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The Flypaper Effect Phenomena in Regional Expenditure in Districts /Cities of the Special Province of Yogyakarta

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ABSTRACT

This study aims to analyze the phenomenon of the flypaper effect through the influence of Local Own Revenue, General Allocation Funds, Special Allocation Funds, and Profit Sharing Funds on Regional Expenditures in the Regency/City of the Province of the Special Region of Yogyakarta. The data used in this study is secondary data for 2012 – 2021 sourced from the BPS for the Special Region of Yogyakarta and the DJPK of the Indonesian Ministry of Finance. The research method used is the quantitative method and processed with STATA 14. The results of the analysis show that simultaneously and partially the variables Local Own Revenue, General Allocation Funds, and Special Allocation Funds, have a positive and significant effect on Regional Expenditures. While the Revenue Sharing Fund does not affect Regional Expenditure, among the three balance funds of the General Allocation Fund has a major influence on Regional Expenditure. The results also show that there is a flypaper effect phenomenon in the Regional Expenditure of the Regency/City of the Province of the Special Region of Yogyakarta.

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INTRODUCTION

The transformation of the centralized government system into decentralization in Indonesia during the New Order era was triggered by the notion that the centralized system caused regional injustice in Indonesia. The enactment of Law Number 22 of 1999 was the beginning of a system of decentralization or regional autonomy that was widely enforced in which the Law regulated patterns of regional equity in a democratic, proportional, fair and transparent manner. This is of course through the consideration stage of each regional potential, regional needs. In Law Number 23 of 2014, it is explained that regional autonomy is the right, authority and obligation of an autonomous region to regulate and manage government affairs and the interests of the local community in the system of the Unitary State of the Republic of Indonesia. This is one of the policies in which each region can create self-reliance by processing existing resources and potentials. This authority is carried out by the regional government from the central government by providing booster funds or transferring funds which can be called Balancing Funds according to the Money Follows Function principle.

The independence of the regional government as a consequence is faced with the increasing need for funds that are large enough to support mobility in regional development, this is the impact of the implementation of fiscal decentralization and regional autonomy. Regional Own Revenue (PAD) is a source of regional government assets in financing regional expenditures. Even though each regional government has its income, the central government still participates in providing transfers of funds in the form of Balancing Funds, which aims to avoid fiscal gaps and differences in the capabilities of each region. (Haryo Kuncoro, 2007) in his research, there was a preliminary study from the World Bank and Bappenas which discussed the concept of implementing transfers from the central government to local governments and found that there was a public sector financing policy which was a problem where this has the potential to have a long-term negative impact. The first problem is that local governments are still dependent on funds provided by the central government in the form of the General Allocation Fund (DAU) and the Special Allocation Fund (DAK). The second problem is, the increase in PAD revenues increases as a result of increasing the amount of fees and other things in the form of local taxes to deductions and levies with an amount that exceeds the limit causing a feeling of public dissatisfaction.

In Indonesia, research related to the flypaper effect phenomenon was carried out by (Adhipradana P, 2021) entitled "Does the Asymmetrical Flypaper Effect Phenomenon Occur in Local Government Expenditures Policy?" Using provincial-level data for the 2010-2019 period, the results show that when using a simple model, namely the overall balancing fund with the PAD variable, no flypaper effect is found, but there are differences in results when the balancing funds variable is changed to DAU and DAK, which shows there is empirical evidence that spending local governments in Indonesia are more responsive to increases or decreases in DAU than increases or decreases in PAD, which means

that there is a phenomenon of the flypaper effect on public spending in Indonesia.

The Special Region of Yogyakarta as a tourism area where every year there are visits from domestic to foreign tourists should have the potential to be considered capable of realizing regional expenditures through local revenue. Based on the description of the differences in the research above, the researcher is interested in conducting research with the title "The Phenomenon of the Flypaper Effect on Regency/City Regional Expenditures in the Special Region of Yogyakarta in 2012-2021".

