



The Influence of The Regional Revenue and Expenditure Budget (APBD) on Poverty in Simalungun District

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ABSTRACT

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The influence of regional APBD revenue and expenditure budgets on poverty in Simalungun Regency. This research was conducted in Simalungun Regency with the aim of analyzing the influence of the APBD on the poor population of Simalungun Regency. The results of this study are : 1).The APBD of Simalungun Regency has a positive and significant effect on the growth of PDRB in Simalungun Regency. The APBD regression coefficient value for GRDP growth is 0.0008 which means that every 1 billion rupiah increase in the APBD of Simalungun Regency will have an effect on the increase in the GRDP growth of Simalungun Regency by 0.0008 billion rupiah or every increase in the Regional Budget of Simalugn Regency of 1 billion rupiah will have an impact on an increase in the APBD growth of Simalungun Regency by 0.8%. This means that the greater the growth of the Simalungun Regency APBD, the greater the growth rate of Simalungun Regency. 2) The Regional Budget of Simalungun Regency does not have a positive effect on the growth of the poor in Simalungun Regency. The APBD regression coefficient value for the poor is -7.405, which means that every 1 billion increase in the APBD of Simalungun Regency will reduce the number of poor people in Simalungun Regency by 7,405 people. This means that the greater the amount of APBD expenditure in Simalungun Regency, the less the number of poor people will be.

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1. Introduction

Regional autonomy gives the widest possible authority to the regions to regulate and develop their own regions. Benyamin Hoesein (1993) defines regional autonomy as government by and for the people in the national territory of a country informally outside the central government. Meanwhile, Philip Mahwood (1983) argues that regional autonomy is a regional government that has its own authority which is separate from the authority delegated by the government to allocate substantial material resources regarding different functions. Based on Law Number 32 of 2004, it is stated that regional autonomy is the authority of the regions to regulate and manage the interests of the local community according to their own initiatives based on the aspirations of the community in the ties of the Unitary State of the Republic of Indonesia.

The APBD contains the regional revenue and expenditure policies in one fiscal year. Revenue from local revenues, both from within and from outside the region itself, will serve as the basis for direct and indirect learning of various regional programs and activities. The indirect expenditure policy is intended to finance regional expenditure policies to finance regional salaries and routine expenditures, while the direct expenditure is intended to finance regional development capital expenditures that directly affect the real community / sector.

The policy on the use of the APBD to finance development depends on the region itself. Success is not measured by the size or size of development spending, but by the accuracy of the development targets implemented. However, the bigger the APBD of a region, the greater the opportunity for these regions to develop and develop their respective regions.



Several previous studies have tried to analyze how the influence or relationship of development budgets on the development of an area is measured from various indicators. Simanjuntak (2006) tries to analyze the effect of PAD and DAU on economic growth in Labuhan Batu Regency. From the results of his research, it was found that PAD and DAU had a positive and significant effect on economic growth in Labuhan Batu Regency. In contrast to the results of research conducted by Ramzuhri (2008) which tries to analyze the effect of capital expenditure growth on economic growth in six districts in North Sumatra Province, namely Toba Samosir, Mandailing Natal, Tapanuli Selatan, Tapanuli Tengah, Labuhan Batu and Asahan. From the results of his research, it was found that there was no effect of growth in capital spending on economic growth. This shows that not all development success is determined by the amount of development spending, but the most important thing is how the use of development funds is allocated for targeted development funding.

Simalungun Regency is one of 33 regencies / cities in North Sumatra Province. Simalungun Regency with an area of 4,386.6 km² contains a population of 830,986 people in 2013. Simalungun Regency is one of the largest districts in North Sumatra Province, consisting of 31 sub-districts. Meanwhile, if it is related to the reduction of poverty in Simalungun Regency, the distribution of APBD is considered not able to properly reduce the poverty rate in Simalungun Regency where the number of poor people in this area is still quite large.

