



Factors Affecting Capital Expenditure In Districts in West Java Province

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ABSTRACT

Purpose : This study examines and analyzes the effect of Original Local Own Revenue (PAD), General Allocation Fund (DAU), Special Allocation Fund (DAK), Revenue Sharing Funds (DBH), and Excess Budget Financing (SiLPA) on Capital Expenditures.

Method : This study employed a quantitative research design. The study's population consisted of all 27 West Java Province Districts, including 9 cities and 18 regencies. With a total sample of 135 district budget realization reports data in the province of West Java, the sample size for this study was determined using a census sampling approach.

Findings : The findings show a positive effect of PAD and DAU on Capital Expenditure, indicating that the amount of realized Capital Expenditure depends on the amount of PAD and DAU obtained by Districts in West Java Province. Meanwhile, DAK, DBH, and SiLPA do not affect the realization of Capital Expenditures. This indicates that the realization of capital expenditure is independent of DAK, DBH, and SiLPA.

Novelty : First, this study uses a different research paradigm than before. Second, this research utilizes the latest era to vary the independent variables. Third, the problems chosen in this study are regencies and cities in West Java Province, which need attention regarding capital expenditure allocation.

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INTRODUCTION

The regional autonomy policy was drafted in Law Number 23 of 2014, the legal basis governing the Regional Government. Law No. 1 of 2022 contains the legal framework governing the financial equilibrium between the federal and regional governments. According to statutory regulations, a region must be given the independent capacity to carry out all types of development. This autonomy includes development planning, implementation, and financing. This authority is intended to make it easier for regions to supervise and regulate the use of money obtained through the Regional Revenue and Expenditure Budget (APBD) and to improve government services to the community.

Regional autonomy is the first step towards developing a more empowered national economy for high growth by guaranteeing a better quality of life for people in the regions (Sunarno, 2014). According to Abdurahman (1987), the purpose of regional autonomy is to improve services to the community by increasing the usability and efficiency of governance and development. The Regional Government and the DPRD first determine the general policy regarding the APBD as a guide in allocating resources. Good financial management is anticipated to influence regional development in ways that are effective, efficient, and supportive of economic growth (Suryantini et al., 2018). Allocating resources into the capital expenditure budget is a process that must be noticed.

According to Law Number 23 of 2014, which serves as the legislative foundation for regional government, regions can decide how much funding will go toward capital expenditure as long as they abide by the standards of decency, local requirements, and technical capacity. In PMK No. 91/PMK.06/2007 about the Standard Chart of Accounts, capital expenditures are defined as Budget expenditures made in the context of acquiring or constructing tangible fixed assets with a usable value of more than one year to be employed in government activities. As indica-

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ted by Karyadi & Taman (2018), Capital Expenditures are firmly connected with long-haul monetary preparation, mainly supporting the upkeep of fixed resources because of these Capital Uses. This capital expenditure budget is based on the region's demand for infrastructure and amenities, both for the efficient completion of official activities and for public facilities. The local government often purchases fixed assets once a year by budget priorities and public services that have a long-term financial effect (Halim, 2012).

Based on the Directorate General of Treasury Regulations, an expenditure is categorized as capital expenditure if: The expenditure results in the acquisition of fixed assets or other assets that will add to the government's assets; The fixed assets or other assets have a long-term useful life (more than twelve months), and; Fixed assets acquired are not intended for sale. Capital spending is used, among other things, for: Land spending, Equipment and Machinery Expenditure, Building and Construction Expenditure, Road, Irrigation and Network Expenditure, and Other Physical Capital Expenditure, according to the Regulation of the Minister of Finance Number 114/PMK.02/2016.