THEORETICAL REVIEW

Flypaper Effect Theory

The term Flypaper Effect arose based on the thoughts of Arthur Okun (1930) who stated that "Money sticks where it hits". According to Maimunah (2006) in Amalia (2017) Flaypaper effect is a situation where regional spending is affected by changes in the number of transfers (unconditional grants) from the central government, which consist of the General Allocation Fund (DAU) and Revenue Sharing Funds (DBH), and changes exceed the change in original regional income (PAD).

Wallace Oates (1999) states that when the local government's response is greater in utilizing transfer funds than local revenue (PAD), it is called the Flypaper Effect. So far, there is no equivalent word for "Flypaper effect" in Indonesian. So that the word Flypaper Effect is used in mentioning an asymmetrical response by local governments in responding to changes in transfer funds, both decreasing and increasing. This condition indicates that local governments depend on the transfer of funds.

H1: The Effect of Local Origin Revenue on Regional Expenditure

In the research conducted (Wulandari et al., 2018) Judging from the regression coefficient on Regional Original Income which has a positive sign indicates that Regional Original Income has a positive direction towards regional spending, this means that if an area has high Regional Original Income then a The regions will also issue high regional spending. Local Own Revenue generated by the local government is used to increase regional autonomy in increasing the ability to spend in a particular area.

H2: The Effect of General Allocation Funds on Regional Expenditures

In the research conducted (Mulyati & Yusriadi, 2017) the results showed that the General Allocation Fund has a positive effect on Regional Expenditure. This means that if the General Allocation Fund increases, Regional Expenditures will increase. A positive relationship was obtained between the General Allocation Fund and Regional Expenditures. This means that the allocation of the General Allocation Fund budget determined by the Regional Government is more intended for the allocation of the Regional Expenditure budget. This happened because the General Allocation Fund was used to finance regional

expenditures such as personnel expenditures, goods and services expenditures and other expenditures.

H3: The Effect of Special Allocation Funds on Regional Expenditures
In research (Mali, Melchiare Sarta & Tahir, 2021) the results show that the Special Allocation Fund has a significant effect on Regional Expenditures. Every increase in the Special Allocation Fund is followed by an increase in Regional Expenditures. The Special Allocation Fund is a component of regional income that is also needed by the regions to meet the expenditure needs for specific needs. The Special Allocation Fund must be balanced with the high amount of Regional Expenditures.

H4: Effect of Profit-Sharing Funds on Regional Expenditures
The research conducted (Mulyati & Yusriadi, 2017) said that Revenue Sharing Funds have a positive effect on Regional Expenditures. This means that if the Revenue Sharing fund increases, Regional Expenditures will also increase. This means that the Revenue Sharing Fund contributes to increasing the Regional Expenditure Budget. These results explain that provinces that receive large Revenue Sharing Funds will also tend to have large regional expenditures. These results provide a strong indication that the behavior of regional spending will be greatly influenced by revenue-sharing sources. Revenue Sharing Funds are a potential source of regional income and are one of the basic capital for regional governments in obtaining development funds and fulfilling regional expenditures that do not come from Regional Original Revenue other than General Allocation Funds and Special Allocation Funds.

H5: Detect the Flypaper Effect Phenomenon
In a study (Armawaddin et al., 2017) entitled "Analysis of Flypaper Effects of District/City Regional Spending in Sulawesi", using the panel data method and research objects of 81 Regencies/Cities (70 Regencies and 11 Cities) in Sulawesi in 2016-2017 the results shows that by using partial and multiple regression models, Regional Original Income, General Allocation Funds, Special Allocation Funds, and Profit Sharing Funds have a significant effect on regional spending in regencies and cities in Sulawesi, in the 2016–2017 period, using partial regression models, it is detected there were symptoms of a flypaper effect on district and city regional spending in Sulawesi which occurred in the revenue sharing fund (DBH) and general allocation funds (DAU), while the Special Allocation Fund (DAK) did not detect any symptoms of flypaper effect. Meanwhile, by using the multiple regression model, the detection of symptoms of the flypaper effect on district and city regional spending in Sulawesi comes from tax-sharing funds (DBHP)/non-tax (DBHBP), while from general allocation funds (DAU) and special allocation funds (DAK).) No flypaper effect occurs.

