THE INFLUENCE OF ECONOMIC GROWTH, REGIONAL ORIGINAL INCOME (PAD) AND GENERAL ALLOCATION FUNDS (DAU) ON CAPITAL EXPENDITURE BUDGET ALLOCATION
(Case Study in Districts and Cities in North Sumatra Province 2015-2017)

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ARTICLE INFO	ABSTRACT
Keywords: Economic Growth, Original Regional Income, General Allocation Funds and Capital Expenditures	This research aims to analyze whether Economic Growth, Regional Original Income (PAD) and General Allocation Funds (DAU) have a positive effect on Capital Expenditures in Regencies and Cities of North Sumatra Province. Research contributions can provide information about the importance of optimizing local potential in regions to improve the quality of public services and the concept of decentralization can be realized so that regional governments do not continue to depend on the central government. The results of this research show that Economic Growth partially has a negative and insignificant effect on Capital Expenditures, while Regional Original Income (PAD) and General Allocation Funds (DAU) partially have a positive and significant effect on Capital Expenditures. Simultaneously Economic Growth, Regional Original Income and General Allocation Funds have a positive and significant effect on Capital Expenditures.
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1. INTRODUCTION

With the issuance of Law Number 22 of 1999 and Law Number 25 of 1999 which regulate regional autonomy and fiscal decentralization, regional government governance entered a new era. Regional autonomy was implemented for the first time in Indonesia through Law Number 22 of 1999 (revised as Law Number 32 of 2004) concerning Regional Government, clearly separating the functions of the Regional Government (Executive) from the functions of the Regional People's Representative Council (Legislature). Based on this differentiation of functions, it shows that there is an agency relationship between the legislature and the executive (Halim & Syukriy, 2006). In government, statutory regulations are implicitly a form of contract between the executive, legislature and the public.

Indonesia's geographical condition in the form of an archipelago can influence the mechanisms of Indonesian government. With this geographical condition in the form of an archipelago, it makes it difficult for the government to coordinate government in a region. To make it easier to organize or organize government, it is necessary to have a system that can run effectively and independently but is always supervised from the center. Sundari (2011) in (Dewi & Suyanto, 2015).

With the implementation of Law Number 22 of 1999, regional governments received greater 'real' authority in regulating themselves. This gives rise to a very large increase in responsibility for government administration, namely the supply of public goods and economic development at the regional level, especially in the education sector which is one of the main parts of the population's needs. In reality, the regional ability to improve the provision of education can be said to be very limited, seen from the low Original Regional Income (PAD) in city/district regional APBD revenues, the readiness of human resources and the very limited management capacity of the education sector.

The current phenomenon is that the increase in economic growth in Original Regional Income and Capital Expenditures is very small, while there is a large increase in the General Allocation Fund. This results in the absence of a role for Original Regional Income in regional activities where Original Regional Income should be the main source for financing regional activities (Yovita, 2011).

Regional autonomy was implemented effectively on January 1 2002, a policy that is considered very democratic and fulfills aspects of true government decentralization. Regional autonomy aims to

accelerate economic growth and regional development, reduce population disparities and improve the quality of public services so that they are more effective and dependent on the needs, abilities, or characteristics and requirements of the population in the region.

Through regional autonomy, it is hoped that we will be able to encourage equitable development so that inequality does not form between the central government and regional governments. Through regional autonomy, it is hoped that it can increase competitiveness between regions by paying attention to factors of equality, democracy, privileges and specialties, justice and capabilities as well as regional diversity in the Unitary State System of the Republic of Indonesia (Nordiawan, 2006) in (Bambang Suprayitno, 2015).

According to (Law Number 32 of 2004: Regional Government, 2004) the budget preparation process involves two parties, namely the executive (Regional Government) and the legislature (DPRD), where the executive is the implementer of regional operationalization who is obliged to make a draft APBD, while the legislature plays a role in ratifying draft APBD in the budget ratification process. The preparation of the APBD begins with making an agreement between the executive and legislature regarding the General APBD Policy and Priorities and Budget Ceiling which will serve as guidelines for preparing the income and expenditure budget. The executive drafts the APBD in accordance with the General APBD Policy and Priorities and Budget Ceilings which are then submitted to the legislature to be studied and discussed together before being stipulated as a Regional Regulation (Perda). From an agency perspective, this is a contract that becomes a tool for the legislature to supervise budget implementation by the executive.

The public sector budget contains plans presented in the form of income and expenditure plans in monetary units. The Regional Revenue and Expenditure Budget (APBD) is the Regional Government's annual financial plan which is discussed and approved jointly by the Regional Government and DPRD, and is determined by regional regulations. The APBD consists of regional income, regional expenditure and regional financing. The APBD is a guideline for regional governments to provide public services within one budget year.

The level of economic growth is one of the important goals of regional and central governments. Economic growth encourages Regional Governments to carry out economic development to manage existing resources and form partnership patterns with the community to create new jobs that can influence the development of economic activities and the region (Kuncoro, 2004) in (Muhammad & Hinaya, 2019). Economic development is characterized by increasing productivity and per capita income resulting in increased welfare. In reality, what is happening in regional government at the moment is that economic growth is not always accompanied by an increase in capital expenditure, seen from the small amount of capital expenditure budgeted.

The allocation of resources into the budget is actually intended to meet public needs for public facilities and infrastructure provided by regional governments, however, the political interests of legislative bodies involved in preparing the budget process cause capital expenditure allocations to often be deviant and ineffective in solving problems in society. .