The distribution of capital expenditures is based on the need for infrastructure and facilities in the regions for the smooth running of government operations and public facilities. In Law No. 1 of 2022, a region emphasises the maximum limit for personnel expenditure of 30% of the total APBD expenditure and the minimum capital expenditure limit of 40% of the total APBD expenditure that must be allocated. However, the fact is that there are still regions that still need to reach the amount of the target for capital expenditure set out in the Law. As is the case with the local government of West Java. Based on data processed by Badan Pusat Statistik, the results showed that the absorption capacity of realized capital expenditures for regional expenditures in West Java province only reached 11.88% in 2021. That shows the allocation for capital expenditure has yet to reach the percentage stipulated in Law No. 23 of 2014, namely a minimum of 40% of the total APBD expenditure. In this case, it indicates that the allocation for capital expenditure is less than personnel expenditure and other expenditures. Capital expenditure promotes indispensable consumption expenditure in the short run. In contrast, expenditure policies that respond to increasing mature population, such as employment policies, should postpone discretionary capital expenditure but support pressing.

Kapaya (2021) shows consumption expenditure in the short run. Lastly, in line with Kagochi (2019), consistent government expenditure and good governance enhance financial development. Brzozowski & Siwińska-Gorzela (2013) corroborate it- Based on the findings, the interaction between population structure and expenditure types seems complex, as such policies must be comprehensive. For the sake of financial development, policies that cautiously promote a decline in the young population should also promote Gorzelak (2013) and Aghughu et al. (2022) that public spending and its financing volatility generate high-interest rates, uncertain assets' sales costs and timing, and reduces credits extension to private agents, thereby reducing the depth of financial markets. Therefore, governments must spend wisely and control expenditure behavior since its impacts on the economy, particularly the private sector and financial development, should be emphasized. Its impacts on inflation and individual output or income can also beneficially or severely impact financial development.

Białek-Jaworska & Kopańska (2023) show that the MOCs' revenues support limited local public debt capacity by indebtedness restrictions imposed on municipalities in 2014. As a result, less indebted municipalities have higher off-budget revenues. The tightening of fiscal rules related to sub-sovereign indebtedness increased off-budget activities. However, that effect is much stronger in rural and rural-urban municipalities than in urban and big cities. Hounmenou, Bernard G., and Fabrice D. Degbedji (2021) aimed to study the impact of municipal government resources on their investment expenditure. By using the approach analysis panel. Samples from 34 cities in Benin. The results show a positive and significant impact of own resources, state transfers, and demographic variables on local investment expenditure.

Mamun & Chowdhury (2022) show that one-tenth of the entire municipalities in Bangladesh are endowed with better positions. In contrast, almost 39 percent of municipalities are in the worst situation, and nearly 50 percent are in the average category. Because of having limited liabilities, the municipalities are endowed with more than sufficient cash solvency and a reasonable level of long-run solvency. The fundamental problems are that the budgetary solvency of all municipalities needs to be more satisfactory, and service expenses are more than their revenue generation. This study suggests improving the financial capabilities of the municipality through properly using its resources, generating loans, and claiming a need-based budget from the central government.

With a healthy financial condition of local governments, public service quality will improve (Huang & Ho, 2013). When there is an imbalance between the demand and supply of public service, this indicates that the government's financial condition is in distress. Thus, it creates a problem between the citizens who want those public services and the local government officials who are accountable for ensuring the provision of those services (Amrahova et al., 2017). This problem causes tension between these two parties (McDonald III, 2018). Therefore, measuring the local government's fiscal health is crucial to minimize this problem. Since municipalities are the best demonstrators of the local governments, stakeholders should prioritize a better understanding of the latter's financial capability by assessing the fiscal condition of the municipalities.

According to Saragih (2003), Spending on the region should be used for beneficial purposes like regional development initiatives. However, in allocating regional revenues, the Regional government tends to be used for routine expenditure purposes rather than capital expenditures. The District Government of West Java Province's

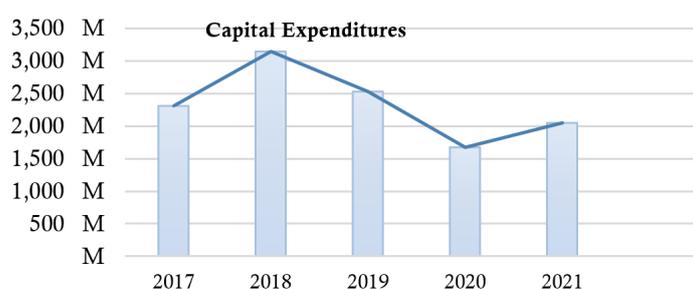


Figure 1. Realization of Capital Expenditures
(Source: djk.kemenkeu, processed in 2023)

Budget Realization Report (LRA) for 2017–2021 shows this. The Figure 1 is a graph showing the realization of West Java Province's Capital Expenditure for 2017-2021.

