

ABSTRACT

Human development has become an indicator for the progress of a region. The increase in the HDI that occurred in Central Java Province is a good step from the development results that have been carried out, but the HDI value in Central Java Province is still below the national HDI value. For this reason, the government's commitment to building welfare through government spending is needed. This study aims to analyze the effect of government spending on the education sector, health spending, and poverty rates on the human development index in 35 regencies/cities in Central Java Province in 2012-2021.

The analytical method used in this study is panel data regression using the Fixed Effect Model (FEM) with the Generalized Least Square (GLS) weighting method. The dependent variable used in this study is HDI, while the independent variables are education spending, health spending and poverty levels. The type of data used is secondary data in 35 regencies/cities in Central Java from 2012-2021 obtained from BPS and the Director General of Fiscal Balance of the Ministry of Finance.

The results in this study are that partially the education expenditure variable has a positive and significant effect on HDI. The health expenditure variable has a positive and significant effect on HDI. The poverty level variable has a negative and significant effect on HDI. Meanwhile the results of the study simultaneously show that the variables of education spending, health spending, and poverty rates together have a significant effect on HDI.

Keywords: Human Development Index, Education Expenditure, Health Expenditure, Poverty Level.