Regional governments allocate funds in the form of capital expenditure budgets in the APBD with the aim of increasing fixed assets. So far, regional spending has been mostly used for routine spending which is relatively less productive. (Saragih, 2003) states that spending should be allocated for productive things, for example for development activities. In line with this opinion, (Stine, 1994) states that government revenues should be more for public service programs. These two opinions imply the importance of allocating spending for various public interests.

2. METHOD

The research method in this research is descriptive, a research method that seeks to collect, present and analyze data so that it can provide a clear picture of the object to be studied. In this research, the objects of research are Economic Growth, Regional Original Income (PAD), General Allocation Funds (DAU) and Capital Expenditures. This research was conducted to see the influence of Regional Original Income (PAD), General Allocation Funds (DAU) on the effectiveness of capital expenditure budget allocation in the Regency and City of North Sumatra Province during the 2015-2017 period. The data analyzed in this writing is secondary data, sourced from the APBD Realization Report document obtained from the site www.djpk.kemenkeu.go.id which is the official website of the Director General of Balance. The population used in this research is the Realization Report of the Revenue Budget and Gross Regional Domestic Product (GRDP) of North Sumatra Province for the 2015-2017 period. The population is 33

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districts and cities which are divided into 25 districts and 8 cities. The sample used in this research used a non-probability sampling technique, where the technique used was purposive sampling or taking 32 sample members from the population with certain considerations (24 districts and 8 cities). Data is obtained from the internet via the sitewww.djpk.kemenkeu.go.idand the Central Statistics Agency (BPS) of North Sumatra Province. Data analysis in this research uses the Classical Assumption Test, Multiple Linear Analysis, Determination of Significance Level (α), Coefficient of Determination Analysis and Hypothesis Testing.

3. RESULTS AND DISCUSSION
Object of research
The object of this research is the district and city capital expenditure budgets in North Sumatra Province. The number of regencies and cities in North Sumatra Province is 32 regencies and cities. The data in this study (N) was 96, data obtained from Regional Government Financial Reports from 2015-2017.

Overview of Capital Expenditures
The object of this research is the district and city capital expenditure budgets in North Sumatra Province. Capital expenditure is budget expenditure used to acquire or increase fixed assets and other assets that are useful for more than one accounting period and exceed the minimum limit for capitalization of fixed assets or other assets. determined by the government where the assets are used for the daily operational activities of a work unit and not for sale (PMK No.91/PMK.06/2007). The aim of allocating capital expenditure is that the higher the level of capital investment (capital expenditure), it is hoped that it will be able to improve the quality of public services and in turn be able to increase the level of public participation (contribution) to development, which is reflected in an increase in Original Regional Income (Mardiasmo, 2002) in (Mardiasmo, 2002) in (Arwati & Hadiati, 2013)

In an effort to increase regional independence, regional governments are required to optimize their potential income and one of them is to provide a greater proportion of capital expenditure for development in productive sectors in the region (Harianto, 2010), but in reality capital expenditure has not been a priority Bengkulu city government, this can be seen based on the results of research that has been carried out, namely: North Sumatra Province is one of the regions that supports Indonesia's economic strength. This province's economic activity contributed almost 5 percent of gross domestic product (GDP) in 2019, the largest on the island of Sumatra and number five in Indonesia, after DKI Jakarta, East Java, West Java and Central Java.

Economy of North Sumatra Province
North Sumatra is the top province in economic management compared to other provinces on the island of Sumatra. North Sumatra Province makes the largest contribution to GDP on Sumatra Island at 23.39 percent. Followed by Riau Province at 22.33 percent and North Sumatra Province at 13.28 percent.

The size of North Sumatra's gross regional domestic product (GRDP) when divided by its entire population is recorded at IDR 55.05 million per capita per year. With economic growth of 5.22 percent in 2019, this province's economic growth is very pronounced. The economy of North Sumatra is still dominated by the main business fields, namely agriculture, forestry, fisheries (20.48 percent), processing industry (18.98 percent), wholesale and retail trade, car and motorbike repair (18.95 percent), and construction (14.19 percent).

In the agricultural sector, North Sumatra is famous because its extensive plantations are the prima donna of the provincial economy. These plantations are managed by private and state companies. North Sumatra produces rubber, chocolate, tea, palm oil, coffee, cloves, coconuts, cinnamon and tobacco. These plantations are spread across Deli Serdang, Langkat, Simalungun, Asahan, Labuhan Batu and South Tapanuli. These commodities have been exported to various countries and have contributed a large amount of foreign exchange to Indonesia. Apart from plantation commodities, North Sumatra is also known as a producer of horticultural commodities (vegetables and fruit). For example, Medan oranges, Deli guava, cabbage, tomatoes, potatoes and carrots produced by Karo, Simalungun and North Tapanuli Regencies. These horticultural products have been exported to Malaysia and Singapore.

Tourists vacation in the waters of Lake Toba by fast boat around the Pasir Putih Parbaba tourism area in Pangururan District, Samosir Regency, North Sumatra, Friday (2/8/2019). A number of new destinations continue to emerge in the Lake Toba area in line with regional development carried out by the government. The community also enjoys economic improvements from tourism. North Sumatra also has many interesting tourist attractions. One of the famous ones is Lake Toba which has a unique natural

geography that is different from other tourist attractions. The largest Caldera Lake in the world covering an area of around 2,700 square kilometers has been designated by the government as a super priority tourist attraction.

