

## **ABSTRACT**

*This study aims to analyze the effect of fiscal decentralization and government size on economic growth in districts/cities in Central Java province during 2018-2022. This study measures fiscal decentralization through 2 indicators, namely the revenue indicator measured by DAU, DAK and DBH and the autonomy indicator measured by the degree of fiscal decentralization, then the government size variable is used as an expenditure indicator measured by the comparison between district or city government expenditure and the GRDP of the district or city, and economic growth measured by the level of GRDP at constant prices. Using panel data regression analysis with the fixed effect model (FEM) method, the results show that only DAU and DAK have a significant positive effect on economic growth, while DBH does not have a significant effect on economic growth in the revenue indicator, but the degree of fiscal decentralization variable as an indicator of autonomy has a significant positive effect. Then government size as an expenditure indicator has a negative and significant effect on economic growth. And the control variables in the form of population and education have a significant positive effect while the workforce variable does not have a significant effect on the economic growth of districts/cities in Central Java province in 2018-2022. Based on the empirical results of this study, it can be concluded that the variables of fiscal decentralization and government size have a joint effect on the economic growth of districts/cities in Central Java Province in 2018-2022.*

*Keywords : Fiscal Decentralization, Government Size, Population Growth, Labor, Education Spending Ratio, Economic Growth*