Based on the background description of the problem of diatas, the researcher wanted to further examine how the APBD variable against regional development variables that occurred in Simalungun Regency by raising the research title "THE EFFECT OF APBD on poverty in Simalungun Regency".

2. Literature Review

2.1 Regional Revenue and Expenditure Budget (APBD)

A budget is a planning tool regarding future expenditure and revenue or income, generally a budget is prepared for activities for one year. Not only as a planning tool, the budget can also be used as one of the benchmarks in supervising or controlling future income and expenditure. Regional revenue and expenditure budget, hereinafter referred to as APBD, is an annual regional government financial plan approved by the regional people's representative council.

In accordance with the principle of decentralization in state administration, the power of the president is transferred to the Governor / Regent / Mayor as the manager of regional finances. Henceforth, the local government submits a draft regional regulation on APBD.

Since 1967 the regional income and expenditure budget plan (RAPBD) has been prepared and comes into effect from 1 April to 31 March of the following year. However, specifically for the year 2000 the budget starts April 1 and ends December 31. For the following years, the budget starts January 1 and ends December 31, as it was before 1967/1968.

Based on the structure according to Baswir (1999: 40), the budget can be divided into:

- a. The divided budget
- b. The comprehensive budget

In a disaggregated budget, the separation of the budget components is presented with a clear dividing line into the routine budget and the development budget. A comprehensive budget is a single budget that includes the activities of the government as a whole. The advantage of this comprehensive budget is that the alkalization of funds can be carried out more rationally, namely by evaluating the funds as a whole.

In the Republic of Indonesia Law no.22 of 1999 chapter VIII, article 78 states that the implementation of the duties of the regional government and the Regional People's Representative Council (DPRD) is financed from and at the expense of the regional expenditure budget (APBD) while the government (central) task organizer regions financed and at the expense of the State Budget (APBN).

Regional Income

Regional finance includes policies, management, administration and all other actions that may cause an increase or decrease in regional property in the context of implementing regional rights and obligations, whether in the form of money, goods or everything.

Which can be valued in money (Law No. 5 of 1974)

Pamudji (1989: 56) argues that local governments will not be able to carry out their functions effectively and efficiently without sufficient costs for service members and development. According to Syamsi (1986: 61), regional finance is one of the criteria to determine the real ability of a region to manage its own household. Hasibuan (1991; 20) states that the regional revenue and expenditure budget is defined as a regional government financial operational plan in which one party describes the highest estimated expenditure to finance regional activities and projects in a particular budget and on the other hand describes the estimated revenue and regional revenue sources to cover the said expenses.

To be able to meet adequate finance, Alfians Lains (1995: 59) explains that regional income sources can be obtained in several ways:

- a. By collecting blood tax that has been approved by the central government.
- b. By making loans from third parties, the money market or banks or through the central government.
- c. Take part in the central tax revenue collected by the regions
- d. Local governments can increase certain central tax rates
- e. Receiving assistance or subsidies from the central government.

In the framework of regional autonomy, according to article 79 of Law No. 22 of 1999 concerning regional governance and article 3 of Law No. 25 of 1999 concerning financial balance between regional governments in implementing decentralization are:

2.2 Local revenue

a. Local tax

According to Law No. 28 of 2009, local taxes, hereinafter referred to as taxes, are compulsory contributions to darh owed by individuals or entities that are compelling based on law, without receiving direct compensation and used for regional needs for the greatest prosperity. people. Based on Law number 28 of 2009 district / city taxes are divided into the following, hotel tax, restaurant tax, entertainment tax, advertisement tax, street lighting tax, non-metal mineral tax and assistance, parking tax, groundwater tax, wlet's nest tax. , land and building tax for rural and urban areas, and tax on the acquisition of land and building rights.