Research result

In this study there are four data, namely data on the Capital Expenditure Budget variable, the Economic Growth variable, the Regional Original Income variable and the General Allocation Fund variable. The data is attached in Appendix 1 to this study. This research aims to describe and test the influence of Economic Growth, Regional Original Income and General Allocation Funds on the capital expenditure budget which will be described as follows:

1. **Descriptive Statistics of Research Variables**

Descriptive statistics in this section will present a description of the data that has been obtained. The description of the data that will be presented includes minimum, maximum, mean and standard deviation values. From the results of secondary data collection regarding capital expenditure budgets, Economic Growth, Original Regional Income and General Allocation Funds in Regencies and Cities in North Sumatra Province for 2015-2017, the minimum, maximum, mean and standard deviation values of the research variables are as follows following:

Table 1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Growth Economy (X1)	96	11,370,112	62,173,472	26,993,500	11,622,916
Original Income Area (X2)	96	14,110,806,475	1,973,780,338,563	136.621.363.645	313,577,589,884
Allocation Funds General (X3)	96	326,899,366,000	1,611,940,995,000	638.218.368.795	301.258.525.895
Capital Expenditures (Y)	96	74,592,574,628	1,352,895,789,273	255.331.795.571	191.833.484.648
Valid N (listwise)	96				

Source: processed secondary data, 2021

Based on the table above, it is explained that the number of data (N) tested was 32, we obtained an overview of the mean value and standard deviation for each variable, namely Economic Growth (GRDP), Regional Original Income, General Allocation Funds and Capital Expenditures, as follows:

Economic Growth (X1)

Through the results of the data processing stage of the economic growth variable, the population studied is 96. The economic growth variable has a minimum value of Rp. 11,370,112 was obtained from South Nias Regency in 2015, and the maximum value was IDR. 62,173,472.00 obtained from Medan City in 2017. Mean valueRp.26,993,500 and a standard deviation value of Rp. 11,622,916

Regional Original Income (X2)

Through the results of the data processing stage of the local original income variable, the population studied is 96. The local original income variable has a minimum value of Rp. 14,110,806,475 was obtained from South Nias Regency in 2016, and the maximum value was IDR. 1,973,780,338,563 obtained from Medan City in 2017. Mean valueRp. 136,621,363,645 dand standard deviation value Rp. 313,577,589,884

General Allocation Fund (X3)

Through the results of the data processing stage of the general allocation fund variable, the population studied was 96. The General Allocation Fund variable has a minimum value of Rp. 326,899,366,000 was obtained from Pakpak Bharat Regency in 2015, and the maximum value was IDR. 1,611,940,995 obtained from Medan City in 2016 and 2017 Mean value Rp. 638,218,368,795 and a standard deviation value of Rp. 301.258.525.895.

Capital Expenditure (Y)

Through the results of the data processing stage of the capital expenditure variable with the help of the IBM SPSS Statistics Version 25 program. The population studied is 96. The capital expenditure variable has a minimum value of Rp. 74,592,574,628 obtained from North Labuhanbatu Regency in 2017 and a maximum value of Rp. 1,352,895,789,273 obtained from Medan City in 2017. The mean value was Rp. 255,331,795,571 and a standard deviation value of Rp. 191.833.484.648.

2. **Classic Assumption Test Test Results**

Classical assumption testing is carried out to try to find the best model for research because it is a

requirement that research data must fulfill before carrying out a multiple linear regression test. Classic assumption testing includes Normality, autocorrelation, multicollinearity and heteroscedasticity tests, as follows:

Normality test

One easy way to see the normality of residuals is to look at a histogram graph which compares observational data with a distribution that is close to a normal distribution. The normality test results of the histogram graphic method can be seen as follows:
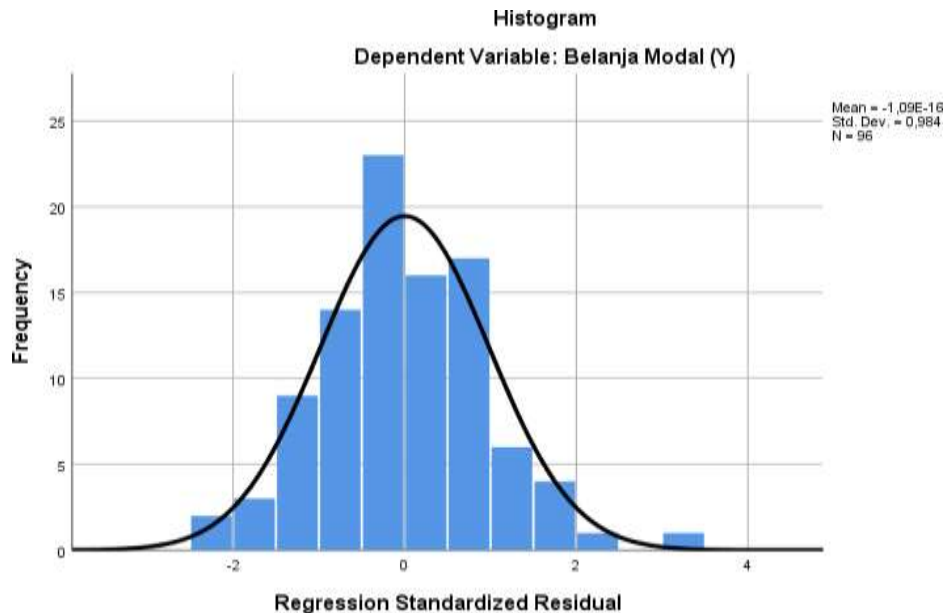

