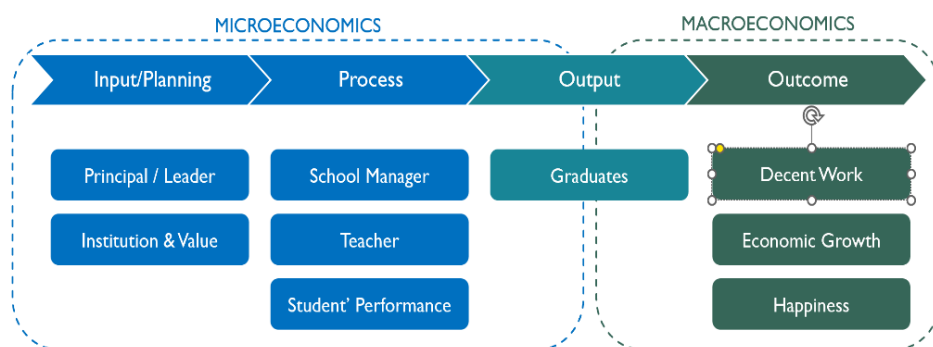
³⁴ Linda Darling-hammond et al., “Implications for Educational Practice of the Science of Learning and Development” 8691 (2019), <https://doi.org/10.1080/10888691.2018.1537791>.

³⁵ Suhandi et al., “Strategy for Economic Development of Islamic Boarding School Through Change Management-Based Approach (Empirical Study in the City of Subulussalam),” *International Journal of Environmental Sciences* 11 (August 14, 2025): 2025, <https://doi.org/10.64252/cmhnz267>.

education through good quality teachers in schools, the implementation of appropriate curriculum using various educational infrastructure and technology, and other indicators that can measure the process of organizing education in schools); and (iv) monitoring and evaluation process of output and outcomes of education. This study will analyze the managerial process in education using the SWOT method. The production of the educational process, as an interaction among stakeholders at the micro level, is reflected in the number and characteristics of high-quality graduates.³⁶

At the macro level, the author applies macroeconomic theories of economic growth and social welfare, in which graduates are part of a country's human capital and serve as decision-makers for economic development. The outcome of quality education for graduates is that they are expected to secure decent jobs, earn higher incomes, and escape poverty, thereby contributing to the country's economic growth, improving social welfare, and enhancing overall happiness.³⁷

Figure 3. The Role of Education in the Sustainable Economic Development Model



³⁶ Ayus Yusuf, Didin Rosidin, and Asmiyati Khusnul Maryam, "Developing Sustainable Islamic Boarding Schools Economic Model: A Case Study from Indonesia," *Journal of Economics, Finance And Management Studies* 07 (August 31, 2024), <https://doi.org/10.47191/jefms/v7-i8-61>.

³⁷ Rahmad Devid, "Economic Empowerment of Islamic Boarding Schools in Realizing Sustainable Development Goals (SDGs) in the Era of Society 5.0 at Lirboyo Islamic Boarding School Kediri," *MONETARIUM: Journal of Economics Business and Management* 1 (January 9, 2024): 27–38, <https://doi.org/10.71155/m5wf5379>.

The data sources are both primary and secondary. The primary data is based on in-depth interviews of stakeholders conducted from three locations: (i) CT Arsa Foundation at Jakarta City, DKI Jakarta Province, on July 8, 2025, we interview the Director of CT Arsa Foundation, the Operational Manager of CT Arsa Foundation, and the Communication Manager of CT Arsa Foundation and its staff (ii) CT Arsa School at Sukoharjo City, Central Java province, July 9, 2025, we interview the Vice School Chair in Public Relations, the Vice School Chair of Curriculum, the Vice School Chair of Students and the Chair of Quality Assurance Team at CT Arsa Sukoharjo (iii) Pesantren Nurul Jadid at Paiton City, East Java Province on July 10, 2025; we interview Pesantren's Secretary, Pesantren's Vice Secretary, Chair of Pesantren's Planning Agency; Chair of Pesantren's Financial and Assets Agency, Rector of Nurul Jadid University, Vice Chair and teacher of SMA. The secondary data are based on the BPS Statistics of Indonesia and on school-level data from CT Arsa and Pesantren Nurul Jadid.

