

REDESIGNING ISLAMIC EDUCATION FUNDING IN THE WEST: THE SINGAPORE MODEL AND ITS RELEVANCE FOR ISLAMIC SCHOOLS

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Abstract: *The growing demand for Islamic schools in the West, particularly in the United States, highlights a grave challenge: the lack of sustainable funding models. With most Islamic schools relying heavily on tuition fees and community donations, financial sustainability remains a serious concern, often resulting in high costs, limited access, and lower educational quality. This paper explores how educational funding may be redesigned by turning to a practical example: Singapore. Though small, Singapore, as a Muslim-minority country operating under a secular framework, offers valuable lessons applicable to Western contexts. This study adopts a qualitative methodology, combining a literature-based thematic review with analysis of public financial data of Islamic schools in TX. It explores how more resilient funding mechanisms for Islamic schools might be designed. Drawing on the example of Singapore, the paper analyzes how Islamic schools there have achieved financial sustainability. This focuses on the integration of Waqf, Zakat, grants, tuition, regulatory frameworks, and other Islamic Social Finance (ISF) tools that promote long-term sustainability, forming a blended funding model. To ground this analysis in a real-world comparison, the study also reflects on the funding structures of Islamic schools in Texas, where similar financial challenges are unfolding. This paper aims to contribute to the emerging literature on sustainable Islamic education funding by extracting key strategies and lessons from Singapore education funding models, and provides practical insights for Islamic school leaders, donors, and policymakers working toward building strong Islamic educational resilience in the West.*

Keywords: Islamic Social Finance (ISF); Waqf; Islamic education; funding; Singapore; United States/US

1. Introduction

Over the past few decades, there has been an upsurge in the number of Muslims migrating to North America. The US Religion Census (2020) investigated the Muslim population to be 4.5 million. A 2019 survey identified approximately 2,771 mosques across the United States (Grammich et al., 2025), while the number of Islamic schools continues to increase. The

demand for qualified staff, leaders, and sustainable funding models also continues to rise (Azmat & Shatara, 2023). According to the Islamic Schools League of America (2022), there are more than 300 Islamic schools serving over 50,000 students in the United States.

One of the ongoing struggles of Islamic schools is funding for operational costs, which becomes a barrier to meeting educational standards. These private Islamic schools do not have access to public funding, unlike government-funded public schools that offer good-quality education without tuition fees (McCluskey, 2018). The primary source of funds is often tuition, followed by charitable donations and occasional state grants. (Mazhar, 2014) points out that affordability remains a concern—not only for families, but also for staff and instructors, who are often underpaid.

As Islamic schools evolve, they aim to improve credibility through better infrastructure and accreditation via organizations such as ISNA (Azmat & Shatara, 2023). However, academic literature exploring sustainable funding models for Islamic schools in the West is scarce. Even rarer are comparative studies that draw on effective funding strategies from global Muslim-minority contexts.

Singapore presents a remarkable example. Despite being a Muslim-minority country in a secular state—similar to the U.S.—it has developed a centralized funding model through Islamic Social Finance (ISF) tools like cash-waqf. According to World Population Review (2025), Muslims comprise approximately 15.6% of Singapore’s population of 5.8 million. Its successful funding approach offers valuable lessons for Islamic schools in the West seeking sustainability.

This paper explores how sustainable funding models can be developed for Islamic schools in the West, using Singapore’s model as a reference. It asks:

- How can we structure a blended funding model for Islamic schools in the West?
- What lessons can be extracted from Singapore’s model?
- How do the funding structures of Islamic schools in Texas compare?

The study adopts a qualitative methodology, combining a literature-based thematic review of Singapore’s model with document analysis of financial practices in Texas Islamic schools.

2. Literature Review

2.1 Global Islamic School Funding Challenges

In Indonesia, madrasahs constitute about 18% of all schools and serve about 13% of the total enrolled students. Despite legal equality with public schools, they face serious challenges, including poor infrastructure, insufficient funding, and a shortage of proficient teachers (Shaturaev, 2021). Without improvement in teacher training and institutional investment, sustainability remains a concern.