Figure 1. shows fluctuations in the percentage of capital expenditure in the Province of West Java for the 2017-2021 period. This indicates that this development is still low in all aspects of people's lives, especially facilities that can support ongoing economic activities in the community. Therefore, allocating capital expenditure is crucial in the regional government budget preparation process. West Java medium-term development goals and targets for 2018- 2023 describe the vision and mission of West Java Province for 2018-2023, consisting of 7 (seven) goals and 21 (twenty-one) goals. Every goal and objective development is accompanied by development indicators and targets every year for 5 (five) years.

West Java Provincial Government to realize Public Service Innovation and Regional Management is realized through Champion Bureaucracy, namely internal efforts to improve effective and efficient, clean and accountable bureaucracy, as well as services quality public supported by the use of information technology through Smart Province/West Java Digital Province development includes: development command center, integrated government dashboard, West Java one data and one map, open data, West Java digital service unit, revitalization and integration of the West Java Champion website, and reforms in government governance. Apart from that, physical investment is highly relied upon as a source of economic growth as well as Foreign Direct Investment (PMA) and Investment Domestic Capital (PMDN). West Java PMA experienced positive growth after continuing to experience growth contraction since 2014. West Java is still the central destination province for PMA and PMDN nationally, in line with the number of industries and industrial areas developing in Java West. This is due to support for implementing the economic policy package, especially in facilitating investment activities and obtaining permits, which is one of the factors attracting FDI to West Java. Besides that, one of the most critical factors in development in West Java 2021 is employment. The working-age population in West Java is experiencing an increase in August 2021 to 38.09 million people from 37.51 million in August 2020. West Java Labor Force Participation Rate (TPAK) in August 2021 amounted to 64.95%, an increase of 0.46 points compared to 2020. Open Unemployment (TPT) decreased from 10.46% in August 2020 to 9.82% in August 2021, of which 2.43 million people are still unemployed (not yet accommodated in the job market).

The standard regional cash distribution actions supporting operational activities within the government environment are items included in regional government spending in the APBD. A source of income is needed to finance these expenses. Based on Law Number 23 of 2014, funding comes from various sources, including Local Own Revenue, Balancing Funds, and the excess of the previous year's Budget Financing.

Numerous research has been carried out to identify the variables influencing capital expenditures. First, Syukri & Hinaya (2019) show that Local Own Revenue, General Allocation Fund, and Special Allocation Fund have a positive effect on Capital Expenditures; second, Sukmaji & Rohman (2019) show that Revenue Sharing Fund have a positive effect on Capital Expenditures; third Erniwati Telaumbanua et al. (2021) which gives Excess Budget Financing results a positive effect on Capital Expenditures. However, it is different from the research conducted by Widiasmara (2019), which yields Local Own Revenue and General Allocation Fund results that do not affect Capital Expenditures; Talluta et al. (2018) give Revenue Sharing Fund and Excess Budget Financing results that do not affect Capital Expenditures.

The difference from previous studies is that researchers include Revenue Sharing Funds and Excess Budget Financing as independent variables because they are believed to impact Capital Expenditures. Apart from adding independent variables, the researchers also used a different sample, namely Districts in West Java Province in 2017-2021. With the phenomena and research gaps, the researcher raised "Factors Affecting Capital Expenditure In Districts In West Java Province." This study aims to determine how Original Local Own Revenue (PAD), General Allocation Fund (DAU), Special Allocation Fund (DAK), Revenue Sharing Funds (DBH), and Excess Budget Financing (SiLPA) affect capital expenditures in Districts in the West Java Province from 2017 to 2021.