A. The Standard Boarding School Model: Pesantren Nurul Jadid (PNJ)

The activities of the Nurul Jadid Islamic Boarding School began in 1948 when Kyai Zaini Mun'im moved to Paiton, encompassing educational, social, and economic activities. The organization's leadership at PNJ comprises the Board of Caretakers, the highest authority at PNJ that oversees the Caretakers; the Head of PNJ; the Deputy Head of PNJ; and the Office of the Leadership Staff. The PNJ has three bodies: (i) The Planning Agency of the Pesantren (Bapetren), (ii) The Financial and Asset Management Agency of the Pesantren (BPKAP), and (iii) The Supervisory Body of the Pesantren.

The activities of the PNJ include 13 Institutions listed below:

1. Bureau of Pesantren Affairs,
2. Bureau of Education,
3. Bureau of Development,
4. Bureau of Labor and Environmental Life,
5. Bureau of LTN (Lajnah Ta'lif Wan-Nasr, i.e., study and publication),

6. Nurul Jadid Foundation Paiton,
7. Council of Masyayikh (quality assurance),
8. Pesantren Court,
9. Pesantren Counseling Institute,
10. Az-Zainiyah Clinic,
11. Nurul Jadid University (Autonomous),
12. Ma'had Aly (higher education in religious knowledge),
13. Pesantren-Owned Enterprises.

The foundation, established after PNJ activities began, is part of the boarding school and serves as a legal entity for various activities that require contracts and property rights. The Foundation's task is to assist the head in organizing the administration of personnel and institutions in formal education, as well as in managing the PNJ's assets.

1. Principal Leadership in the Budgeting Process at PNJ

Funding for education comes from tuition fees paid by parents/guardians, as well as various other sources, including Zakat, Infak, Sedekah, and Waqf, managed by BAZISQAF of PNJ. The PNJ manages overall finances for elementary through high school (autonomous higher education) and redistributes them to each educational unit according to budget proposals from various academic levels, as approved by the pesantren. The human resources managing all activities at PNJ consists of 480 teachers (formal and informal education), 333 pesantren administrators, 229 employees, and 858 staff.

The school fees for capable students consist of two types: boarding education and meal costs. The cost of boarding education is Rp 1,615,000 per quarter (Rp 4,860,000 per year) for junior high school and Rp 2,125,000 per quarter (Rp 8,500,000 per year) for senior high school. The cost of food and drink per child is Rp 300,000 per month, or Rp 3,600,000 per year, which covers two meals a day (breakfast and dinner).

In principle, Pesantren Nurul Jadid never rejects students who are unable to pay for their education or are from low-income families; the principle is cross-subsidization. Students who cannot afford education are awarded scholarships by Pesantren Nurul Jadid, with approximately 8% of the PAUD-to-SLTA student population receiving them. Pesantren Nurul Jadid has three types of businesses: (i) family business; (ii) pesantren business; and (iii) businesses by teachers and staff in the form of a cooperative.

2. Islamic Values at PNJ: Building Character Education as the Foundation of Society

Nurul Jadid Islamic Boarding School implements character education based on Islamic values, translated into Goals, Vision, Mission, Five Consciousness, and the Trilogy of Santri.

Goal:

1. The formation of a pious, independent individual, knowledgeable, striving, and devoted to religion, society, and the nation.
2. The realization of an independent, prosperous society both physically and spiritually in this world and the hereafter under the grace and forgiveness of Allah SWT.

Vision:

To become a superior and independent pesantren by developing education for cadre formation, da'wah, and community empowerment to shape individuals who are pious, independent, knowledgeable, struggle, and devoted, and to realize a self-reliant, prosperous community in this world and the hereafter.

Mission:

1. Organizing education based on levels, pathways, and types.
2. Organizing cadre development to produce cadres of the community and the nation to continue the struggle of the predecessors.
3. Organizing preaching both verbally, in writing, and through actions towards positive change.
4. Striving for self-sufficient and prosperous communities, both physically and spiritually.
5. Making efforts to achieve the independence of the pesantren, especially in the economic field.

The Five Consciousnesses (*Panca Kesadaran*):

1. Religious Consciousness.
2. Scientific Awareness.
3. Social Awareness.
4. National and State Consciousness.
5. Organizational Awareness.

Santri Trilogy (*Trilogi Santri*)

1. Observing the Obligations of Fardlu 'Ain
2. Reflecting on oneself by Abandoning Major Sins
3. Having Good Morals Towards Allah and Creatures

3. Education Management: School Manager, Teachers, and Students' Performance

The educational activities at PNJ consist of school and pesantren activities. Education is centrally managed by PNJ, encompassing early childhood education (PAUD) through senior high school (SLTA).