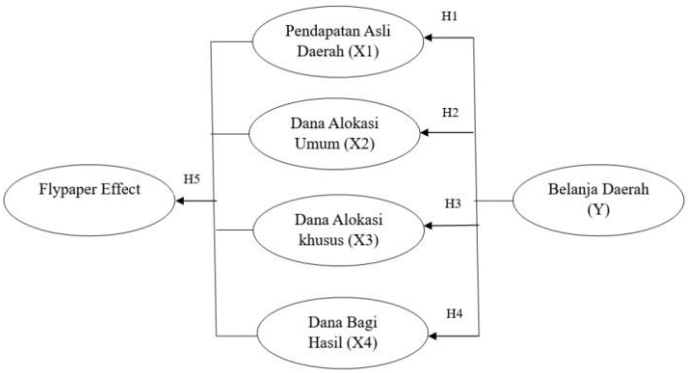

Figure 1. Conceptual Framework

METHODOLOGY

This research is a research with quantitative methods. The quantitative research method is a research method based on the philosophy of positivism, used to examine certain populations or samples, collecting data using research instruments, data analysis is quantitative or statistical, to test established hypotheses (prof. Dr. Sugiyono, 2017). This research covers the realization of the Regency/City Provincial Budget of the Special Region of Yogyakarta for the 2012-2021 period. The data used is secondary data. The data used is in the form of panel data from the realization of the Regency/City APBD of the Province of the Special Region of Yogyakarta which is recapitulated through the DJPK website of the Ministry of Finance of the Republic of Indonesia and the Central Statistics Agency for the Province of the Special Region of Yogyakarta. The factors in selecting the sample are as follows:

1. Realization of Regional Expenditure in 2012-2021
2. Realization of Local Own Revenue for 2012-2021
3. Realization of Balancing Funds (General Allocation Funds, Special Allocation Funds, Revenue Sharing Funds) in 2012-2021.

RESULTS

Descriptive Statistical Analysis

Descriptive statistics are statistical methods used to analyze data to describe and explain the data that has been collected without intending to make general conclusions or make generalizations. The purpose of descriptive statistics is to provide a better understanding of the data at hand.

Table 1. Results of statistical analysis

Variable	Obs	Mean	Std. Dev.	Min	Max
BD	50	1.73e+09	4.75e+08	8.82e+08	2.78e+09
PAD	50	4.05e+08	2.33e+08	6.71e+07	9.72e+08
DAU	50	7.69e+08	1.87e+08	3.02e+08	1.01e+09
DAK	50	2.28e+08	2.46e+08	2249900	1.04e+09
DBH	50	4.60e+07	4.36e+07	1.40e+07	3.15e+08
Tahun	50	2016.5	2.901442	2012	2021
Pemda	50	3	1.428571	1	5
_est_fe	50	1	0	1	1
_est_re	50	1	0	1	1
_est_ols	50	1	0	1	1

Source: Output STATA 14

Based on the table above, we can interpret the results of the descriptive statistical analysis as follows:

1. With a total of 50 observations. The average regional expenditure is 1.73e+09 with a minimum value of 8.82e+08 and a maximum value of 2.78e+09. While the standard deviation value obtained is 4.75e+08.
2. With a total of 50 observations. The average regional original income is 4.05+08 with a minimum value of 6.71+07 and a maximum value of 9.72e+08. While the standard deviation value obtained is 2.32e+08.
3. With a total of 50 observations. The average General Allocation Fund is 7.69e+08 with a minimum value of 3.02e+08 and a maximum value of 1.01e+09. While the standard deviation value obtained is 1.87e+08.
4. With a total of 50 observations. The average Special Allocation Fund is 2.28e+08 with a minimum value of 224990.0 and a maximum value of 1.04e+09. While the standard deviation value obtained is 2.46e+08.
5. With a total of 50 observations. The average Profit Sharing Fund is 4.60e+07 with a minimum value of 1.40e+07 and a maximum value of 2.15e+08. While the standard deviation value obtained is 4.36e+07.

