

ABSTRACT

FLYPAPER EFFECT ON THE REGENCY FUND MANAGEMENT IN LAMPUNG PROVINCE

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This research in purpose to analyze the effect of General Allocation Fund Transfer (DAU) and Revenue Sharing Fund (DBH), Local Pure Income (PAD) and number of civillian to local government expenditure in Lampung Province. To know and analyze how flypaper effect happen to the local government expenditure in Lampung Province. Analyze that flypaper effect happen in the local government with high pure income or local government with low pure income.

The research using a double Natural Log of regression linear method (Ln) with panel data in the 10 (ten) local government in Lampung Province in the 2006-2012 period. The data come from the Regency Expenditure Realization Report on the Fund report of local government that already get into survaillance and final audit from BPK RI and submitted to the DJPK Finance Ministry of Indonesian Republic, by <http://www.djpk.depkeu.go.id/datadjpk/47/> site and Lampung in Figures that published by Central Bureau Of Statistics.

The Research result showing that the PAD, DBH, and DAU at the same time affect significantly againts the local government expenditure in Lampung Province; PAD and DAU in partial affect significantly and having a positive relation to the regency expenditure, while DBH statisticaly not affected to the local government expenditure in Lampung Province. Variable Number of Residents (PDK) not going into the regression model because it has a strong linear relation (multicollinearity) with free DAU variable. Coefficient value of DAU much bigger that the PAD and both of them showing a significant results, this thing shows flypaper effect has already happen on the local government expenditure in Lampung Province. Flypaper effect phenomenon in Lampung Province not making a differentiation in every local government that having a much higher fiscal autonomy degree (DOF) in the case of low or high, because statistically the both behavior in the supporting regency expenditure are same depending to the DAU.

Keywords: Flypaper Effect, General Allocation Fund, Profit Sharing Fund, Regency Pure Income, Number of Residents, Regency Expenditure.

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