These activities encompass preschool level (TPA Ar Rahmah, PAUD Anak Sholeh, TK Bina Anaprasa, KB Azzainiyah), elementary school (Madrasah Ibtidaiyah/MI Nurul Mun'im), junior high school (Madrasah Tsanawiyah/MTs Nurul Jadid, SMP Nurul Jadid, MTs Negeri 1 Probolinggo), and senior high school (Madrasah Aliyah/MA Nurul Jadid, SMA Nurul Jadid, SMK Nurul Jadid, MAN 1 Probolinggo, PDF Ulya, PDF Wustho) and Higher Education (Universitas Nurul Jadid, Ma'had Aly). Universitas Nurul Jadid is managed autonomously, separate from the centralized management of Pesantren Nurul Jadid.

The total number of students of formal education in PNJ, from early childhood education to higher education, is 7,876. The majority of students attend boarding schools, specifically at the junior high and senior high school levels. There are 347 teachers and 69 supporting staff.

The leadership of school principals and teachers in each educational unit is a key driver of quality education at PNJ. Teacher selection is conducted annually, based on the needs of each educational institution. There is no student selection process upon entering PNJ; however, a health examination and an interview with parents are conducted to assess applicants' economic capabilities. Education is conducted in two stages: an orientation period of approximately two months, followed by schooling at the next educational level according to individual needs.

Table 1. Number of Students, Teachers, and Supporting Staff of Formal Education Pesantren Nurul Jadid

No.	Educational Institution	Number of Students	Number of Teachers	Number of Admin Staff
1.	TPA Arrahmah	21	13	8
2.	PAUD Anak Sholeh	68	7	2
3.	TK Bina Anaprasa	110	9	2
4.	KB Azzainiyah	31	4	1
5.	MI Nurul Mun'im	308	19	13
6.	MTsNJ	839	56	6
7.	SMPNJ	1156	64	11
8.	MTs Negeri 1 Prob.	146		
9.	MANJ	1081	66	10
10.	SMANJ	707	62	10
11.	SMKNJ	299	39	5
12.	MA Negeri 1 Prob.	113		
13.	PDF - Ulya	24		
14.	PDF - Wustho	26		
15.	UNUJA	2906	8	1
16.	Ma'had Aly	41		
	Total	7876	347	69

Source: Pesantren Nurul Jadid

4. Education Performance: Graduates' Quality

To describe the educational performance at Nurul Jadid Islamic boarding school, we can examine the characteristics of its graduates and alumni through a tracer study³⁸. Currently, no complete data on Nurul Jadid graduates are available to serve as a basis for a tracer study, as the author conducted field studies in July 2025. According to secondary data collected by Nurul Jadid's administration, the total number of alumni currently stands at 17,582, spread across various regions in Indonesia and

³⁸ Indah Sri Utari et al., "Legal Protection for Child Sexual Violence Victims: Victimology Perspectives, Challenges, and Policy Solutions in Asia," *Jurnal Suara Hukum* 8, no. 1 (2026), <https://doi.org/10.26740/jsh.v8n1.p40-77>.

abroad. One approach to illustrating Nurul Jadid High School's performance is to use data on graduates accepted into reputable universities, along with in-depth interviews and secondary sources, to depict the school's graduates.

Of the 236 students who graduated from SMA Nurul Jadid during the 2024-2025 period, 64 were accepted into quality universities in Indonesia, roughly 27 percent of the total graduates. These include the University of Jember (20), State Islamic University of Malang (19), UIN Sunan Ampel (4), UNESA (4), Airlangga University (2), Trunojoyo University (2), Brawijaya University (1), University of Indonesia (1), Sebelas Maret University in Surakarta (1), and UIN Syarif Hidayatullah (1).