Regression Model Selection

1. **Chow test**
   The Chow test was conducted to see which panel data regression model to use between the Common Effect Model (CEM) and the Fixed Effect Model (FEM), taking into account the following hypotheses:
   H_0 : *Common Effect Model* (CEM)
   H_1 : *Fixed Effect Model* (FEM)
   If Probability > 0.05 = accept H_(0)

   If Probability < 0.05 = Reject H_(0)

Figure 2. Chow test results

```
. testparm i. Pemda

 ( 1)  2.Pemda = 0
 ( 2)  3.Pemda = 0
 ( 3)  4.Pemda = 0
 ( 4)  5.Pemda = 0

       F(  4,    41) =    2.19
            Prob > F =    0.0866
```

Source: Output STATA 14

From the results of the Chow test above, it can be seen that the p-value is 0.0866. With a comparison of the value α = 0.05 then 0.0866 > 0.05, it can be concluded that H_(0) is accepted, H_(1) is rejected so the chosen model is the Common Effect Model (CEM)

2. **Test the langrange multiplier**
   The Lagrange Multiplier test was conducted to see which panel data regression model to use between the Common Effect Model (REM) and

the Random Effect Model (REM), taking into account the following hypotheses:
H_0 : *Common Effect Model* (CEM)
H_1 : *Random Effect Model* (REM)
If Probability > 0.05 = accept H_(0)

If Probability < 0.05 = reject H_(0)

Figure 3. Langrange Multiplier Test Results

```
Breusch and Pagan Lagrangian multiplier test for random effects

        BD[Pemda,t] = Xb + u[Pemda] + e[Pemda,t]

        Estimated results:
                         |       Var     sd = sqrt(Var)
                ---------+------------------------------
                      BD |    2.26e+17       4.75e+08
                       e |    1.16e+16       1.08e+08
                       u |           0              0

        Test:   Var(u) = 0
                                 chibar2(01) =     0.00
                              Prob > chibar2 =   1.0000
```

Source: Output STATA 14

Based on the table above, the p-value for Breusch-Pagan is 1,000 > α = 0.05, so H0 is accepted, and H1 is rejected, which means that the Common Effect Model (CEM) was selected in this study.

Classic Assumption Test

According to (Basuki & Prawoto, 2017) panel data regression, not all classic assumption tests in the OLS method are used, only multicollinearity and heteroscedasticity are needed.

1. **Multicollinearity Test**
   multicollinearity test is analyzed by looking at the value of the mean-variance inflating factor (VIF) with the following assumptions:
   1. If the Mean VIF value is > 10, it means that there is multicollinearity.
   2. If the Mean VIF value is <10, it means that there is no multicollinearity.

Table 2. Multicollinearity Test Results

Variable	VIF	1/VIF
DAK	1.30	0.766827
PAD	1.22	0.820505
DAU	1.18	0.849810
DBH	1.02	0.982746
Mean VIF	1.18	

Source: Output STATA 14

From the Variance Inflating Factor (VIF) table, it can be seen that the mean VIF is 1.18 which can be assumed to be 1.18 < 10. These results indicate that the regression model is free from multicollinearity symptoms

2. Heteroscedasticity Test

In this observation, the heteroscedasticity test used is the Breusch-Pagan-Godfrey Test. Criteria for testing Breusch-Pagan-Godfrey test with α = 5%. The assumptions of the heteroscedasticity test are as follows:

1. If the Chi-Square value is <0.05, it means that there is heteroscedasticity.
2. If the Chi-Square value is > 0.05, it means that there is no heteroscedasticity.

Figure 4. Heteroscedasticity Test Results

```
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
         Ho: Constant variance
         Variables: fitted values of BD

         chi2(1)      =    13.34
         Prob > chi2  =   0.0003
```

Source: Output STATA 14

Robust Standard Error Regression

According to (Wooldridge, 2019) Basically, there are two heteroscedasticity correction procedures, namely correction to the standard error regression and Generalized Least Square (GLS). The robust standard error is the first type of correction and is only limited to the standard error regression. There is no modification or re-estimation of the parameters obtained from OLS.

