

ABSTRACT

Human Development Index (HDI) in 35 districts / cities in Central Java Province is still to be relatively low. Human development index in Central Java just being in four position from six Provinces in Java. However, if seen from the budget allocations from local governments of Central Java especially in education and health sector from year to year trend shows increasing. The low of quality human development in Central Java because people are still not enough to enjoy it directly from the budget allocation issued by the local government, especially in the education and health sectors.

The purpose of this research is to analyze the effect of regional GDP and budget allocations in the education sector and health sectors that influence to HDI in Central Java . In analyzing this research used data as regional GDP, education and health budget allocation. The analytical method this research used multiple linear regression models with a simple least square method or the Ordinary Least Square (OLS) and used fixed effect model. The data used in this research is panel data in the period of 2010-2014.

The results show that the regional GDP variable positive and significant influence to Human Development Index in Central Java. Education budget variable positive and significant influence to Human Development Index in Central Java which means if education budget increase the Human Development Index in Central Java will increase too . While the health budget variable not significant positive influence to human development index in Central Java , this happens because government allocated to health only by 5 % and its community had not experienced directly. So that the increase in government spending each year showed no significant influence to Human Development Index in Central Java.

Keywords : Human Development Index (HDI), Regional GDP, Government spending on education and health, Regression on Panel data