

STORY BOOKLET

Reforming Teacher Allowance Distribution: Government Ensures Timely Payment

September 2025

Teachers are the pillars of national education. To support their performance and enhance their welfare, the government provides a range of allowances for regional civil servant teachers (ASND). These include the Teacher Professional Allowance (TPG) for certified teachers, the Special Allowance for Teachers (TKG) for those serving in remote regions, and the Additional Income Allowance (Tamsil) for teachers who have not yet obtained certification.

In practice, however, the disbursement of these allowances often encounters difficulties. Many teachers wait not only days or weeks, but several months before their payments arrive, a problem reported widely across Indonesia. In one district in Sumba, East Nusa Tenggara, for instance, teachers in remote schools faced long waits for their professional allowance. When the payments were finally disbursed, Rp 1 million was deducted from each teacher's payment, raising concerns about the transparency and accountability of allowance management in remote areas.

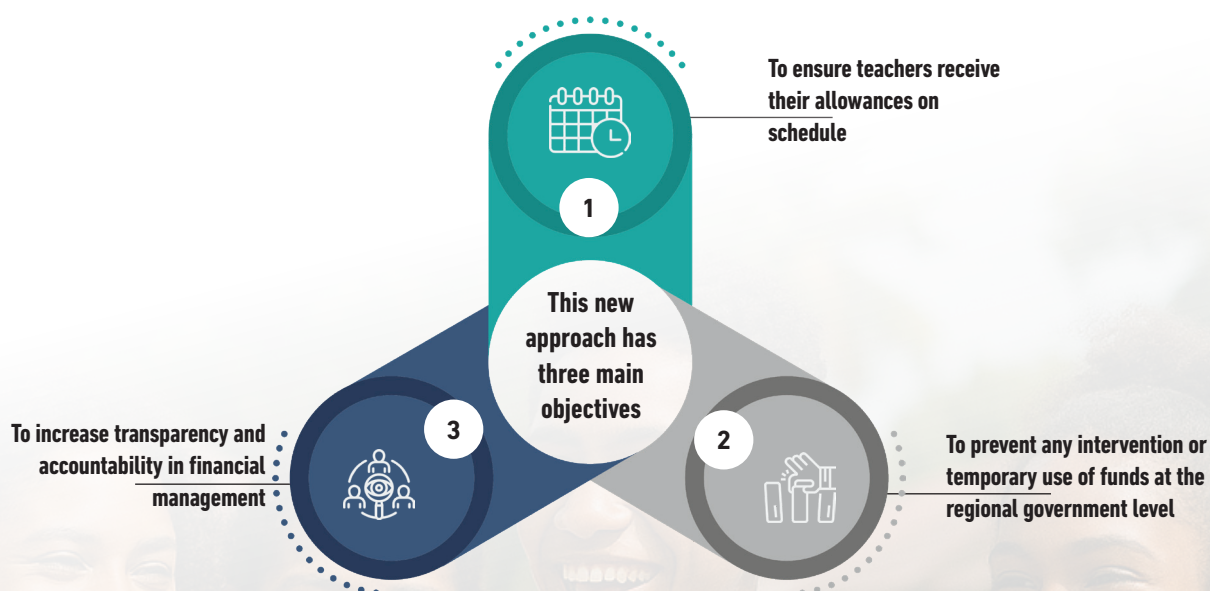
The main issue arises from the previous disbursement system, which required payments to be transferred through the Regional General Cash Account (RKUD) after being transferred from the State General Cash Account (RKUN). This process often led to delays, either due to administrative procedures or because the funds were temporarily diverted to other uses at the regional government level. As a result of these delays, payment schedules varied widely across regions, creating significant uncertainty for teachers.



For teachers, such delays are undeniably harmful. Professional allowances intended to supplement their income are not available when needed. Many must resort to borrowing or postpone payments for essential family and educational needs. The psychological impact is substantial, leaving teachers feeling undervalued and less motivated.

New Regulations: Direct Disbursement from the Central Government

In response to these issues, the central government has instituted major reforms to the teacher allowance disbursement system, as stipulated in Minister of Finance Decree No. 8/KM.7/2025 concerning the payment of ASND teacher allowances. As of March 2025, teacher allowances are no longer channelled through regional government accounts but are transferred directly from the national treasury to each recipient's bank account. President Prabowo Subianto formally launched the reform on 13 March 2025 as a strategic initiative to accelerate educational development, demonstrating the government's firm commitment to improving teacher welfare and advancing national education.



The reform also aligns with ongoing efforts to modernise and digitalise government financial systems. Through the use of validated recipient data and the national banking system, funds are now distributed more quickly, securely and directly to eligible teachers.