Table 3. Robust Standard Error Regression Results

```
Linear regression                               Number of obs     =         50
                                                F(4, 45)          =     138.29
                                                Prob > F          =     0.0000
                                                R-squared         =     0.9480
                                                Root MSE          =     1.1e+08
```

BD	Coef.	Robust Std. Err.	t	P>|t|	[95% Conf.	Interval]
PAD	1.030872	.0849195	12.14	0.000	.8598349	1.201908
DAU	1.26627	.1068801	11.85	0.000	1.051002	1.481537
DAK	1.146881	.1023325	11.21	0.000	.9407725	1.352989
DBH	-.3715806	.2292874	-1.62	0.112	-.8333891	.0902279
_cons	9.11e+07	9.10e+07	1.00	0.322	-9.22e+07	2.74e+08

Source: Output STATA 14

In the table above, after doing robust regression, there is a change in the standard error value. It can be concluded that the model is free from heteroscedasticity symptoms.

Hypothesis Testing

1. Test the Coefficient of Determination (Test R2)

Testing the coefficient of determination ( ) aims to determine how much the ability of the independent variables to explain the dependent variable. The greater the r-square value, the better the regression model, meaning that the ability of the independent variables (Regional Own Revenue, General Allocation Funds, Profit Sharing Funds and Special Allocation Funds) provide almost all the information needed to predict the dependent variable (Regional Expenditures). On the other hand, if the coefficient of determination gets closer to zero, the smaller the effect of all the independent variables on the value of the dependent variable (Siahaan, 2020).

Figure 5. R-Square Test Results

Number of obs	=	50
F(4, 45)	=	138.29
Prob > F	=	0.0000
R-squared	=	0.9480
Root MSE	=	1.1e+08

Source: Output STATA 14

Based on the regression table above, it can be seen that the R-square value is the contribution value of Regional Original Revenue (PAD) (X1), General Allocation Fund (DAU) (X2), Special Allocation Fund (DAK) (X3), Revenue Sharing Fund (DBH) (X3) on the dependent variable, namely Regional Expenditures (Y) of 0.948. It can be concluded that the independent variable contributes 94.8% to the dependent variable, while the remaining 5.2% is the contribution of error variables or variables outside the study.

2. Partial Test (t-test)

The assumptions in this test are the following criteria:

1. if the p-value < 0.05 or t count > t table, then H0 is rejected and H1 is accepted, which means that the independent variable partially has a positive and significant effect on the dependent variable.
2. if the p-value > 0.05 or t count < t table, then H0 is accepted and H1 is rejected, which means that the independent variables partially have a negative and insignificant effect on the dependent variable.

Table 4. Partial test (t-test)

BD	Coef.	Robust Std. Err.	t	P>|t|	[95% Conf.	Interval]
PAD	1.030872	.0849195	12.14	0.000	.8598349	1.201908
DAU	1.26627	.1068801	11.85	0.000	1.051002	1.481537
DAK	1.146881	.1023325	11.21	0.000	.9407725	1.352989
DBH	-.3715806	.2292874	-1.62	0.112	-.8333891	.0902279
_cons	9.11e+07	9.10e+07	1.00	0.322	-9.22e+07	2.74e+08

Source: Output STATA 14

Calculation of t-table:

a) $\alpha = 0{,}05$
b) df = n – k – 1 =50 – 4 – 1 = 45
c) t-table = ($\frac{\alpha}{2}$; df) = (0,025 ; 45) = 2,014103

The results of testing the t-count and p-value are as follows:

1. H1: Partially the influence of Regional Original Income (X1) on Regional Expenditures (Y)

Based on the calculation, the following results are obtained:

1) t-count is 12.4 > t-table is 2.014103
2) The significance value of the Regional Original Income variable to Regional Expenditures is 0.000 <0.05

It can be concluded that partially Local Original Income (X1) has a positive and significant effect on Regional Expenditures. So the first hypothesis (H1) is accepted.

2. H2: Partial influence between General Allocation Funds (X2) on Regional Expenditures (Y)

Based on the calculation, the following results are obtained:

1) t-count of 11.85 > t-table of 2.014103
2) The significance value of the General Allocation Fund variable for Regional Expenditures is 0.000 <0.05

It can be concluded that partially the General Allocation Fund (X2) has a positive and significant effect on regional spending. So the first hypothesis (H2) is accepted.

