

ABSTRACT

In reducing interregional inequalities in public services, the Government transferring funds to the regions through multiple mechanisms, such as General Allocation Fund (DAU) and Special Allocation Fund (DAK). This study aims to demonstrate empirically that General Allocation Fund (DAU), Special Allocation Fund (DAK), and the level of public welfare (represented by per capita income) take effect on improving access to education as measured through Gross Enrolment Rate (GER) elementary school level. Sampling in this study using a purposive method, with a total sample of 20 districts and 3 cities from populations of 35 local government in the province of Central Java at 2003-2008. This study uses panel data regression with random effect model (REM) approach to analyze the data. Results of statistical tests shows that the DAU and Per Capita Income gave significantly and positive effect to the elementary school level of GER.

Keywords: General Allocation Fund, Special Allocation Fund, Gross Enrollment Rate, Random Effect Model, Central Java