- **Ministerial Regulation No. 4 of 2025** updates technical guidelines for TPG, TKG, and Tamsil payments, explicitly stating that central government transfers must be paid directly into teachers' bank accounts.
- **Minister of Finance Decree No. 8/KM.7/2025** provides the legal basis for directly transferring and reporting teacher allowances for regional civil servants. It requires that transfers be made directly from the state treasury to teachers and took effect on 28 February 2025.
- **Minister of Finance Decree No. 62 of 2025** provides for the integrated deduction of the National Health Insurance (JKN) premium at a rate of 1%, performed at the central level before the allowance arrives in teachers' accounts. This ensures timely payments without imposing an additional administrative burden on regional governments.

Under these regulations, the government has introduced a quarterly schedule for allowance payments: March, June, September, and November. This system is designed to maintain teacher motivation in teaching and learning and ensure the delivery of quality education services to students.

As of August 2025, allowances had been distributed to over **1.5 million** teachers across Indonesia, with a cumulative value of **Rp 34.4 trillion**.

Positive Impact

Teachers are already feeling the benefits, with allowances now paid on time and deposited directly into their accounts, eliminating the previous lengthy procedure. This financial certainty enables better household management, supports educational planning for their children, and reduces economic pressure. It has also strengthened teachers' motivation, as they feel recognised and valued when their entitlements are delivered promptly. Teachers also face less administrative burden, as they can simply monitor their bank accounts instead of inquiring with education offices about their payment status.

Deputy Minister of Finance Suahasil Nazara said that teachers nationwide have warmly welcomed the change.

"We are receiving commendations because teachers genuinely see their accounts credited directly from the state budget. This is clear evidence of the government's presence," he noted. Data from the Ministry of Finance shows that, in the first quarter of 2025, **Rp 16.71 trillion** was distributed to **1.44 million** teachers across Indonesia, all on schedule.

Beyond supporting teacher welfare, the reforms deliver strategic benefits for the central government.

1

They improve transparency, as funds are no longer held in local treasuries. This reduces the risk of misuse and ensures every rupiah is fully accounted for.

2

They simplify oversight, with disbursement data available in real-time, allowing for swift evaluation and adjustment.

3

The policy's successful implementation reinforces public confidence in the government's commitment to teacher welfare and serves as a long-term investment in improving the quality of national education.

In addition to benefits for teachers, the direct transfer system has improved governance. Tax receipts from teacher allowances now flow back to the national treasury more quickly through automated deductions made at the point of payment. In the past, local governments often waited until the end of the fiscal year to remit tax receipts. Now the treasury can forecast revenue more accurately. As of August 2025, Rp 3.2 trillion in taxes had been recorded from teacher allowances. Similarly, health insurance premiums for teachers are deducted and paid directly by the central government, ensuring teachers have continuous access to healthcare services without delay or disruption.

Challenges and Collaboration

Nevertheless, the new system is not without challenges. Chief among these is ensuring the accuracy of recipient data. Reliable, up-to-date records from teachers, including their employment status and valid bank account details, are crucial for accurate payment. Even minor errors can result in misallocated payments or delays.

This requires robust cross-ministerial cooperation: the Ministry of Primary and Secondary Education is tasked with data validation, the Ministry of Finance oversees disbursement, and local governments continue to play a key role in updating teacher records. Teachers are also supported and educated on the importance of keeping their personal data up to date.

Reforming the disbursement of teacher allowances from the State General Cash Account directly to teachers' bank accounts is a strategic move worthy of recognition. The new scheme not only addresses chronic delays but also enhances national financial management by promoting transparency, accountability, effectiveness, and efficiency.

SKALA, the Australia-Indonesia Partnership Program for Accelerating Basic Services, has contributed technical input to the design of this transfer mechanism, working closely with both central and regional governments. The involvement of development partners has reinforced policy design for effective, on-the-ground implementation. The direct transfer approach is not only a solution to longstanding delays but also establishes a transparent, accountable, and efficient financial system.

If policy consistency is sustained, the benefits will grow. Teachers will be better supported and more motivated, students will receive improved services, and national educational outcomes will continue to improve. Indeed, the principles of direct and targeted disbursement may serve as a model for other basic service programs. With strong collaboration, this reform can be successfully implemented, ensuring teacher welfare, quality student services, and progress in Indonesian education.



SKALA
Sinergi dan Kolaborasi untuk Akselerasi Layanan Dasar
Kemitraan Australia - Indonesia

Sinergi dan Kolaborasi untuk Akselerasi Layanan Dasar (SKALA) is an Australia-Indonesia Partnership Program aimed at supporting the Government of Indonesia's efforts to reduce poverty and inequality by improving basic-service provisions to poor and vulnerable communities in less-developed regions.

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