Regional governments use original Local revenue to build infrastructure in their respective regions. Taxes, levies, differentiated regional wealth management results, and other legitimate sources of PAD are Local revenue sources. The capital expenditures increased directly to the Local revenue (Syukri & Hinaya, 2019). Through capital expenditures, expenditure allocations for investment purposes can be made to enhance public services. Syukri & Hi-

naya (2019) research shows that PAD positively affects capital expenditure, in line with research conducted Syafnur & Khaddafi (2020). Therefore, the hypothesis in this study is as follows:

H₁: Original Local Own Revenue (PAD) Affects Capital Expenditures

General allocation funds (DAU) are allocated from the APBN to equalize inter-regional capabilities to finance regions with the aim of decentralization. According to research by Sukmaji & Rohman (2019), DAU positively impacts capital expenditure. It claims that there are substantial indicators that DAU revenue streams significantly impact regional expenditure behavior, particularly capital expenditure behavior. The following formulation of the hypothesis may be made based on the description given above:

H₂: General allocation funds (DAU) affect Capital Expenditures

Special Allocation Funds (DAK) is one of the APBN funds provided to each area to help finance particular activities or regional issues that align with national priorities (Law Number 1 of 2022). Sukmaji & Rohman (2019) research demonstrates that DAK positively impacts capital investment. It claims that there are substantial indicators that DAK revenue sources significantly impact regional expenditure behavior, particularly capital expenditure behavior. The following formulation of the hypothesis may be made based on the description given above:

H₃: Special Allocation Funds (DAK) affect Capital Expenditures

Revenue Sharing Funds (DBH) funds originating from APBN funds and then allocated to each region according to a percentage figure to help meet regional needs to implement decentralization (Law Number 1 of 2022). Research conducted by Susanti & Fahlevi (2022) demonstrates that DBH positively impacts capital expenditure. The following formulation of the hypothesis may be made based on the description given above:

H₄: Revenue Sharing Funds (DBH) affect Capital Expenditures

The excess between spending and financing revenues and expenditures in the APBN/APBD during the one-year reporting period is known as SILPA. The remaining surplus from the previous year's budget financing is regional financing revenue, which covers the budget deficit when actual revenue is smaller than actual spending (Yana, 2018). Research shows that SILPA favors capital expenditure (Sanjaya & Helmy, 2021). In financing the allocation of Capital Expenditures, in keeping with Alpi (2021), which claims that SILPA has a beneficial influence on capital expenditure. A similar study that obtained the same results was carried out by Arsallya et al. (2021). This is because SILPA has an essential role in funding the allocation of Capital Expenditures. The following formulation of the hypothesis may be made based on the description given above:

H₅: Excess Budget Financing (SiLPA) Affects Capital Expenditures

RESEARCH METHODS

The quantitative research approach utilized in this study aims to examine the predetermined hypotheses—data gathering using documentation methods. The West Java Province District's budget realization reports for 2017-2021 are downloaded for documentation, which is sourced from the DJPK Ministry of Finance website or www.djpk.kemenkeu.go.id.

Based on the existing phenomenon that the regional government of West Java in allocating its Capital Expenditure has only reached 11.88% in 2021 and has not maximized its capital expenditure allocation of 40% of the total regional expenditure in the APBD, which the central government has determined, therefore researchers use West Java as a subject in this study. All of the West Java Province's Districts comprised the study's population, which totaled 27 Districts made up of 9 cities and 18 regencies. Using a census sampling approach, the sample for this study was determined, which means that the entire population was sampled; namely 27 Districts in West Java Province with a total sample of 135 district budget realization report data in West Java province.

Multiple linear regression, the conventional assumption test, and descriptive statistical analysis were all used in this study to assess the data. Multiple linear regression analysis is also used to identify the direction and magnitude of the independent factors' effects on the dependent variable. Equation (1) can display the study's regression equation. The classic assumption test is carried out with the aim of testing that the research data shows the actual conditions so that it is feasible to be tested. The normality, autocorrelation, multicollinearity, and heteroscedasticity tests make up the traditional assumption test (Ghozali, 2020). This study's descriptive statistical analysis uses the minimal average (mean) to characterize the data, including each study variable's maximum value and standard deviation (Ghozali, 2020).