b. Regional levies

The central government again issued a regulation on regional taxes and levies, through law number 28 of 2009. With this law, Law number 18 of 1997 has been repealed, as amended by Law number 34 of 2000. The enactment of the new regional tax and levies law in on the one hand, it provides regional benefits with new sources of income, but on the other hand, there are several sources of local revenue that must be removed because the regions may no longer be collected, especially from local retribution. According to Law Number 28 Year 2009 in total, there are 30 types of levies that can be collected by regions which are grouped into 3 categories of fees, namely public service fees, public service fees, and certain licensing fees. a) Public service levies, namely services provided or provided by local governments for the purpose of public interest and benefit and can be enjoyed by individuals or entities, b) Business service levies are regional levies as payment for business services specifically provided and / or provided by the government regions for private interests, c) Certain licensing levies are regional levies as payment for certain permits specifically granted by local governments for private or corporate interests.

c. Proceeds from the management of separated wealth

Law No. 33 of 2004 clarifies the types of proceeds from the management of separated regional assets, detailed according to the object of income which includes the share of profits on equity in companies owned by blood / BUMD, the share of profits on capital participation in state-owned companies / BUMN and the share of profits on investment capital in owned companies.

d. Other legal income from private or community groups.

According to Law number 3 of 2004, it describes legal regional original revenue, provided to budget regional revenues that are not included in the type of regional tax, and the results of separated regional wealth management. Halim (2004) states that this type of income includes the following revenue objects: a) The proceeds from the sale of regional assets that are not separated, b) Receipt of current accounts, c)



interest income, d) fines for late execution of work, e) receipt of compensation for losses / losses regional wealth.

2.3 Balancing Fund

a. And for the results

Profit sharing funds (DBH) are funds sourced from APBN revenues allocated to regions by taking into account the potential of producing regions based on a certain percentage figure to finance regional needs in the context of implementing decentralization.

- 1) DBH tax originating from taxes consists of, land and building tax (PBB), duties on transfer of rights to land and buildings (BPHTB), income tax for individual domestic taxpayers (PPH WPOPDN) and income tax article 21 (PPH 21).
- 2) Natural resources (SDA) that come from tax consists of forestry, general mining, fishing, petroleum mining, natural gas mining, geothermal mining.

b. General allocation funds

The general allocation fund (DAU) is an amount of funds allocated to each autonomous region (province / district / city) in Indonesia annually as a development fund. DAU is one component of revenue in the APBD. The purpose of the DAU is to equalize financial capacity between regions to fund the needs of autonomous regions in the context of implementing decentralization. General allocation funds consist of: general allocation funds for provincial regions and general allocation funds for district / city regions.

As for the amount of general allocation funds each year is determined based on the presidential decree. Each province / district / city receives DAU with different amounts, and is detailed in a government regulation. The amount of DAU is calculated using a complex statistical formula / formulation, including the variable number of population and the area of the area in each area.

2.4 Daerag Loans

The basic concept of regional loans in PP 54/2005 and PP 30/2011 in principle is derived from Law 33/2004 on Fiscal Balance between the Central Government and Regional Governments. The law states that in the context of implementing regional autonomy and fiscal decentralization, to provide alternative sources of financing for local governments to accelerate regional economic growth and improve services to the community, local governments can make loans. However, loans have various risks related to physical, interest rate risk, refinancing risk, exchange rate risk, and operational risk, so the Minister of Finance as the national physical manager determines the boundaries and guidelines for regional loans.

Measuring spending efficiency is not easy. Apart from seeing the proportion of routine and development expenditures, it is also necessary to look at the composition of expenditures. Thus efficiency cannot be seen through one particular indicator but from several indicators simultaneously. Several indicators that can be used to see the extent to which the efficiency of government spending include: 1) The proportion of routine expenditure and development expenditure to gross domestic product, 2) Comparison of routine expenditure and development expenditure, 3) Composition of routine expenditure (Susanti, et al, 1995)

In a situation like this, it causes many public services to be run inefficiently and not in accordance with the demands and needs of the public, while the funds in the regional budget which are basically public funds (Public money), are completely spent. In the long term, this condition tends to weaken the role of local government as a simulator, facilitator, coordinator and entrepreneur (entrepreneur) in the regional development process. Apart from being inefficient, the work program being implemented has not been built on the basis of the demands of the real needs in the field (Mardiasmo, 2002).