3. H3: Partial influence between Special Allocation Funds (X3) on Regional Expenditures (Y)

Based on the calculation, the following results are obtained:

1) t-count is 11.21 > t-table is 2.014103
2) The significance value of the General Allocation Fund variable for Regional Expenditures is 0.000 <0.05

It can be concluded that partially the Special Allocation Fund (X2) has a positive and significant effect on regional spending. So the first hypothesis (H3) is accepted.

4. H4: Partial influence of Revenue Sharing Funds (X4) on Regional Expenditures (Y)

Based on the calculation, the following results are obtained:

1) t-count is -1.62 < t-table is 2.014103
2) The significance value of the General Allocation Fund variable for Regional Expenditures is 0.112 <0.05

It can be concluded that partially the Revenue Sharing Fund (X4) has a positive and significant effect on Regional Expenditures. So the first hypothesis (H4) is accepted.

3. Simultaneous Test (Test F)

The F test is used to see whether the independent variables simultaneously affect the dependent variable. The following is the result of the F Test calculation:

Figure 6. F test results

Number of obs	=	50
F(4, 45)	=	138.29
Prob > F	=	0.0000
R-squared	=	0.9480
Root MSE	=	1.1e+08

Sourcer: Output STATA 14

F (4,45) = 138,29
F table = 2,42
Prob > F = 0,0000

Test assumptions:
Ho is accepted if F count ≤ 2.42
Ho is rejected if F count > 2.42
Ho is accepted if Prob > F <0.05
Ho is rejected if Prob > F < 0.05
Based on the above calculations obtained:

1. F hitung sebesar 138,29 > 2,42
2. Nilai Prob > F adalah 0,000 < 0,05

From the calculation above, it can be concluded that the independent variables, namely Local Own Revenue (PAD) (X1), General Allocation Fund (DAU) (X2), Special Allocation Fund (DAK) (X3), Revenue Sharing Fund (DBH) (X3) have a significant effect and simultaneously on the dependent variable, namely Regional Expenditures (Y).

Flypaper Effect Analysis (H5)

According to (Sidiq, 2016) To determine whether a flypaper effect occurs, we can compare the effects of General Allocation Funds (DAU), Special Allocation Funds (DAK), Revenue Sharing Funds (DBH) and Regional Original Income (PAD) on Regional Expenditures. The trick is to compare the regression coefficients and t-statistic values of the four variables. If one of the General Allocation Funds, Special Allocation Funds, and Revenue Sharing Funds for Regional Expenditure is greater than the PAD effect, it can be concluded that there is a flypaper effect.

From the regression test results above, the regional original income has a t-statistic of 12.14, General Allocation Fund is 11.85, Special Allocation Fund is 11.21, and Profit Sharing Fund is -1.62. Meanwhile, the regional original income coefficient is 1.030872, General Allocation Fund is 1.266270, Special Allocation Fund is 1.146881, and Profit Sharing Fund is -0.3715806. Thus the Balancing Fund which has the greatest influence and coefficient is the General Allocation Fund.

The t-statistic comparison between PAD and DAU is 12.14 > 11.85. Where PAD has the most significant influence compared to DAU. Meanwhile, to see the occurrence of the flypaper effect phenomenon is to look at the regression coefficient as follows:

Regional Expenditures = 9.11e+07 + 1.030872 X1 + 1.26627X2 + 1.146881X3 - 0.3715806X4 + e

The test results show that this shows that all independent variables which include Local Own Revenue (X1), General Allocation Funds (X2), Special Allocation Funds (X3), and Revenue Sharing Funds (X4) when the value is constant or do not change, then the Regional Expenditure value is 9.11e+07, When Regional Expenditures increase, Regional Original Income increases by 1.030872 assuming the values of X2, X3, X4 are constant, When Regional Expenditures increase, the General Allocation Fund increases by 1.26627 assuming the value X1, X3, X4 are constant, when regional expenditure increases, the Special Allocation Fund increases by 1.146881 assuming the values of X1, X2, X4 are constant. X3.