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e \quad \dots\dots\dots 1$$

Information:

Y = Capital Expenditures

α = Constant

Table 1. Variable Operational Definition

Variable	Definition	Measurement	Scale
Capital Expenditures	Budget expenditures made in thcontext of purchasing or building tangible fixed assets that have a useful value of more than one year to be used in government activities.	Capital Expenditures = Land Expenditure + Equipment and Machinery Expenditure + Building and construction Expenditure + Road, Irrigation and Network Expenditure + Other Physical Capital Expenditure (PMK No. 114/PMK.02/2016)	Ratio
Local Own-Revenue (PAD)	The income received is purely from the area by applicable regional and statutory regulations.	Local Own-Revenue (PAD) = Regional Taxes + Regional Retribution + Results of Separated Regional Wealth Management + Other Legitimate Local Original Revenues (Law No. 1 of 2022)	Ratio
General Allocation Fund (DAU)	Funds originating from APBN revenues allocated with the aim of equal distribution of inter-regional financial capacity to fund regional needs in the context of implementing Decentralization.	General Allocation Fund (DAU) = Fiscal Gap + Basic Allocation (Law No. 1 of 2022)	Ratio
Special Allocation Fund (DAK)	Funds originating from APBN revenues allocated to certain regions to help fund special activities.	Special Allocation Fund (DAK) = DAK Physical + DAK Non-Physical (PP No. 55 of 2005)	Ratio
Revenue Sharing Fund (DBH)	Funds originating from certain APBN revenues allocated to the Regions to reduce the gap in financial capacity between the Central and Regional Governments.	Revenue Sharing Fund (DBH) = Tax Revenue Sharing Fund + Non-tax (Law No. 23 of 2014)	Ratio
Excess Budget Financing (SiLPA)	The excess between the realization of income-LRA and spending, as well as receipts and financing expenditures in the APBN/APBD during the one-year reporting period.	SiLPA = Total Income – Total Spending + Net Financing (PP No. 71 of 2010)	Ratio

(Source: processed data, 2023)

- $\beta_1 - \beta_5$ = Coefficient
 X_1 = Local Own-Revenue (PAD)
 X_2 = General Allocation Fund (DAU)
 X_3 = Special Allocation Fund (DAK)
 X_4 = Revenue Sharing Fund (DBH)
 X_5 = Excess Budget Financing (SiLPA)
 e = Error

Measurement of Dependent and Independent Variables can be measured with a ratio scale. This study uses Natural Logarithms (Ln) intending to reduce data fluctuations. By using the Natural Logarithm, very large values, billions to trillions, will be simplified by not changing the proportion of the original value.

RESULTS AND DISCUSSIONS

Table 2 presents the findings of the descriptive statistical analysis. According to descriptive statistics, an independent variable's data distribution is said to have a trim level when the independent variable's average value is larger than its standard deviation.

The results of the normality test reveal the Asymp value by 0.200. When the value is more significant than 0.05, the residual data is considered to be regularly distributed. The autocorrelation test's findings demonstrate that the Durbin-Watson value is 2.148 and du is 1.7962. When viewed from the decision-making $du < d < 4-du$, then

obtained $1.7962 < 2.148 < 2.2038$, no autocorrelation symptom exists.

Because all independent variables have a tolerance > 0.1 and a VIF value < 10.00 , the results of the multicollinearity test in this study model indicate no signs of multicollinearity. The heteroscedasticity test findings revealed that all independent variables had $sig > 0.05$, indicating no signs of heteroscedasticity in this study model. Table 3 displays the outcomes of the multiple linear regression analysis tests, including the accepted and rejected hypotheses. Equation 2 illustrates the regression model that was created based on the findings of the study's regression analysis test of Equation 1.

$$Y = 0.124 + 0.443 X_1 + 0.613 X_2 + 0.098 X_3 - 0.129 X_4 - 0.059 X_5 \dots\dots\dots 2$$

According to the findings of the test for the coefficient of determination, the influence exerted by PAD (X_1), DAU (X_2), DAK (X_3), DBH (X_4), and SiLPA (X_5) on Capital Expenditures (Y) is 64.4%. Comparatively, the remaining 35.6% is affected by other variables not covered by the study's independent variables or not considered by the regression model. Table 4 displays the outcomes of the test for the coefficient of determination.

