

ABSTRACT

Central Java Province has 35 regencies or cities, with abundant sources of income and natural wealth in each region. Therefore, a study was conducted which aims to identify and prove empirically the influence of the General Allocation Fund (DAU), Special Allocation Funds (DAK), and Original Local Government Revenues (PAD) on Direct Expenditures in Districts / Cities in Central Java Province. The object of this study consisted of 35 districts / cities in Central Java Province and the data used was taken in 2013-2017.

The data used in this study are secondary data sourced from the District / City APBD Realization Report document in Central Java Province obtained from the Central Java Supreme Audit Agency (BPK). In this APBD Realization Report, data is obtained regarding the amount of realization of the General Allocation Fund (DAU), Special Allocation Funds (DAK), Pendapatan Asli Daerah (PAD), and Direct Expenditure which consists of 3 components of expenditure, Employee Expenditures, Goods and Services Expenditures, and Capital Expenditures. The sampling method in this study by taking all the population which was then analyzed using multiple linear regression analysis and classical assumption test.

The results of this study indicate that the General Allocation Fund (DAU) and Regional Original Revenue (PAD) have a positive and significant effect, while the Special Allocation Fund (DAK) has a non-significant result of Direct Expenditure. The aim of this study is to find out which income can be extracted in order to increase public welfare and regions with direct expenditure.

Keywords: General Allocation Funds (DAU), Special Allocation Funds (DAK), Pendapatan Asli Daerah (PAD), Direct Expenditures, Local Government.