Mudrajat Kuncoro (2000: 101) states that poverty is a classic problem faced by all countries in the world. Inequality in income distribution is the main cause of poverty.

Bappenas (2004) defines poverty as a condition in which a person or group of people, men and women, is unable to fulfill their basic rights to maintain and develop a dignified life. The basic rights of rural communities include, among others, the fulfillment of their needs for food, health, education, employment, housing, clean water, land, natural resources and the environment, a sense of security from treatment or threats of violence and the right to participate in socio-political activities. , both for women and for men.

3. Research Methods

This research is a quantitative descriptive study, where the researcher uses descriptive techniques to describe the real conditions that actually occur by using numbers which are then processed through statistical tests. The scope of this research is focused on the influence of the APBD on the regional development of Simalungun Regency by looking at the indicators of PDRB, poor people and HDI during 2004-2003.

4. Discussion

Data from the regional income and expenditure budget of Simalungun Regency from 2004 to 2005 shows an increase every year. The composition of regional revenue as stated in the APBD consists of Regional Original Income (PAD), Balancing Funds and other legal regional revenues.

Local Own Revenue (PAD) comes from taxes and levies. Meanwhile other legal regional income comes from provincial financial assistance as well as provincial revenue-sharing funds.

The increase in regional revenue of Simalungun Regency every year is determined by the amount of the special allocation fund (DAK) and the General Allocation Fund (DAU) and the Revenue Sharing Fund (DBH) which are contained in the Balancing Fund provided by the central government which is regulated in the State Revenue and Expenditure Budget (APBN).

The increase in regional income in Simalungun Regency from 2004 to 2013. The data shows an increase in regional income every year, where the largest source of regional income comes from the Balancing Fund followed by other legal regional income. Meanwhile, Local Own Revenue is the smallest contributor to the source of regional income.

The development of regional spending in Simalungun Regency is increasing every year. The majority of regional spending in Simalungun Regency is focused on indirect spending which is used to finance the salaries of PNS and non PNS employees, the legislature and elements of regional leadership. Meanwhile, direct expenditure is focused on financing all development financing needs for agriculture / plantation / fishery, physical construction of roads and bridges, regional planning / spatial planning / settlements as well as social and manpower financing.

The majority of Simalungun Regency's regional spending is used for the construction and maintenance of roads and bridges where in Simalungun Regency there are 2,220 km of road lengths that connect roads between villages and districts. The second largest use of expenditure funds is focused on the development of the agricultural, plantation and fishery sectors, where this sector is the mainstay sector of the largest GDP contributor in Simalungun Regency. Regional spending on education and health ranks third in regional expenditure financing. The determination of this portion has met the rule of Minister of Home Affairs 54/2010 that the proportion of education budget expenditure is 20 percent of the total APBD expenditure.

Social assistance and labor expenditures occupy the last position in determining the Simalungun Regency APBD expenditure. Shopping for community social assistance in Simalungun Regency. The development of GRDP from 2004 to 2013 also shows increasing results. The average increase in ADHB GRDP for each year is above 10 percent. The highest percentage growth was achieved in 2006 where the GRDP of ADH in Simalungun Regency increased by 14.44% from 2005.

Data on the poor population in Simalungun Regency from 2004 to 2013 shows the number has decreased. 1148 thousand poor people in Simalungun, this number then decreased to 146 thousand in 2005. In 2013, the poor population in Simalungun Regency was recorded at 80,400 people, a decrease of 8,000 people from 2012.