B. The Superior Boarding School Model: CT ARSA Excellent Senior High School (SMA) at Sukoharjo, Central Java Province (CT ARSA)

1. The Role of Principal and Institution at CT ARSA

The CT ARSA Foundation (an abbreviation for Chairul Tanjung and Anita Ratnasari) was established in 2005 in response to the tsunami in Aceh on December 26, 2004, providing contributions by building homes for orphans and conducting educational activities for orphans affected by the disaster in Deli Serdang. The legal status change of the CT ARSA Foundation (henceforth abbreviated as CT ARSA) in 2021, through the Decree of the Minister of Law and Human Rights, has designated Chairul Tanjung as the Chairperson of the Supervisory Board and Anita Ratnasari as the Chairperson of the Management Board, both of whom are the founders of the CT ARSA Foundation. The Chairman of the Supervisory Board of the CT ARSA Foundation is Muhammad Nuh, who served as Minister of Education and Culture of the Republic of Indonesia from 2009 to 2014. CT ARSA's activities encompass four pillars: (i) education, (ii) health, (iii) community empowerment, (iv) humanitarian aid and disaster management.

The pillars of education consist of: (i) Formal education, namely two CT Arsa Foundation's Excel High Schools in Deli Serdang, North Sumatra, and in Sukoharjo, Central Java; (ii) Non-Formal Education,

namely CT ARSA Literacy (smart cars, Iqra cars, multimedia cars, digital literacy applications) and partnerships with schools and early childhood education institutions. The health pillar includes activities such as health care, ambulances, rescue vehicles, and mobile kitchens. The community empowerment pillar provides support for small and medium enterprises, Arsa Boutique Bandung, Arsa Boutique Bali, the Arsa Community, alumni of CT ARSA Foundation's Excel High Schools, Netra partners, and Inspiration Houses. The Humanitarian and Disaster Response pillar includes psycho-social support, logistics, community kitchens (or dapur umum), and the development of public and worship facilities.

2. CT ARSA's Principal Leadership in the Planning and Budgeting Process

The foundation establishes planning and budgeting, as well as educational management standards, at the central level, while schools implement activities in accordance with the center's quality standards. CT ARSA Excellent High School provides free education for children from the poorest families, both during their time at the school and for almost all graduates who continue to higher education. Thus, graduates of CT ARSA Excellent High School have proven able to increase social mobility for students from the poorest groups and successfully break out of the poorest group in Indonesia.

The funding for education at CT ARSA Elite High School comes entirely from the personal funds of Chairul Tanjung and Anita Ratnasari (which, in Islamic concepts, are part of Zakat, Infak, and Sedekah from the family of Chairul Tanjung and Anita Ratnasari).

The CT ARSA Foundation in Jakarta conducts a rigorous recruitment process for school principals, teachers, and students, which includes psychological tests and substance screenings. The Foundation (as the principal) set a high standard for students seeking admission to CT ARSA, namely, avoiding cheating at the school level. Therefore, the Foundation sent the test directly to students from the center.

3. CT ARSA's Values: Excellent, Independent, Faith

Character education at the Excel High Schools of CT ARSA Foundation is clearly stated in the vision and mission. It is translated into a code of honor for students.

Vision:

The formation of excellent graduates who are independent, environmentally conscious, and apply values of faith through reliable management systems and human resources.

Mission:

1. To organize quality learning so that students excel in academics and are independent in an environmentally based manner.
2. To develop an environmentally cultured school to create a beautiful and wise environment.
3. To provide character education and develop personal potential to produce students who can apply the values of faith.
4. To improve the quality of educators and educational personnel so that they are more reliable and environmentally conscious.
5. To implement a professional quality management system to create a positive image for the Institution.

Panca Prasetya – Students:

We are the students of CT ARSA Foundation's Outstanding High School in Sukoharjo:

1. Faithful and obedient to Allah Subhanallaahu Wata'ala.
2. Loyal to the Unitary State of the Republic of Indonesia, Pancasila and the 1945 Constitution, and respecting Indonesia's diversity.
3. Having an independent personality, being disciplined, and firmly holding onto unity and integrity.
4. Striving hard to achieve, and ready to compete at national and international levels.
5. *Contributing* positively to the environment, society, nation, state, and religion.