In Pakistan, Islamic education shapes students’ religious and moral identity but faces long-term issues like outdated curriculum, inadequate infrastructure, and funding shortages. Limited access to modern teaching tools also hinders growth, though there’s potential through innovation and public-private partnerships (Usman Afaq, 2023).

In the US, Islamic schools operate independently and lack public funding. Challenges include limited access to Islamic teacher training, professional development, and sustainable financial models. As demand for Islamic education increases, so does the need for qualified staff and funding (Shakeel, 2018; Azmat & Shatara, 2023).

Islamic schools in Muslim-majority and minority contexts still face critical infrastructural and financial challenges. While some sustainable education models exist in Muslim countries, few are adapted for minority contexts like the US.

2.2 Islamic Social Finance (ISF) Instruments

ISF refers to philanthropic and cooperative tools like zakat, waqf, sadaqat, qard hasan, and newer concepts like Islamic microfinance (Obaidullah & Shirazi, 2015).

Zakat and waqf are the most widely used tools in Islamic countries. Waqf, defined as a charitable endowment, can be categorized into public, family, or joint waqf (Cizakca, 2023; Ismail et al., 2023). Waqf assets may be movable (cash) or immovable (land/property) (Aziz et al., 2013).

Educational zakat in countries like Malaysia is distributed to eligible students, covering tuition, accommodation, food, and transport. It boosts literacy, equity, and upward mobility (Mohd Erfino Johari et al., 2024; Takril & Othman, 2020).

These ISF instruments, when structured correctly, can provide stable and equitable funding sources for Islamic educational institutions.

2.3 Education Funding Models in Muslim-Minority Countries

In Europe, funding policies vary: countries like Bosnia offer state funding for religious groups, while others, like the Netherlands, consider Islamic schools private affairs. In Germany, religious taxes support religious education (Berger, 2021).

In the US and France, Islamic schools rely on tuition and donations. The lack of legal recognition for Islamic social finance frameworks further limits their sustainability. Issues include curriculum control, representation, and long-term integration (Abu Dardaa et al., 2008; Maussen, 2007).

These examples show how state policy influences the financial model for Islamic schools and underscore the need for waqf-based or hybrid approaches that can balance autonomy with community accountability.

2.4 The Singapore Model: A Benchmark for Sustainable Islamic School Funding

Singapore's Wakaf Ilmu initiative (MUIS, 2012) channels cash-waqf into Shari'ah-compliant investments. Profits—not principal—are disbursed to six full-time madrasahs. By 2019, SGD 14.8 million had been generated from an initial SGD 1.96 million (Listiana & Alhabshi, 2020).

MUIS also oversees zakat and manages religious finances under the Administration of Muslim Law Act (AMLA), enabling madrasahs to receive around 50% of their funding through ISF sources like waqf, sadaqah, and infāq (Hamber & Haneef, 2017).

This model demonstrates how financial sustainability is possible even in secular, Muslim-minority contexts. Its structured waqf investments and centralized administration offer a replicable framework for regions like Texas.

3. 3. Methodology

This study adopts a qualitative methodology, employing a comparative case study approach to explore sustainable funding models for Islamic schools in Muslim-minority contexts. It focuses on two specific regions: Singapore, which represents a structured and sustainable model built around Islamic Social Finance (ISF), and Texas, USA, where Islamic schools operate privately and independently, without state funding and rely on tuition and community donations.

Two main techniques were used. First, a literature-based thematic review examined the Singaporean case, including institutional reports from the Majlis Ugama Islam Singapura (MUIS), literature on the Wakaf Ilmu initiative, and key academic works documenting how ISF tools—particularly cash waqf—are structured and implemented. Second, document analysis assessed funding practices of selected Islamic schools in Texas using school websites, public reports, and, where permitted, private financial records shared with consent.

Data from both contexts were coded and analyzed thematically across five themes: (1) funding structure, (2) use of ISF tools, (3) regulatory support, (4) community engagement, and (5) financial sustainability. The comparison aimed to highlight adaptable strategies that Islamic schools in Western contexts might adopt based on Singapore's model.