Figure 1 Normality Histogram Graph
Source: processed secondary data, 2021

From the display of the normality histogram graph above, it can be concluded that the histogram shows a normal distribution pattern. Furthermore, the normality test can also be seen from a more reliable method, namely by looking at the normal probability plot graph method which compares the cumulative distribution from the normal distribution. The normal distribution will form a straight diagonal line, and plotting the residual data will be compared with the diagonal line. If the residual data distribution is normal, then the line depicting the actual data will follow the diagonal line. The results of the normality test using the normal probability plot can be seen as follows:
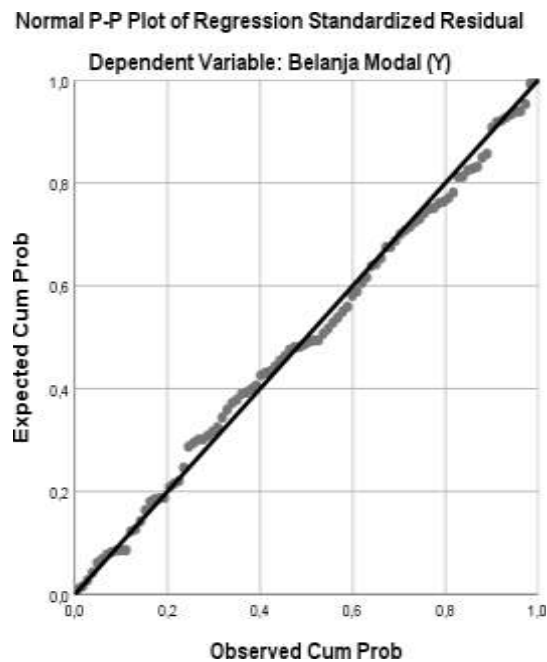
Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Belanja Modal (Y)

Figure 2 Normality Test with Normal P-Plot
Source: processed secondary data, 2021

In the normal probability plot graph above, it can be seen that the spread points coincide around the diagonal line, and the distribution follows the diagonal line. So this regression model meets the normality assumption.

However, if you test normality only by looking at histogram graphs and probability plot graphs, this can be misleading, especially for small sample sizes. Furthermore, the normality test can also be seen from a more reliable method, namely another statistical test used to test residual normality is the non-parametric Kolmogorov-Smirnov (KS) statistical test. This test is used to produce more detailed figures as to whether a regression equation will pass normality if the significance value of the Kolmogorov-Smirnov test is more than 0.05. The normality test with the one sample Kolmogorov-Smirnov test is as follows:

Table 2 Kolmogorov-Smirnov Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		96
Normal Parameters, b	Mean	-,0000057
	Std. Deviation	63044377929,553 78000
Most Extreme Differences	Absolute	,044
	Positive	,040
	Negative	-,044
Statistical Tests		,044
Asymp. Sig. (2-tailed)		,200c,d

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.
Source: processed secondary data, 2021

The results of the normality test can be seen in the table above, the significance probability valueKolmogorov-Smirnov of 0.200 more than $\alpha = 0.05$ means the data is normally distributed, and this regression model meets the normality test.

Multicollinearity Test

The multicollinearity test is used to determine whether there are independent variables that are

similar to other independent variables in one model (Bhuono Agung, 2005:58). Multicollinearity test is used to determine whether or not there are deviations from classical assumptions. The Multicollinearity Test aims to test whether the regression model found a correlation between independent variables. The method for testing the presence of multicollinearity can be seen from the tolerance value or variance inflation factor (VIF). The limit of the tolerance value is > 0.10 or the VIF value is smaller than 10, so multicollinearity does not occur. The results of the multicollinearity test are as follows:

Table 3 Multicollinearity Test Results

Model		Correlations			Collinearity Statistics	
		Zero-order	Partials	Part	Tolerance	VIF
1	(Constant) Economic Growth (X1)	0.446	-0.151	-0.050	0.732	1,367
	Regional Original Income (X2)	0.940	0.873	0.588	0.433	2,312
	General Allocation Fund (X3)	0.717	0.226	0.076	0.499	2,003

Dependent Variable: Capital Expenditures (Y)

Source: processed secondary data, 2021

Based on table 3 above, it shows the output coefficient for the VIF value of each independent variable for the economic growth variable of 1.367, then for the original regional income variable of 2.312 and for the general allocation fund variable of 2.003, the three independent variables have a VIF value of less than 10. Furthermore, based on Table 4.3 above also shows the output coefficient tolerance value for each independent variable for the economic growth variable of 0.732, then for the original regional income variable it is 0.433 and for the general allocation fund variable it is 0.499, the three independent variables have a tolerance value greater than 0.10 so it can be concluded that there is no multicollinearity problem between the independent variables in this study.

Autocorrelation Test

The autocorrelation test is carried out to identify whether in the linear regression model there is a correlation between the confounding errors in period t and the confounding errors in period t-1 (previously). To determine whether there is autocorrelation, you can see the Durbin-Watson (DW) test value.