Panca Krida - CT ARSA Excellent High School at Sukoharjo:

1. Reciting the Quran (*Mengaji*)
2. Studying (*Belajar*)
3. Caring for the Environment (*Peduli Lingkungan*)
4. Sports (*Olahraga*)
5. Achieving (*Berprestasi*)

Code of Honor - CT ARSA Excellent High School at Sukoharjo:

1. Uphold the Five Principles of Student Participants
2. Respect for Parents, Respect for Teachers
3. No Cheating
4. No Deception
5. No Stealing
6. No Fighting
7. No Immoral Behavior
8. No Use of Drugs and Alcoholic Beverages

4. CT ARSA's Education Management at School Level: School Manager (Principal), Teacher, and Students' Performance

To carry out the mission of the CT Arsa Foundation to lift the children of the poorest families out of poverty, only children from the poorest families can be accepted at the 2 (two) CT Arsa Superior High Schools, in Deli Serdang (North Sumatra province) and Sukoharjo (Central Java Province), and receive scholarships in the form of a boarding school education system for 3 (three) years.

Currently, CT Arsa Superior High School in Sukoharjo has a school manager (principal), 41 teachers, two dormitory guardians, and 29 staff members. 4 deputy principals assist the principal in facilities/infrastructure, curriculum, student affairs, and community relations.

a) School Manager (School Principal)

The school manager is selected through a rigorous process by the Foundation Management. The school manager is directly responsible to the Chairman of the CT Arsa Foundation Board, as described in the School Principal Decree, for the period 2025-2026.

Four vice principals assist the school principal: (i) Curriculum; (ii) Infrastructure; (iii) Student Affairs; (iv) Communication. The school principal's decree has clearly defined the structure, process, and organization at the school level.

The Vice Principal of the curriculum field manages: (i) Teaching and Learning activities, administration, and learning assessment (Assessment, Project Coordinator, Laboratory, Academic Supervision); (ii) Academic Continuation and

Learning Innovation (Performance Curation, Scholarships, and 17 Chairpersons of the Forum); (iii) Class Advisors (consists of twenty classes: six classes for grade X, six classes for grade XI, and eight classes for grade XII). The current number of students at CT Arsa Excellent SMA in Sukoharjo is 434, comprising 126 in grade X, 124 in grade XI, and 184 in grade XII.

b) Teacher

Teacher recruitment is the responsibility of the Foundation's Management and is conducted through three stages: desk evaluation, a potential academic test, and an interview.³⁹ The Foundation determines salaries confidentially and varies them among teachers, with payments made directly by the Foundation. The total number of teachers in CT Arsa is 41, and the supporting staff is 29.

A teacher's success in guiding their students to become competition champions will impact their career advancement, including the assignment of additional duties that can lead to increased income.

c) Students: Selection Process and Performance

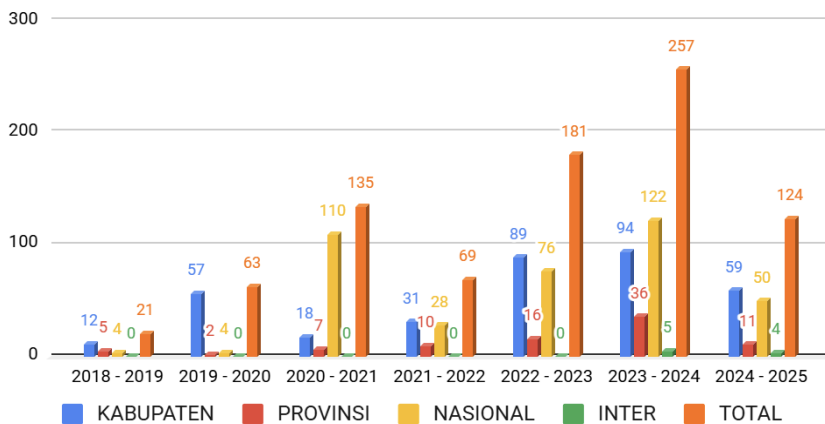
The student admission selection process is conducted strictly through three stages: (i) Desk evaluation to ensure that the students come from underprivileged groups based on the Smart Indonesia Card (Kartu Indonesia Pintar or KIP) or Prosperous Indonesia Card (Kartu Indonesia Sejahtera or KIS), (ii) academic test based on questions created at the school level, for subjects Mathematics, English, and Natural Science online; (iii) tests by CT Arsa Foundation including personality tests, academic potential tests, and tests in Mathematics, English, and Science with questions from the Foundation; (iv) selection in the form of a survey to ensure the socio-economic conditions of prospective students including those from the lowest income

³⁹ Faisal, Neliwati, and Muhammad Rifa'i, "Recruitment and Selection Management of Educators and Education Staff to Improve Education Quality," *EDUTECH: Journal of Education And Technology* 7 (December 29, 2023), <https://doi.org/10.29062/edu.v7i2.685>.

groups, reinforced by data triangulation from local officials; (v) health tests from CT Arsa Foundation ⁴⁰ . The school operationally carries out the selection process for students; the final selection and decision on student admission is made by the Chairperson of the CT ARSA Foundation, based on the standards set by the CT ARSA Foundation.