Limitations include reliance on secondary and documentary sources, with no primary data collected through interviews or direct engagement. While this narrows experiential insight, the document-based approach still offers a structured overview of funding models. Future research could incorporate interviews with school administrators, Islamic finance professionals, community leaders, and policymakers to enrich findings and assess implementation feasibility.

4. 4. Case Study: Singapore's Structured Waqf-Based Funding Model

Singapore, despite being a Muslim-minority country under a secular framework, has developed one of the most sustainable funding models for Islamic education. With a Muslim population of around 15.6% out of 5.8 million (World Population Review, 2025), Singapore has effectively utilized Islamic Social Finance (ISF) instruments to fund six full-time madrasahs.

The backbone of this system is Wakaf Ilmu, launched by the Majlis Ugama Islam Singapura (MUIS) in 2012. The program collects cash-waqf donations and invests them in Shari'ah-compliant avenues.

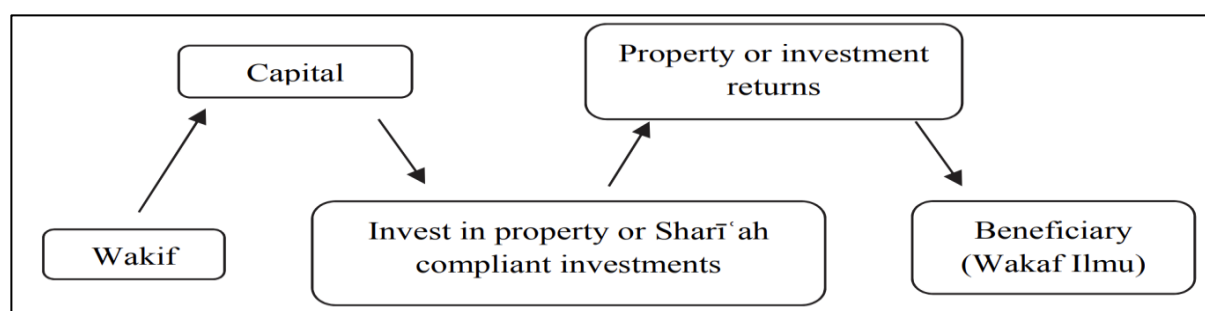


Figure 1: Modus Operandi of Waqf Ilmu (Hamber & Haneef, 2017)

Instead of distributing the capital, only the investment returns are used to fund beneficiaries, primarily Islamic schools and mosques. This ensures a sustainable income while preserving capital. By the end of 2019, SGD 14.8 million in profit was generated from an initial SGD 1.96 million (Listiana & Alhabshi, 2020).

Madrasahs receive about 50% of their funds through ISF sources, including sadaqah, infāq, and cash-waqf. MUIS manages these under the Administration of Muslim Law Act (AMLA), which empowers MUIS to supervise awqāf under Shari'ah law. Waqf proceeds also support mosques (47%) and social welfare (9%) (Hamber & Haneef, 2017).

What distinguishes Singapore's model is its institutional centralization and financial governance. Unlike many Western Islamic schools that rely on tuition and donations, Singapore's madrasahs benefit from pooled waqf capital, managed investments, and stable income distribution. According to Nasar et al. (2020), the Wakaf Ilmu model is among the most successful globally in scale, structure, and supervision.

This demonstrates that financial sustainability is achievable in Muslim-minority contexts when supported by strong institutions and Islamic finance tools. The model offers insights for Western Islamic schools seeking sustainability, independence from tuition models, and long-term funding resilience.

5. Case Study – Texas Islamic Schools and Financial Sustainability Challenges

This section discusses Islamic schools in Texas, their funding structure, financial challenges, and demographics using public data and private reports.

5.1 Educational and Demographic Landscape

Texas is home to one of the largest Muslim communities in the U.S., with around 313,000 Muslims as of 2020 (World Population Review, 2024). Communities in Houston and Dallas-Fort Worth host over 100 mosques and more than 30 private Islamic schools (Salatomic, 2024; ISGH, 2023). These schools address a rising demand for Islamic education but operate under fragile and unsustainable funding conditions.