Table 4 Autocorrelation Test Results

Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,944a	,892	,888	64064029698,370	1,910

a. Predictors: (Constant), General Allocation Fund (X3), Economic Growth (X1), Original Regional Income (X2)

b. Dependent Variable: Capital Expenditures (Y)

Source: processed secondary data, 2021

With the table values at a significance level of 5%, the number of data (n) is 96 and the number of independent variables is 3 (k=3), then from the Durbin-Watson table you will get an upper limit value (dU) of 1.7326 and a lower limit (dL) of 1. 6039. Because the DW value of 1.910 is greater than the upper limit (dU) of 1.7326 and less than 4-1.7326 (4-dU), it can be concluded that there is no autocorrelation in this regression model.

Heteroscedasticity Test

The Heteroscedasticity Test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another. If the variance from the residual from one observation to another is constant, it is called homoscedasticity and if it is different it is called heteroscedasticity (Ghozali: 2011). In testing the heteroscedasticity test using the scatter plot graphic method in this research, the following results were obtained:

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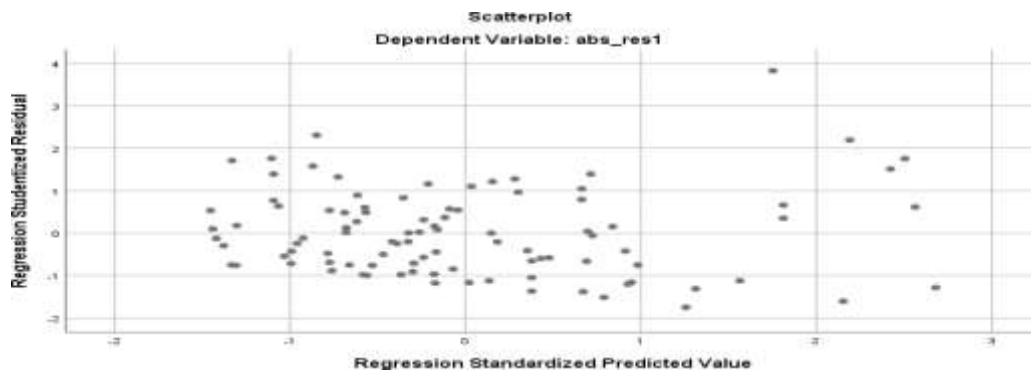
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Figure 3 Heteroscedasticity Test Results
Source: processed secondary data, 2021

From the graphic image above, it can be seen that the dots are spread out and do not form a clear pattern. So it can be concluded that there is no heteroscedasticity problem in the regression model, meaning that the data in the research is suitable for using multiple linear regression tests.

3. Hypothesis Testing Results

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine whether or not there is a relationship or influence between more than one variable and the dependent variables. Before testing the hypothesis regarding the significance of the relationship between the independent variable and the dependent variable, it must first be known whether a model has a linear relationship. After carrying out the regression test, the results obtained are as follows:

Table 5 Results of Multiple Linear Regression Analysis Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	162821535920	23878314150		6,819	,000
	Growth Economy (X1)	-965,814	661,072	-,059	-1,461	,147
	Income Original Region (X2)	,547	,032	,894	17,163	,000
	Allocation Funds General (X3)	,069	,031	,108	2,225	,029

a. Dependent Variable: Capital Expenditures (Y)
Source: processed secondary data, 2021

Based on the calculation results of the table above using the SPSS program, a multiple regression equation is obtained which can be written as follows:

Y = 162,821,535,920 - 965.814X1 + 0.547X2 + 0.069X3 +e

Based on the regression equation above, it can be concluded that the direction of the relationship between the independent variables and the dependent variable is positive or negative which will be explained as follows:

a. The constant value of 162,821,535,920 states that if Economic Growth (GRDP), Original Regional Income (PAD) and General Allocation Fund (DAU) are zero then the capital expenditure score is 162,821,535,920.

b. The regression coefficient for the economic growth variable is -965,814 and has a negative value, which means that every reduction of one unit in the Economic Growth score will increase the value of capital expenditure by -965,814 while keeping other variables constant. regression coefficient b1 means that if the Economic Growth Variable (X|) decreases by one unit, then Capital Expenditure (Y) will decrease. The regression coefficient has a negative value, which means that the Economic Growth variable (Xi) has a negative influence on Capital Expenditure (Y), so the lower the Economic Growth variable (X|), the lower the Capital Expenditure (Y), or the higher the Economic Growth variable. (Xj) the higher the Capital Expenditure (Y).

c. The regression coefficient for the regional original income variable is 0.547 and has a positive value, which means that every additional unit of PAD score (X2) will increase the capital

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expenditure score by 0.547 while keeping other variables constant. coefficient b2 means that if the variable Original Regional Income (X2) increases by one unit, then Capital Expenditure (Y) will increase. The regression coefficient has a positive value, which means that the variable Original Regional Income (X2) has a positive influence on Capital Expenditure (Y), if the higher the Original Regional Income variable (X2), the higher the Capital Expenditure (Y), or the lower the Original Regional Income variable (X2), the lower the Capital Expenditure (Y).

d. The regression coefficient for the general allocation fund variable is 0.069 and has a positive value, which means that every additional unit of DAU score (X3) will increase the value of capital expenditure by 0.069 while keeping other variables constant. coefficient b3 means that if the General Allocation Fund variable (X3) increases by one unit, then Capital Expenditure (Y) will increase. The regression coefficient has a positive value, which means that the General Allocation Fund variable (X3) has a positive influence on Capital Expenditure (Y), if the higher the General Allocation Fund variable (X3), the higher the Capital Expenditure (Y), or the lower the General Allocation Fund variable (X3), the lower the Capital Expenditure (Y).