Students receive guidance from teachers through various extracurricular activities aligned with their interests and talents, resulting in strong motivation to excel. This educational process shows extraordinary results, as evidenced by students winning various competitions at the district (kabupaten), provincial (provinsi), national (nasional), and international (inter) levels (Figure 4). The peak students' performance is in the academic year 2023-2024.

Figure 4. The Students' Achievements of CT Arsa Excellent SMA in Sukoharjo



Source: CT Arsa Excellent SMA

5. CT ARSA's Education Results: Graduates' Quality

⁴⁰ Indah Sri Utari et al., "Legal Protection for Children as Victims of Economic Exploitation: Problems and Challenges in Three Major ASEAN Countries (Indonesia, Vietnam and Philippines)," *Lex Scientia Law Review* 7, no. 2 (2023), <https://doi.org/10.15294/lesrev.v7i2.68301>.

CT ARSA Excellent SMA Sukoharjo's graduates can compete at the national and regional levels. Based on the Written Competency-Based Examination (Ujian Tertulis Berbasis Kompetensi or UTBK) in the 2022-2023 academic year, the graduates achieved top 1 percent at the national level (the 68th highest of 14,675 SMAs in Indonesia) and top 1 percent at the province level (the 4th highest of 425 SMAs in Central Java province).

The CT ARSA Foundation also facilitates the continuation of education for all graduates of the CT ARSA Excellent program who attend highly reputable higher education institutions, both nationally and internationally. In academic year 2022-2023, nearly all graduates (98 percent) of CT ARSA Excellent High School pursued higher education, receiving scholarships from the CT ARSA Foundation or other sources, and completed their studies. Some even become outstanding students. Two alumni of CT ARSA Excellent High School have been recognized as the top Outstanding Students (Mahasiswa Berprestasi) at UI and ITB, which are the two top-ranked higher education institutions in Indonesia.

C. Comparative Study of The Pesantren Nurul Jadid and the Excellent CT ARSA Excellent School: SWOT Analysis relevant to the Goal of People's School, to alleviate poverty of low-income families

Based on in-depth interviews with stakeholders and a descriptive analysis of secondary data, the author uses a SWOT Analysis to describe two education models relevant to establishing the People's School. Both of these boarding school models are relevant to the People's School Program, to alleviate the poverty of low-income families. Pesantren has been a traditional boarding school model in Indonesia for hundreds of years, while SMA Unggulan CT Arsa represents a more modern form of boarding school.

1. Strength (S)

The Pesantren Nurul Jadid (PNJ) boarding school, as a standard education model in Indonesia, has strengths in the following aspects:

- (i) Its goal, vision, and mission represent a high commitment to strengthening society through character building;

- (ii) It maintains comprehensive access to education, meaning it never rejects students who qualify to become students (*santri*) but cannot afford the tuition and fees. Nurul Jadid boarding schools, primarily offering secondary education, provide scholarships to students who cannot afford tuition fees through cross-subsidization. Currently, approximately 8 percent of students in PNJ receive scholarships from the PNJ.
- (iii) PNJ boarding school has a business entity that can ensure the sustainability of educational funding.
- (iv) Winning a few regional and national-level awards
- (v) About 14 percent of total graduates continue to pursue higher education at the national level

Similarly, CT ARSA Excellent SMA in Sukoharjo has strength in the following aspects:

- (i) CT ARSA's Vision: The formation of excellent graduates who are independent, environmentally conscious, and apply values of faith through reliable management systems and human resources.
- (ii) CT ARSA conducts a rigorous recruitment process for principals, teachers, and students, thereby ensuring an educational process that can fulfill the vision of CT ARSA Superior High School, which is to produce outstanding graduates.
- (iii) Through a rigorous selection process, all selected students from the bottom 20 percent of income families in Indonesia are guaranteed to receive scholarships for three years at CT ARSA Excellent SMA.
- (iv) Students' performance is excellent: winning many awards from regional, national, and international levels
- (v) The graduates are proven excellent in science, technology, and most of them (98 percent of total graduates) continue to pursue higher education nationally and internationally.