5.2 Funding Structure and Financial Challenges

Unlike public schools that benefit from the Foundation School Program (FSP)—which allocates \$51 billion in state and local tax revenue (Texas Education Agency, 2022)—Islamic

schools in Texas rely on tuition, community donations, and occasional grants, with no structured or centralized model.

While some schools pursue limited grants (e.g., Spring Branch Title Funds), access is rare and unpredictable. Most lack endowments or investment strategies, leaving operations vulnerable.

- **One Houston Islamic school** (220 students) reported \$2.25 million in expenses for 2024–2025, with 75% allocated to salaries. Despite strict budgeting, it faced a \$295,000 deficit, mainly due to campus operations and loan repayments (Personal communication, April 28, 2025).
- **Brighter Horizons Academy (BHA)** in Dallas, managed by the Islamic Services Foundation (ISF), demonstrates a more structured approach. In 2024, it reported \$12.5 million in revenue (75% tuition, 10% donations, 8% from services, 6% events) and \$12.47 million in expenses, with payroll making up 69%. ISF has also built an endowment invested in Shari’ah-compliant portfolios, mimicking waqf structures (Islamic Services Foundation, 2024).

While BHA exemplifies funding diversification, it remains an outlier. Most schools across Texas operate year-to-year, limiting growth, staff development, and infrastructure planning.

5.3 Summary

These cases underscore a major challenge: Islamic schools in Texas lack centralized financial models and remain dependent on tuition and fundraising. Without institutional support or endowment governance, most schools struggle with long-term planning.

As demand grows, especially in cities like Houston and Dallas, the need for sustainable financial structures becomes critical. While public funding remains inaccessible, Islamic social finance (ISF) instruments—particularly waqf and zakat—offer viable alternatives. Singapore’s model provides a scalable example for adaptation in Western Muslim-minority contexts.

6. 6. Comparative Discussion – Singapore and Texas Islamic School Funding Models

To understand how Islamic schools in Muslim-minority secular countries can achieve financial sustainability, this section compares Singapore and Texas across five key themes: funding structure, Islamic social finance (ISF) tools, state support, community engagement, and sustainability.

6.1 Funding Structure

In Singapore, Islamic schools benefit from a centralized model under the Wakaf Ilmu initiative, founded by MUIS. Funds are collected through cash-waqf, invested in Shari’ah-compliant portfolios, and disbursed annually. This separates capital from operational income, ensuring long-term stability.

In Texas, Islamic schools operate under a decentralized structure, relying on tuition and community fundraising. Some schools try to diversify through services like books and events, but most remain financially unsustainable due to limited donations and enrollment.

6.2 Use of ISF Instruments

Singapore has a structured usage of ISF tools. Wakaf Ilmu is a prime example of a cash-waqf model where capital is protected, and returns are used for madrasahs. MUIS also integrates zakat, though its use in education is limited.

In Texas, ISF tools like waqf and zakat are rarely used in an organized way. A few schools like BHA have endowment-like structures, but most lack formal waqf frameworks or centralized management due to low awareness and infrastructure.

6.3 State Support and Regulation

Singapore, though secular, provides legal backing through the AMLA Act, allowing MUIS to manage awqāf. Islamic schools integrate the national curriculum and benefit from standardized oversight.

In Texas, Islamic schools are private, with no state funding or recognition. They operate independently and only access limited grants. No legal framework supports ISF or endowment regulation.

6.4 Community Engagement

Both contexts rely on community support. In Singapore, philanthropy is institutionalized through MUIS and channeled via cash-waqf, aligning with Islamic principles. In Texas, fundraising is decentralized. Though community involvement is high, it leads to fragility due to donor fatigue and a lack of unified efforts.

6.5 Sustainability and Resilience

Singapore's model shows high financial resilience. Stable returns allow long-term planning, staff development, and curriculum improvement. Texas schools, by contrast, remain fragile. A single deficit can create crises. While BHA shows promise through an endowment approach, most schools lack such resilience due to unstructured ISF tools.