Determination Test (R2)

Table 6 Determination Test Results (R2)

Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,944a	,892	,888	64064029698,370	1,910

a. Predictors: (Constant), General Allocation Fund (X3), Economic Growth (X1), Original Regional Income (X2)
b. Dependent Variable: Capital Expenditures (Y)

Source: processed secondary data, 2021

Based on the results of the determination test above, it can be explained that the R Square correlation value obtained is 0.892, which means that the independent variables, namely economic growth, local original income and general allocation funds, are able to explain changes in the dependent variable capital expenditure, namely 89.2% while the rest 10.8% is explained by other variables not included in this study.

Simultaneous Test (F Test)

This F test is useful for testing whether Economic Growth, Regional Original Income and General Allocation Funds simultaneously or together have a positive and significant influence on the Capital Expenditure Budget Allocation. then hypothesis testing is carried out as follows:

Ho: there is no significant influence between Economic Growth, Original Regional Income and General Allocation Funds on Capital Expenditure Budget Allocations.

Ha: There is a significant influence between Economic Growth, Regional Original Income and General Allocation Funds on Capital Expenditure Budget Allocations

The statistical hypothesis above can be interpreted as Ho indicating the independent variable, and Ha indicating the independent variable has a significant effect on the dependent variable. Testing this hypothesis uses the F statistical test, namely by comparing F-count with F-table at d=0.05 with the following decision criteria:

1. If F count > F table, then Ho is rejected and Ha is accepted.
2. If F count < F table, then Ho is accepted and Ha is rejected.

The following is a table of test results for the F test (simultaneous test) in this research which is as follows:

Table 7 F Test ResultsANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	311842176314961 5000000000,000	3	10394739210498 71700000000,000	253,271	,000b
	Residual	377586390909817 900000000,000	92	41041999011936 73000000,000		
	Total	349600815405943 3000000000,000	95			

a. Dependent Variable: Capital Expenditures (Y)
b. Predictors: (Constant), General Allocation Fund (X3), Economic Growth (X1), Original Regional Income (X2)

Source: processed secondary data, 2021

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Based on the table above, it can be seen that the F-count value obtained is 253.271 which is greater than the F-table (nk) or F-table 93 which is (2.70), this is also reinforced by the significance level value of 0.000 or the significance level obtained is smaller than a=0.05, meaning Ho is rejected, Ha is accepted. So it can be concluded that Economic Growth (GRDP) (X1), Original Regional Income (X2) and General Allocation Funds (X3) simultaneously or together have a positive and significant effect on the allocation of the capital expenditure budget (Y).

Partial Test (t Test)

The t statistical test shows how far the influence of an independent variable or individual explanatory variable is in explaining the dependent variable. The t test is used to test the partial regression coefficient of the Economic Growth (GRDP), Original Regional Income and General Allocation Fund variables on the capital expenditure variable. The partial hypotheses that will be tested in this research are as follows:

Ho1 = Economic growth has no positive effect on the allocation of the capital expenditure budget

Ha1 = Economic Growth   influentialpositive towards   allocationcapital expenditure budget

Ho2 = Regional Original Income has no positive effect on the allocation of the capital expenditure budget

Ha2 = Regional Original Income has a positive effect on the allocation of the capital expenditure budget

Ho3 = General Allocation Funds do not have a positive effect on capital expenditure budget allocation

Ha3 = General Allocation Funds have a positive effect on the allocation of the capital expenditure budget

Decision making criteria:

1. If t count > t table then Ho is rejected and Ha is accepted
2. If t count < t table then Ho is accepted and Ha is rejected

Or

1. If $p < 0.05$ then Ho is rejected and Ha is accepted
2. If $p > 0.05$ then Ho is rejected and Ha is accepted

The results of the t-statistical test are a form of partial analysis for each independent variable on the dependent variable. The results of the t test are useful for finding out whether individually the variable (X) has a significant influence on the variable (Y) or not. The size of the partial coefficients and the results of the t statistical test are explained in the following table:

Table 8 t test results
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	162821535920	23878314150		6,819	,000
	Growth Economy (X1)	-965,814	661,072	-,059	-1,461	,147
	Income Original Region (X2)	,547	,032	,894	17,163	,000
	Allocation Funds General (X3)	,069	,031	,108	2,225	,029

a. Dependent Variable: Capital Expenditures (Y)

Source: processed secondary data, 2021

Based on Table 4.8, the t test results above can be explained that:

1. Ho is accepted and Ha is rejected. Economic Growth (X1) has a negative relationship, this means that if economic growth is reduced, capital expenditure will also decrease. This is proven by the t-count value for the economic growth variable of -1.461, while the t-table (nk-1) or t-table 92 is 1.98609, so the t-count is -1.461 < t-table -1.98609 . This is also reinforced by the significant value of 0.147 > 0.05, so it can be concluded that the economic growth variable does not have a significant effect on capital expenditure.
2. Ho is rejected and Ha is accepted. Original Regional Income (X2) has a positive relationship, this means that if Original Regional Income is increased, capital expenditure will also increase. This is proven by the t-count value for the Original Regional Income variable of 17.163, while the t-table (nk-1) or t-table 92 is 1.98609, so the t-count is 17.163 > t-table -1.98609. This is also reinforced by a significant value of 0.000
3. < 0.05, it can be concluded that regional original income has a positive and significant effect on capital expenditure.