From the above comparison, both PNJ and CT ARSA's education systems are based on strong ethical values, but differ in managerial and financial capacities and in outcomes: CT ARSA's Excellent SMA graduates have greater access to quality higher education institutions than SMA Nurul Jadid's graduates do.

2. Weakness (W)

The Nurul Jadid Islamic boarding school faces two main weaknesses. Firstly, funding limitations relative to those of the CT Arsa Foundation pose a challenge for Pesantren Nurul Jadid in securing sustainable funding through several Pesantren-related business activities and in providing an excellent education. Secondly, approximately 9 percent of graduates from SMA Nurul Jadid were accepted into quality universities in Indonesia (compared to 98 percent of graduates from SMA CT Arsa who were accepted into both national and international quality universities).

The CT ARSA Excellent SMA has secured sustainable financing for all students from low-income families, sourced from CT ARSA's Family through Zakat, Infaq, Sedekah, and Waqf. To apply this model to the People's School Policy, the Government of Indonesia should ensure sustainable financing through the government budget. There is a risk of unsustainable funding and development if the People's School changes.

Meanwhile, Pesantren Nurul Jadid's education model employs cross-subsidization to finance its scholarships and has several business activities that support its educational institutions; these activities contribute to the greater sustainability of its educational finance.

3. Opportunity (O)

There are numerous opportunities for Pesantren Nurul Jadid and CT Arsa Excellent SMA to participate in competitions at both the national and local levels. Both educational institutions need to strengthen their academic quality, and there are multiple opportunities to secure government or private projects.

4. Threat (T)

Following the passage of Law Number 18 on Pesantren in 2018, the number of Pesantrens increased from 21,321 in 2018 to 39,551 in 2025. Due to the intense competition among pesantren educational institutions, Pesantren Nurul Jadid still needs to strengthen its position as a quality school to improve education for low-income families.

CT Arsa Excellent SMA in Sukoharjo is an excellent model for poverty alleviation through investment in education, providing free education for children from low-income families through its high-quality boarding school.

Both schools are subject to government policies in finance and education. Any changes in the government's current policies could have a positive or negative impact on CT Arsa Excellent SMA. The risk of reduced government support for private education, due to efficiency measures in government spending and curriculum changes, for example, might affect all private education, including CT Arsa Excellent SMA and Pesantren Nurul Jadid.

Conclusion

Based on in-depth interviews with Principals at the central and school levels, and secondary support for the interviews, there are differences in the Principals' visions and missions, as well as in their implementation at the school level.

Firstly, a religious community-based model: Pesantren Nurul Jadid is an Islamic boarding school in Indonesia that is open to all students, regardless of socioeconomic background, and provides scholarships to students from low-income families. Pesantren Nurul Jadid offers formal schooling from PAUD to higher education levels and manages boarding schools at the secondary level (SMP, SMA, Madrasah Tsanawiyah, and Madrasah Aliyah).

Secondly, a private-led model; CT ARSA's Excellent SMAs, managed by the CT ARSA Foundation, focus on providing free education to all its students, who are from the 20 percent of the lowest-income groups. Based on the SWOT Analysis, SMA Unggulan CT Arsa is a superior model for boarding schools serving low-income families, as it produces outstanding graduates, particularly in science and technology. In the 2024/2025 school year, Indonesia has 14,675 Senior High Schools (SMA), of which 7,113 are SMA Negeri, which are publicly funded by the government budget. Meanwhile, Pesantren Nurul Jadid is a standard model for boarding schools in Indonesia. According to data from the Ministry of Religious Affairs, Indonesia has 39,551 pesantren, all of which are private organizations.

1. Recommendation for People's School (*Sekolah Rakyat*) Program

The people's schools were built at a rapid pace and in large numbers, reaching 100 units by mid-2025, with a target of 200 to 500 units for the next four years, or 50 to 100 units per year. For this, a relevant economic-educational model is needed that aligns with this policy's objectives. This study presents an economic-educational model that can serve as a basis for implementing, monitoring, and evaluating the People's Schools policy.

2. Recommendations for Further Research

More accurate further research can be conducted by applying a more comprehensive educational dataset, specifically to analyze process, outputs, and outcomes of education more comprehensively, including impact studies on the employment and incomes of scholarship recipients, studies on the quality of life of graduates, and studies on the impact on regional and national economic growth.

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