ABSTRACT

Poverty in Central Java has decreased during the 2015-2019 period, but the percentage of poor people remains quite high compared to other provinces in Java. To overcome this problem, the government needs to focus the budget on poverty alleviation programs. These programs are expected to be able to comprehensively reach the poor as the main target.

The purpose of this study was to analyze the effect of government spending in the education, health, and social protection sectors on the poverty rate in Central Java Province in 2015-2019. The analysis method used is panel data regression, which combines time series data from 2015 to 2019 and cross-section data from 35 districts/cities in Central Java Province using the Fixed Effect Model (FEM).

The results of this study indicate that government spending in the education sector has a positive and significant effect on the poverty rate. Meanwhile, government spending in the health sector, government spending in the social protection sector, and GRDP per capita have a negative and significant effect on the poverty rate.

Keywords: Poverty Level, Government Spending in the Education, Health, and Social Protection Sectors, GRDP per Capita.