4. Ho is rejected and Ha is accepted. The General Allocation Fund (X3) has a positive relationship, this means that if the DAU is increased, capital expenditure will also increase. This is proven by the t-count value for variable This is also reinforced by the significant value of 0.029 < 0.05, so it can be stated that the General Allocation Fund has a positive and significant effect on capital expenditure.

Discussion and Summary of Research Results

Based on the results of research on the Influence of Economic Growth, Regional Original Income and General Allocation Funds on Capital Expenditure Budget Allocations in Regencies/Cities of North Sumatra Province for 2015-2017, it can be explained as follows:

The Effect of Economic Growth on Capital Expenditures

Ho: Economic Growth has a positive effect on Capital Expenditures in Regencies and Cities in North Sumatra Province in 2015-2017 but based on the data analysis that has been carried out, the first hypothesis states that the first hypothesis is not proven, meaning that Economic Growth has a negative influence and does not have a significant effect on Expenditures Capital. This is indicated by a significance value of 0.147, this value is lower than 0.05. The t-count value is -1.461 < t-table 1.98609. These results show that the higher the Original Regional Income, the lower the Capital Expenditure will be, and vice versa, if the lower the Original Regional Income, the Capital Expenditure will be higher. The results of this research are not in accordance with research conducted by (Saptaningsih Sumarmi, 2009) which states that Regional Original Income has a significant positive effect on Capital Expenditures. However, the results of this research are supported by research conducted by (Maslikah, 2014), (Santika, 2017) and (Putri, 2017) which states that economic growth has no effect on the capital expenditure budget. (Putri, 2017) states that economic growth is an indicator of successful development, or economic growth can also be interpreted as a process of increasing the production capacity of an economy which is realized in the form of an increase in national income which ultimately affects capital expenditure. But in this case, the fact is that economic growth is not really taken into account as the main reference in preparing capital expenditure. Apart from that, there are factors that influence, for example, the budget preparation process for each district/city which also takes into account the socio-political conditions in the region in addition to paying attention to regional macroeconomic conditions.

The Influence of Original Regional Income on Capital Expenditures

Ho: Regional Original Income has a significant influence on the Capital Expenditure Budget Allocation with a significant value of 0.000 (a = 0.05). Thus Ha which states that Regional Original Income has a positive influence on Capital Expenditure is acceptable.

Based on the research results, it is known that in general the original regional income obtained from 32 regencies and cities in North Sumatra Province in 2015-2017 was dominated by the levy sector, followed by the tax sector, other legitimate regional original income, and regional wealth. which is separated. The research results illustrate that the region that had the highest Regional Original Income was the city of Medan during 2015-2017. Regional Original Income mainly comes from regional tax revenues, then levies, other PAD and separated regional assets. As the capital of North Sumatra Province, it is very possible for the city of Medan to extract its original regional income from the regional tax revenue sector because it sees the condition of the city of Medan as a gathering center for trade, industrial and service activities for the surrounding areas, so a situation like this is an opportunity for the city. Medan to explore local taxes, especially from taxes on hotels and restaurants, entertainment, advertising, and so on. However, not all District and City Governments in North Sumatra Province are doing the same thing to explore their Regional Original Revenue capabilities. This can be caused by different geographical conditions, population size, various demographic conditions and so on.

The results of this research are not in line with the results of research conducted by (Widianto, 2013) which shows that local original income has a negative effect on capital expenditure. Looking at the research results above, it shows that Regional Original Income (PAD) is an important source of income for a region to meet its expenditure. It is hoped that regions can further optimize regional revenues. Regional Original Income statistically influences the allocation of Capital Expenditures, which can provide a little reference that Original Regional Income plays a very important role in regional development. Therefore, regions should be more motivated to utilize regional resources so that they can be used for activities that can increase income. By increasing Regional Original Income, it can provide flexibility for the region to allocate it to activities or expenditures that can have an impact on increasing regional development, especially infrastructure development. Increasing the allocation of capital expenditure in the form of fixed assets such as infrastructure and equipment is very important for increasing economic productivity because the higher the capital expenditure, the higher the economic productivity. Increasing economic

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productivity will have a positive impact on increasing regional income.

The Influence of General Allocation Funds on Capital Expenditures

Ho: General Allocation Funds greatly influence the Capital Expenditure Budget Allocation with a significant value of 0.029 (a = 0.05). Thus Ha stating that the General Allocation Fund has a positive and significant influence on Capital Expenditures is acceptable. This means that when there is an increase in the amount of General Allocation Funds it will have an effect on increasing the amount of Capital Expenditures in the 32 Regencies and Cities in North Sumatra Province which received the highest General Allocation Funds in 2012-2014, namely Medan City. The high level of General Allocation Funds is caused by a fiscal gap that occurs because regional fiscal needs exceed fiscal capacity so that the Regional Government needs other assistance in the form of General Allocation Funds received. In fact, the Regional Government can minimize this gap if the Regional Government can increase its fiscal capacity, one of which can be done through greater regional Original Income.

This is in line with the results of research conducted by (Sumarmi, 2008) with the results of the research partially showing that DAU has a negative effect on the allocation of capital expenditure. General Allocation Funds (DAU) have a fairly large percentage compared to other regional revenues. This number indicates that Capital Expenditures still depend on Central Government Transfers to Regional Governments. This transfer aims to optimize the implementation of regional autonomy if there is an imbalance between a region's revenues and expenditures. General Allocation Funds (DAU) allow regions to use them according to regional priorities and needs to improve services to the community within the framework of regional autonomy. Data processing and the results obtained indicate that DAU is intended to be used for capital expenditures and only a small amount to finance routine expenditures such as personnel expenditures.

