

## *ABSTRACT*

Policy of regional autonomy is determined by thinking it can improve the financial independence of local governments. But in reality, the 2004-2008 data showed that the level of financial independence districts in Central Java Province, is still low as indicated by the decrease of the realization of the PAD, TPD, and the decrease in the realization of local taxes and levied in the region, and the increased proportion of revenues DAU. This study aimed to analyze the acceptance of the PAD and the financial ability districts in Central Java Province, between before and after decentralization.

The research object is the 35 District in Central Java Province, the acceptance of the PAD and the ability of time series covering the period 1994-2008. The research data in the form of PAD, development spending, budget, taxes, levies, GDP, BHPBP, DAK, DAU, TPD obtained from BPS, Central Java Province in Figures 1995 to 2009. Data analyzed by using descriptive analysis, Mann-Whitney U, and the quadrant method

The results are (1) there are significant differences in local revenues between before and after decentralization, unless the ratio of PAD. After decentralization, local governments are trying to increase revenue through increased revenue receipts taxes and levies. Nevertheless, the increase in local revenue receipts are not automatically increase the contribution of PAD in the budget. (2) There are differences in financial capability is a significant area between before and after decentralization, except share index. Local governments in the era of regional autonomy to increase acceptance of PAD. Nevertheless, the increasing acceptance of the PAD has not been a great contribution in the budget. (3) Before regional autonomy in mind that most (88.57%) regions have a low financial capability, so it is still relying on funds from the center to finance capital expenditure. Conditions are still going on until after the regional autonomy, even the number of regions that have the financial capability of low-rise area (from 88.57% to 91.43%).