The Influence of the Simalungun Regency APBD on the Poor

4.1 Classic assumption test

In this study, a classic assumption test was carried out on the research data, this is because there are several problems that can occur in the regression model, which statistically can interfere with the predetermined model, and can even mislead the conclusions drawn from the equations formed, so testing is needed. Classical assumptions that include testing for normality and heteroscedasticity.

a. Normality Test



The data normality test aims to determine whether in the regression model confounding or residual variables have a normal distribution (Erlina, 2008). To test whether the data in this study is normally distributed or not, it can be determined through two ways, namely graphical analysis and statistical analysis, between observations and a normal distribution that is close to the normal distribution.

b. Heteroscedasticity Test

The heteroscedasticity test aims to test whether the regression model has an inequality of variance from the residuals of one observation to another. To detect the presence or absence of heteroscedasticity, it can be done looking at the scatterplots graph. The basis for making decisions whether or not heteroscedasticity is present is as follows:

- 1) If there is a certain pattern such as dots that form a regular pattern (wavy, widened, then narrowed), it indicates that heteroscedasticity has occurred.
- 2) If there is no clear pattern, and the dots spread above and below the number 0 on the Y axis, then there will be no heteroxide (V. Wiratna Sujarweni, 2007: 96)

c. Hypothesis testing

By using a simple linear regression equation, the APBD equation function for the poor is formed. All of these variables are simultaneously entered into the simple linear regression equation. From this equation, it is known that each additional 1 billion rupiah in the Regional Budget of Simalungun Regency will reduce the number of poor people by 7,405 people. Based on the t-test, the APBD has a negative effect on the 5% Alpha test on the HDI of Simalungun Regency, where the t-count value is smaller than the t-table ($-7.032 > 1717$). Thus H1 is rejected and H0 is accepted, namely the APBD has a negative effect on the growth of the poor in Simalungun Regency.

From the coefficient of determination test results obtained $R^2 = 0.861$ means that the independent variable of APBD is able to explain the variation of the Bound variable for the poor in Simalungun Regency by 86.1% while the remaining 13.9% are not included in the estimation equation mode.

From the results of this study, it is found that the distribution of APBD expenditure in Simalungun Regency has not been able to significantly reduce the number of poor people in Simalungun Regency.

4.2 The Influence of APBD on the Poor

The increase in APBD expenditure in Simalungun Regency which tends to increase during the period 2004-2013 indicates a decrease in the number of poor people in Simalungun Regency. The results of research conducted through simple linear regression analysis, obtained a regression coefficient of APBD for the poor of -7.405, which means that every 1 billion rupiah increase in the APBD of Simalungun Regency will have an impact on the reduction of the poor population of Simalungun Regency by 7.405 people. From these results it can be concluded that the greater the distribution of APBD in Simalugun Regency, the potential to reduce the number of poor people in Simalugun Regency. However, the figure above shows a relatively small number, meaning that the increase in the APBD in Simalungun Regency has very little effect on reducing the level of poverty in this area. This occurs from the total APBD. In Simalungun Regency, most of it is used for routine personnel expenditure, while for building infrastructure such as roads, bridges, electricity, it is relatively small. Even though the availability of infrastructure is very dominant to encourage the community's economy, in reality this does not happen so that the population in Simalungun Regency is still quite large.

5. Conclusion

From the results of the research conducted, several conclusions can be drawn as follows:

- a. The APBD of Simalungun Regency has a positive and significant effect on the growth of PDRB in Simalungun Regency. The APBD regression coefficient value for GRDP growth is 0.0008 which means that every 1 billion rupiah increase in the APBD of Simalungun Regency will have an effect on the increase in the GRDP growth of Simalungun Regency by 0.0008 billion rupiah or every increase in the Regional Budget of Simalugn Regency of 1 billion rupiah will have an impact on an increase in the APBD growth of Simalungun Regency by 0.8%. This means that the greater the growth of the Simalungun Regency APBD, the greater the growth rate of Simalungun Regency.



- b. The Regional Budget of Simalungun Regency does not have a positive effect on the growth of the poor in Simalungun Regency. The APBD regression coefficient value for the poor is -7.405 , which means that every 1 billion increase in the APBD of Simalungun Regency will reduce the number of poor people in Simalungun Regency by 7,405 people. This means that the greater the amount of APBD expenditure in Simalungun Regency, the less the number of poor people will be.

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