The Effect of Economic Growth, Regional Original Income and General Allocation Funds on Simultaneous Capital Expenditures

Providing regional autonomy affects the economic growth of a region because it gives regional governments the freedom to make their own financial plans and make policies that can influence the progress of their region. Economic growth by managing existing resources and forming a partnership pattern with the community to create new jobs that will influence the development of economic activities in the area. This economic development is characterized by increasing productivity and increasing per capita income of the population, resulting in improvements in welfare. The current reality is that economic growth in districts/cities in North Sumatra Province fluctuates every year in each district/city, which is also followed by capital expenditure. This can be seen in the data on Economic Growth and Realization of Capital Expenditures for 2015-2017. This can happen because the allocation of Capital Expenditures in a region is based on regional needs for facilities and infrastructure both for the smooth implementation of government tasks and for public facilities, while changes in the Economic Growth of a region are caused by changes in GRDP through an increase in the amount of production of goods and services compared to with the population of an area.

Fiscal decentralization gives large authority to regions to explore their potential as a source of regional income to finance regional expenditure in the context of public services. Based on Law No. 32 of 2004, one source of regional income is Regional Original Income (PAD) which consists of regional tax proceeds, regional levy proceeds, separated regional wealth management results and other legal PAD. The increase in PAD is expected to increase investment in regional government capital expenditure so that the quality of public services gets better, but what happens is an increase in the region's original income.

Each region has unequal financial capabilities in funding its activities, this creates fiscal inequality between one region and another. Therefore, to overcome this fiscal imbalance, the Government allocates funds from the APBN to fund decentralization. One of the balancing funds from the government is the General Allocation Fund (DAU), the allocation of which emphasizes aspects of equality and justice which are in line with the administration of government affairs. With this transfer of funds from the center, it is hoped that regional governments can allocate more PAD obtained to finance capital expenditure in their regions.

Based on the results of the F test, the Economic Growth variable, Regional Original Income and General Allocation Funds have a significant positive effect on the regional capital expenditure budget at the level a = 0.05 with a significant value of 0.000. This means that together Economic Growth, Original Income, Regions and General Allocation Funds have a significant positive effect on the allocation of capital expenditure. This is in line with the results of research conducted by Mayasari, et al (2014) which states

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that Economic Growth, Original Regional Income and General Allocation Funds have a significant effect on Capital Expenditures.

Summary of Hypothesis Testing Results

The summary of the results of hypothesis testing above is summarized in table 9 as follows:

Table 9 Summary of Hypothesis Testing Results

Hypothesis	Results	Significance	Direction
1	Growth EconomyDoes not have a significant effect on Capital Expenditures	Not significant	Negative
2	Regional Original Income has an effect significant to Capital Expenditures	Significant	Positive
3	FundGeneral Allocations have an effect significant to Capital Expenditures	Significant	Positive
4	Economic growth, PAD and DAU simultaneously have a significant effect on Capital Expenditures	Significant	Positive

Source: Research results, processed (2020)

Based on the summary table of the hypothesis testing results above, it can be concluded as follows:
1. Economic growth partially has a negative and insignificant effect on capital expenditure.
2. Regional Original Income partially has a positive and significant effect on capital expenditure.
3. The General Allocation Fund partially has a positive and significant effect on capital expenditure
4. Economic Growth, Regional Original Income and General Allocation Funds simultaneously have a positive and significant effect on capital expenditure.

4.   CONCLUSION

Based on the results of tests and analyzes that have been carried out regarding the Effect of Economic Growth, Original Regional Income and General Allocation Funds on Capital Expenditure Budget Allocations, the conclusions of this research are as follows: Economic Growth (X1) is proven to have a negative and insignificant effect on expenditure capital. These results show that the higher the Original Regional Income, the lower the Capital Expenditure will be, and vice versa, if the lower the Original Regional Income, the Capital Expenditure will be higher. Regional Original Income (X2) is proven to have a positive and significant effect on the allocation of the North Sumatra province Capital Expenditure budget. Regency/City regions that have high Regional Original Income will also allocate high Capital Expenditures. Conversely, districts/cities that have low local original income will allocate low capital expenditure. General Allocation Funds (X3) have been proven to have a positive and significant effect on the allocation of the Capital Expenditure budget, meaning that the amount of General Allocation Funds received from the central government by Regencies/Cities in North Sumatra is relatively large, this means that the majority of Regencies/Cities in North Sumatra have high level of dependence on the central government. So the central government provides assistance funds in the form of General Allocation Funds which are expected to increase the allocation of Capital Expenditures in each region, so that regional governments can continue to improve public services for the community. Economic Growth, Regional Original Income and General Allocation Funds simultaneously have a positive and significant effect on Capital Expenditures. Based on the results of the discussion and conclusions of this research, the researcher will propose the following suggestions: It is hoped that regional governments can continue to explore sources of Original Regional Income so that they are useful in funding to improve the quality of public services in the region. Regional governments are also expected to be able to manage and make full use of General Allocation Funds and Special Allocation Funds well to improve the quality of public services. It is hoped that future researchers will be able to increase the coverage of districts and cities, especially apart from North Sumatra Province, so that the results of the research conducted are more representative. The variables used in future research are expected to be more complete and varied by adding other independent variables and a time period of more than 3 years.

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