The Effect of Original Local Own Revenue (PAD) on Capital Expenditures

According to the t-test (partial test) findings in Table 3, Local Own Revenue outcomes throughout the study period had a positive impact on Regency and City Capital Expenditures in West Java Province, as shown by the $sig 0.00 < 0.05$ and $tcount > ttable$ or $5,961 > 1,979$. Based on these findings, it can be concluded that the theory that PAD affects capital expenditures in West Java Province's regencies and cities between 2017 and 2021 is plausible (H_1 is accepted). The amount of local revenue is one of the factors that determines how capital expenditures are allocated to regencies and cities in West Java Province. The amount of local revenue collected was the cause of a significant increase in capital expenditure. On the other hand, the low local revenue earned is the reason for the low capital expenditure. Local revenue is one of the resources used to finance capital expenditures.

In order to achieve regional autonomy as an embodiment of the "decentralization" idea, a rise in PAD will lead to an increase in public services, infrastructure, and buildings on a regional level (Suryantini et al., 2018). This is evidence that as PAD increases, the region is better equipped to satisfy its spending demands independently of the central government. This demonstrates the local government's ability to be independent via open and responsible financial management (Pika et al., 2018). To finance all regional infrastructure projects through capital expenditure allocations in the APBD, regional governments must be able to maximize their resources and grow local revenue. The findings of studies by Syukri & Hinaya (2019) and Syafnur & Khaddafi (2020) demonstrate that partial PAD has a positive impact on capital expenditure and that the allocation of capital expenditure increases with PAD supports the findings of this study.

The Effect of General Allocation Fund (DAU) on Capital Expenditures

The General Allocation Fund had a positive impact on Regency and City Capital Expenditures in West Java Province throughout the research period, as shown by the $sig 0.02 < 0.05$ and $t count > t table$ or $3.108 > 1.979$, according to the t-test (partial test) findings in table 3. Based on these findings, it can be concluded that the theory that DAU affects capital expenditures in West Java Province's regencies and cities between 2017 and 2021 is plausible (H_2 is accepted). To balance inter-regional capacities and finance areas with a decentralization goal, the general allocation funds from the APBN are distributed. Therefore, the central government provides financial allocations from the center to regional governments, including general allocation funds, which are expected to be able to distribute finances in each region (Aspan et al., 2016). General allocation funds are a source of regional income that will later be used for regional expenditures, including capital expenditures, which are a component of regional expenditures (Suryana, 2018).

Allocating capital expenses requires general allocation funds, which are also used to enhance public services to foster social welfare. General allocation funds from the central government have been allocated appropriately, and local governments, in this case, districts in West Java province, have been able to allocate their revenues to finance capital expenditures. Local governments in districts in West Java province use general allocation funds to

Table 2. Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
PAD (X_1)	135	25.15	28.96	27.1038	0.83080
DAU (X_2)	135	26.57	28.40	27.6828	0.44019
DAK (X_3)	135	24.95	27.34	26.5163	0.56476
DBH (X_4)	135	24.63	27.29	25.5821	0.63702
SiLPA (X_5)	135	22.04	27.84	25.7560	1.18202
Capital Expenditures (Y)	135	24.77	28.16	26.8544	0.61963
Valid N (listwise)	135				

(Source: processed data, 2023)

Table 3. Hypothesis Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.124	2.201		0.056	0.955
PAD (X ₁)	0.443	0.074	0.594	5.961	0.000
DAU (X ₂)	0.613	0.197	0.435	3.108	0.002
DAK (X ₃)	0.098	0.137	0.089	0.713	0.477
DBH (X ₄)	-0.129	0.077	-0.133	-1.674	0.096
SiLPA (X ₅)	-0.059	0.042	-0.113	-1.403	0.163

Source: processed data, 2023

maximize public services so that areas that lack capital will be assisted.