Of the three balancing fund variables, namely General Allocation Funds, Special Allocation Funds, and Revenue Sharing Funds, the one with the largest coefficient value is the General Allocation Fund, so the General Allocation Fund variable is used as a comparison to the value of Regional Original Income to observe the flypaper effect phenomenon. In the regression equation, it can be concluded that the contribution value of the General Allocation Fund is greater than the Regional Original Income. It is proven by the coefficient of the General Allocation Fund which is bigger than the Regional Original Income which is 1.26627 > 1.030872. this proves that there is a flypaper effect phenomenon in the Regency/City of the Special Province of Yogyakarta.

DISCUSSION

In this study, regional original income has a significant effect on regional spending. In the research conducted (Wulandari et al., 2018). Judging from the regression coefficient on Regional Original Income which has a positive sign indicates that Regional Original Income has a positive direction towards regional expenditures, this means that if the Regional Original Income (PAD) of an area is high, then the area tends to have high regional expenditures as well. PAD generated by the local government is used to increase regional autonomy in terms of expenditure in the area.

With high PAD, local governments have sufficient financial resources to finance various development activities and programs. This allows them to increase spending capacity in the area according to local priorities and needs. Increasing PAD provides flexibility for regional governments in allocating funds by regional development policies and objectives. With sufficient PAD, regions can increase their financial independence and reduce dependence on transfer funds from the central government. Thus, high PAD has an important role in increasing regional autonomy, because regions have greater financial resources to finance regional expenditures. This allows the regions to take the initiative in

managing finances and prioritizing expenditures according to the needs and potential of the region.

In this study, the results show that the General Allocation Fund (DAU) partially has a significant positive effect on Regional Expenditures. The results of this study are reinforced by research in the research conducted (Mulyati & Yusriadi, 2017) the results of the study show that the General Allocation Fund has a positive effect on Regional Expenditures. This means that if the General Allocation Fund increases, Regional Expenditures will increase. There is a positive correlation between the General Allocation Fund (DAU) and Regional Expenditures. This means that local governments tend to allocate most of the General Allocation Fund for regional spending. This is because the General Allocation Fund is used to fund various types of regional expenditures, including personnel expenditures, goods and services expenditures, and other expenditures.

DAU is a source of funds provided by the central government to regional governments and provides flexibility for regional governments to use these funds according to regional expenditure needs and priorities. Since DAU does not have specific requirements, local governments have the freedom to allocate these funds for various activities and programs at the regional level. In this context, the DAU budget allocation is primarily aimed at financing regional expenditures, including personnel expenditures, goods and services expenditures, and other expenditures. These funds are used to meet regional operational and development needs, such as paying employee salaries, purchasing goods and services, and implementing programs and projects that support development and public services in the regions.

Given the positive relationship between DAU and regional spending, it can be concluded that DAU has an important role in supporting regional expenditure financing. This allows local governments to carry out government functions properly and meet the needs of the community through effective and efficient spending. In testing the Special Allocation Fund partially affects Regional Expenditures. This is because the value of t-count > t-table where the value is 11.21 > 2.014103 and the probability is less than the value where the probability value is 0.0000 <0.05 so H0 is rejected and H3 is accepted. This shows that the Special Allocation Fund has a significant effect on regional spending. The results of this study are reinforced by research in the research conducted (Mali, Melchiare Sarta & Tahir, 2021) the results show that the Special Allocation Fund has a significant effect on Regional Expenditures. Every increase in the Special Allocation Fund is followed by an increase in Regional Expenditures. The Special Allocation Fund is an important part of regional income which is used to meet specific spending needs. The high amount of the Special Allocation Fund needs to be balanced with the high amount of Regional Expenditures.