6.6 Summary of Key Differences Between Singapore and Texas

- **Funding Structure:** Singapore has a centralized waqf-based model (through MUIS); Texas relies on a decentralized, tuition-driven, unstable model.
- **ISF Tools:** Singapore has a strong use of cash-waqf instrument and limited Zakat; Texas schools use the waqf instrument rarely.
- **State Support:** Singapore schools have a recognized legal framework (via AMLA); Texas Islamic schools have no recognized legal framework.
- **Community Engagement:** Singapore uses institutionalized philanthropy; Texas uses school-based philanthropy, which is fragmented.
- **Financial Sustainability:** Singapore's model allows long-term planning and sustainability; Texas's model remains unsustainable and reliant on tuition.

This comparison shows that centralized governance, structured ISF integration, legal support, and coordinated philanthropy are key to sustainability. Singapore's model offers a blueprint

for Muslim-minority regions like Texas, where Islamic education is growing but lacks the financial infrastructure for long-term growth.

7. Proposed Blended Funding Framework and Strategic Recommendation

This comparative analysis highlights the urgent need for sustainable funding structures for Islamic schools in the West. While Texas schools primarily rely on tuition and fundraising models that lack long-term viability, Singapore's success lies in its centralized, waqf-integrated funding approach. Drawing from this, the following section proposes a blended model suitable for Western Islamic schools and outlines a practical implementation pathway.

7.1 Blended Funding Model and Implementation Pathway

A sustainable model should incorporate six key funding streams:

- (1) **Tuition** remains essential but must stay accessible, with flexibility achieved through installment plans and Zakat aid.

- (2) **Zakat** should be directed to eligible low-income students via appropriate niyyah from donors; schools cannot own or manage Zakat, and funds must be disbursed directly to guardians, not used for operations or salaries.

- (3) **Sadaqah and Infaq**, collected through fundraisers, can support staffing, operational expenses, and infrastructure.

- (4) **Waqf (Cash Endowments)** should be developed individually or jointly with masjid or Islamic trusts and invested in Shari'ah-compliant vehicles. Only profit—not principal—should fund operations, following Singapore's Wakaf Ilmu model.

- (5) **Grants and Vouchers** require schools to align with eligibility standards while advocating for voucher systems to ease tuition burdens for low-income families.

- (6) **Auxiliary Income** can be generated via events, workshops, and Shari'ah-compliant ventures, adding small but valuable supplementary funds.

To implement this model, schools should launch pilot cash-waqf projects with professional oversight and community involvement and collaborate regionally to form joint waqf management bodies. Zakat should be integrated through formal partnerships with Islamic organizations using structured disbursement systems.

7.2 Strategic Recommendations by Stakeholder

- **School Leaders:** Initiate cash-waqf; publish transparent budgets; educate staff on waqf management; develop auxiliary programs.
- **Donors & Philanthropists:** Shift from short-term to waqf-based giving; support organizational development; contribute with long-term impact in mind.
- **Community Organizations:** Lead pooled waqf management; promote ISF tools like waqf; support smaller schools with shared infrastructure.
- **Policymakers:** Establish legal frameworks for Islamic endowments; expand educational vouchers; ensure equitable access to grants.

8. Conclusion

This paper examines the financial challenges Islamic schools face in Western contexts, using Texas as a focal point. It contrasts them with Singapore's sustainable funding model rooted in Islamic Social Finance (ISF). While schools in Texas operate under fragile, tuition-dependent systems, Singapore's madrasahs thrive through centralized, waqf-based mechanisms that generate consistent returns. This comparison illustrates that the issue is not the availability of funds, but how they are structured, governed, and invested to achieve long-term impact. Drawing from these insights, a blended funding model was proposed—one that integrates tuition, zakat, sadaqah, waqf, grants, and auxiliary income, supported by collaboration and institutional planning. With the adoption of such a model, Islamic schools in the West can reduce financial instability, move beyond survival, and establish sustainable pathways that preserve educational quality and community trust for future generations.

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