The results of this study were reinforced by the results of research conducted by Sukmaji & Rohman (2019) and Rafi & Arza (2023). It concluded that DAU had a favorable impact on capital spending. This indicates that the level of capital spending will increase with the amount of general allocation money received. Conversely, if the general allocation fund received by the area decreases, the region's capital expenditure will also fall.

The Effect of Special Allocation Fund (DAK) on Capital Expenditures

The Special Allocation Fund had no impact on Regency and City Capital Expenditures in West Java Province throughout the research period, as shown by the sig 0.477 > 0.05 and t count > t table or 0.713 < 1.979, according to the t-test (partial test) findings in Table 3. The amount of capital expenditures is unaffected by the level of DAK that regional governments get. The claim that the Special Allocation Fund will impact capital expenditures in West Java Province's regencies and cities between 2017 and 2021 is disproved. (H₃ is rejected).

This indicates that the regions allocate DAK not to finance Capital Expenditure activities. Where DAK is sourced from APBN or central government revenues whose purpose is to assist in funding special activities such as health, education, family planning, and others, in this case, it is used in spending on other special activities. The amount of DAK cannot be determined annually since the allocation of DAK considers the availability of money in the APBN.

First, because the Special Allocation Fund contributed so little to regional revenue overall during the previous research period, DAK had little impact on capital expenditure, which was 16.4% compared to Regional Original Revenue and General Allocation Funds, each of which contributed more, namely 34, 5% and 24.7%. The second factor in this study indicates that the amount of DAK is not a determining factor in increasing Capital Expenditures. This can be seen in the 2017-2021 District/City Budget Realization Report in West Java, which shows that an increase only sometimes followed an increase in DAK over the five-year research period in Capital Expenditures. In addition, the use of DAK is entirely under the authority of each region, so in this case, the use varies.

The outcomes of earlier studies help to validate the findings of Syukri & Hinaya (2019), Rachim et al. (2019), and Jayanti (2020), which claim that capital expenditures are unaffected by special allocation monies. The amount of Special Allocation Funds provided by the Central Government to the Regional Governments has no bearing on the amount of Capital Expenditures. In other words, an increase in a region's Special Allocation Fund (DAK) does not automatically translate into a rise in its assets or capital spending, and vice versa.

The Effect of Revenue Sharing Fund (DBH) on Capital Expenditures

The Regency and City Capital Expenditures in West Java Province during the study period were not impacted by the Revenue Sharing Fund outcomes, as shown by the sig 0.096 > 0.05 and t count > t table or -1.674 < 1.979 in Table 3's t-test (partial test) findings. The amount of capital expenditures is unaffected by the level of DBH that the regional administration receives. The claim that Sharing Funds Revenue impacts capital expenditures in West Java Province's regencies and cities between 2017 and 2021 is disproved (H₄ is rejected).

Districts in West Java Province do not rely on transfer funds from the central Government when allocating capital expenditures, in this case, Revenue Sharing Funds. Revenue Funds contributed 6.8% to total regional income during the last research period, compared to Original Income Regions, which contributed more which contributed 34.5%. In this condition, the Regional Government of West Java, in allocating Capital Expenditures, uses sources of funding from the region, namely Local Own Revenue. The research above's findings conclude that the West Java regional government's provision of public services relies on something other than money transferred from the

Table 4. Results of Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.811 ^a	0.658	0.644	0.36950

Source: processed data, 2023

Federal Government's Revenue Sharing Fund. Additionally, each area has complete control over how DBH is used. Therefore, there are differences in this regard.

The link between DBH and capital expenditure has a negative slant, meaning that for every unit rise in DBH, capital expenditures are worth 0.129 less. This indicates that the DBH received by the Regional Government from the Central Government is allocated to cover gaps or needs that have yet to be covered in the previous period. This research year uses 2020 and 2021, where in those years, the Government prioritizes its budget to deal with the Covid-19 pandemic case. In this case, the Revenue Sharing Fund is used for this purpose.