In this context, the Special Allocation Fund is a source of revenue obtained by the regions for certain purposes regulated by the central government. This fund is designed to finance specific needs, such as infrastructure development, social programs or other strategic projects. However, for the Special Allocation Fund to be effective and successful in achieving its goals, there needs to be a

balance with the high amount of Regional Expenditures. If the amount of the Special Allocation Fund is high, the regions must allocate and manage the budget proportionally by increasing regional spending according to the allocation received. In other words, the high Special Allocation Fund must be balanced with an appropriate increase in regional spending so that the stated goals can be achieved. Thus, the important role of the Special Allocation Fund in meeting regional expenditure needs must be considered and balanced with an adequate level of regional expenditure. This ensures the effective and efficient use of funds and the achievement of the targets set by the central government in the allocation of these special funds.

In testing the Profit Sharing Fund partially it does not affect Regional Expenditures. The results of this study were reinforced by research in the research conducted (Citra & Jatmiko, 2017) where Revenue Sharing Funds did not have a significant and negative effect on Regional Expenditure as indicated by the significance value of Revenue Sharing Funds which was greater and negative on Regional Expenditure. This is because the Revenue Sharing Fund (DBH) is a form of Balancing Fund, but the allocation is different from the General Allocation Fund (DAU) and the Special Allocation Fund (DAK). The allocation of DBH depends on the income from taxes and natural resources for each region. This means that if income from taxes, such as PBB, BPHTB, Income Tax WP, OP, and income from Natural Resources is limited, then the profit-sharing funds will also be limited.

In the Special Region of Yogyakarta (DIY) itself, the situation is different from other regions where the DBH percentage is even smaller than the DAK. This is due to the characteristics of DIY, where the main potential is the tourism sector which is mostly related to the beach. Meanwhile, revenue from the mining sector is limited only to sand mining from Mount Merapi. In addition, the DIY area has been displaced by the growing student population, which has reduced the percentage of DBH. In addition, DIY is also a province that has a relatively small area compared to other provinces. In this context, factors such as limited types of income and small areas affect the percentage of Revenue Sharing Funds in DIY. Even though the DIY Revenue Sharing Fund is relatively smaller than the Special Allocation Fund, this reflects the potential and special characteristics of the area. The management and allocation of Revenue Sharing Funds in DIY needs to be adjusted to the potential and needs of the area, including the management of the tourism sector and protection of the natural environment which are the main and important sources of income for the area.

In the flypaper effect analysis, the test results prove that the magnitude of the regression coefficient of the General Allocation Fund is 1.26627, which is greater than the magnitude of the regression coefficient owned by Regional Original Income, which is 1.030872. This condition proves that the discovery of the flypaper effect phenomenon on regional expenditures in regencies/cities in the Special Province of Yogyakarta means that policies on regional expenditures respond more to the amount of General Aloka Funds than Regional Original Revenues.

CONCLUSIONS AND RECOMMENDATIONS

From the results of research on Regional Original Income (PAD), General Allocation Funds (DAU), Special Allocation Funds (DAK), Revenue Sharing Funds (DBH), and Regional Expenditures, with data processing carried out using the STATA 14 application, it can be concluded that Revenue Local Owns (PAD), General Allocation Funds, and Special Allocation Funds have a significant positive effect on regional spending. Meanwhile, the Revenue Sharing Fund has no effect and is not significant on regional spending. In the flypaper effect analysis, the test results prove that the magnitude of the regression coefficient of the General Allocation Fund is 1.26627, which is greater than the magnitude of the regression coefficient owned by Regional Original Income, which is 1.030872. This condition proves that the discovery of the flypaper effect phenomenon on regional expenditures in regencies/cities in the Special Province of Yogyakarta means that policies on regional expenditures respond more to the amount of General Aloka Funds than Regional Original Revenues.

FURTHER STUDY

The author realizes that there is a lot of research that must be corrected. The following is a note that needs to be considered as material for consideration for the government and future researchers who will conduct similar research, namely:

1. The local government maximizes exploring all the potential of the region to increase regional income sources and minimize asymmetrical behavior or forms of dependence on the central government. With optimal income, it is hoped that there will also be harmony in optimal regional financial management which aims to improve public services.
2. Researchers who will conduct similar research are expected to conduct research with a longer period to be able to generalize the results of the research carried out, and to increase the number or variation of the variables to be studied in full or differently but still relevant.

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