

ABSTRACT

Human development and community welfare are fundamental goals of regional development and are commonly measured using the Human Development Index (HDI). This study aims to analyze the effect of Balancing Funds, Regional Original Income (PAD), and Capital Expenditure Allocation on Community Welfare, as measured by the HDI. The research population comprises all province in Indonesia, with a sample of 34 provinces observed from 2020 to 2024.

This study employs a quantitative method with a Spearman Rank test approach to examine the relationship between independent and dependent variables. The data used is secondary data obtained from the official websites of the Directorate General of Fiscal Balance (DPJK) and Statistics Indonesia (BPS).

The research result show that Balancing Fund has a positive and significant effect on Community Welfare, Regional Original Income has a positive and significant effect on community welfare, and Capital Expenditure Allocation also has a positive and significant effect on community welfare. These findings indicate that regional financial management policies, particularly in optimizing PAD and utilizing Balancing Funds, should be directed toward improving the quality of human development in each province of Indonesia.

Keywords: *Balancing Funds, Regional Original Income, Capital Expenditure, Community Welfare, Human Development Index*