The findings of this research are consistent with Talluta et al. (2018), Prastiwi et al. (2016), and Waskito et al. (2019). This demonstrates the lack of an impact of DBH on capital expenditures. The amount of Sharing Funds Revenue distributed by the Central Government to Regional Governments has no bearing on the amount of Capital Expenditures. In other words, an increase in a region's revenue-sharing fund sometimes translates into an increase in its assets or capital spending, and vice versa.

The Effect of Excess Budget Financing on Capital Expenditures

The t-test (partial test) findings in Table 3 lead to the conclusion that the surplus budget finance results have no impact on district and city capital expenditures in the West Java province, as shown by the sig $0.163 > 0.05$ and t count $> t$ table or $-1.403 < 1.979$. The claim that extra-budgetary finance impacts capital spending in West Java province's cities and regencies between 2017 and 2021 is disproved (H_0 is rejected).

This is because West Java Province districts are more likely to use it for spending, buying, or procuring goods and services whose benefit value is less than 12 (twelve) months, such as personnel spending and other spending that includes interest spending, subsidy spending, grant spending, social assistance spending, unexpected spending, profit-sharing spending, and financial assistance spending as priorities for using the Excess Budget Financing. This is evident from the rising value of excess budget financing secured in 2018 that was not accompanied by a rising level of capital expenditure realization in the same year.

The allocation of capital expenditures is unaffected by the excess budget financing values received by the regencies and cities in the West Java Province, according to the findings of statistical testing. Support for this study comes from Talluta et al. (2018), Aditya & Dirgantari (2018), and Huda (2015), resulting in the conclusion that SiLPA has no impact on capital expenditures. The value of Excess Budget Financing received by the Regional Government has no bearing on the amount of Capital Expenditure.

CONCLUSIONS

This study's focus is capital expenditure, with PAD, DAU, DAK, DBH, and SiLPA serving as independent variables that may impact capital expenditure. The distribution of capital expenditure to Districts in West Java Province may be increased using Original Local Own Revenue (PAD) and General Allocation Fund (DAU). This claim is supported by research demonstrating that the General Allocation Fund (DAU) and Original Local Own Revenue (PAD) favorably impact Capital Expenditures. Capital expenditures are unaffected by the Special Allocation Fund (DAK), Revenue Sharing Fund (DBH), or Excess Budget Financing. This demonstrates that DAK, DBH, and SiLPA are optional to realize capital expenditure. According to the coefficient of determination, the study's independent factors have a 64.5% effect on the dependent variable. Comparatively, the other 35.6% are either not considered in this regression model or are affected by variables other than the independent variables in this study.

In order to help the regencies and cities in West Java Province increase long-term economic growth and welfare, the researchers attempted to make the following recommendations based on the findings of the discussion and research conclusions above. First, it is essential to project the infrastructure needs of regencies and cities in West Java Province so that they can be allocated through capital expenditures. Second, West Java Province's regency and city regional governments are expected to increase or improve regional spending by calculating the number of capital expenditures, personnel expenditures, goods and service expenditures, and other expenditures by the percentages outlined in Law No. 1 of 2022.

Second, West Java Province's regency and city regional governments are expected to increase or improve regional spending by calculating the number of capital expenditures, personnel expenditures, goods and service expenditures, and other expenditures by the percentages outlined in Law No. 1 of 2022. It is hoped that the Regency and City Regional Governments in West Java Province can continue to investigate sources of Local Own Revenue like regional taxes, regional levies, the outcomes of managing regional property assets, and other legitimate PAD with the aim of the regional government no longer depending on transfer funds received from the Central Government, in this case, namely the General Allocation Fund, Special Allocation Fund and Revenue Sharing Fund. Theoretical suggestions for future researchers are expected to be able to use other independent variables besides those used in this study, and future researchers are expected to increase the study period to be studied for more than five years to provide more accurate results.

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