

The Analysis of Public Service Expense Policy in the Regional Budget

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Abstract. The research answers the questions: How is the growth of Solok Regional Budget in the budget year of 2009-2012? How is the budget allocated for public services in the budget year of 2009-2012? What consideration is taken by the Regional Government in determining regional budget from the aspect of expense and regional expense management policies? What models are used in the allocation of public service expense in the Regional Budget? The stages of the research are: 1. Conducting comparison on the number of annual public service expenses, 2. Viewing the greatest and smallest allocation of public service expenses, 3. Studying whether the allocated budget is in accordance with the government policy. This stage altogether maps the dynamic of Regional Budget arrangement to see the involvement of each actor in the process of budget formulation. The research uses qualitative research method with the data collection technique of in-depth interview and analysis on the Regional Budget documents. First, the entire data, ethic and emic, were analyzed and described, then reduced by making abstraction, as a core summary. Eventually a conclusion was drawn to give a picture of how to make optimum the allocation of public service expenses in the Regional Budget.

Keywords: budget allocation, public service expenses, and regional budget (APBD)

Abstrak. Penelitian ini menjawab pertanyaan penelitian mengenai bagaimana pertumbuhan APBD Kota Solok tahun anggaran 2009-2012? Bagaimanakah pengalokasian belanja untuk pelayanan publik tahun anggaran 2009-2012? Apa pertimbangan yang dilakukan pemerintah daerah dalam penentuan belanja daerah dari aspek kebijakan belanja dan manajemen belanja daerah? Model yang digunakan dalam penganggaran pengalokasian belanja pelayanan publik pada APBD. Langkah-langkah penelitian yang dilakuakn adalah 1) melakukan perbandingan terhadap jumlah belanja pelayanan publik tiap dathun, 2) melihat alokasi belanja pelayanan publik disalurkan dalam jumlah yang paling besar atau yang paling kecil, 3) mengaji apakah anggaran yang dialokasikan bersesuaian dengan kebijakan pemerintah. Langkah tersebut sekaligus memetakan bagaimana dinamika penyusunan APBD sehingga terlihat keterlibatan masing-masing aktor dalam proses perumusan anggaran. Penelitian menggunakan metode penelitian kualitatif dengan teknik pengumpulan data melalui wawancara mendalam dan analisis terhadap dokumen APBD. Dilakukan telaah dan deskripsi seluruh data etik dan emik, lalu direduksi dengan jalan membuat abstraksi sebagai sebuah rangkuman yang inti. Akhirnya sihasilkan kesimpulan yang bisa memberikan gambaran tentang upaya optimalisasi pengalokasian belanja pelayanan publik pada APBD.

Kata kunci: alokasi belanja, belanja pelayanan publik, dan APBD

INTRODUCTION

The success of implementing decentralization can be perceived from some regions that successfully manage their regional finance by allocating their budget for public service expenses such as for free education and health services. Public welfare achieved through improvement of public services, empowerment and involvement is the goal of regional autonomy, apart from conferring wider, more obvious, and accountable freedom and opportunity to regions, starting from planning, monitoring, controlling, up to evaluation (Gunawan, 2007). This is in line with Mardiasmo (2002) who confers that regional autonomy aims at improving public service and advancing local economy.

Financial factor is the key for effectiveness of implementing decentralization. Thus Law Number 33/2004 on the Financial Balance of Central and Local Government was stipulated as a strategic step for local government in managing its fiscal. According to Litvack and Seddon in Prawirosetoto (2004), fiscal

decentralization is a delegation of responsibility and division of power and authority (tax assignment) as well as of expenses aspect (expenditure assignment). This means that fiscal decentralization is the core of decentralization itself since the political and administrative authorization granted without fiscal decentralization will be useless. Decentralization in public service shall only work effectively if the region is given authority in managing revenues and expenses. Therefore, fiscal decentralization permits regional budget actors to excavate regional potentials and accept the transfer from the central government for fiscal balance.

The real manifestation of fiscal decentralization delegated by central government to local government is the freedom to compile Regional Budget (APBD) according to regional needs and potentials. To regulate local financial balance, central government produced Governmental Decree Number 105 Year 2000 on Accounting and Management of Local Finance and Governmental Decree Number 108 Year 2000 on Procedures of Local Head Accountability. These two

regulation set have brought fundamental transformation in financial management pattern of local government. These two regulations order some new adjustment, such as surplus/deficit budget policy, transformation of financial entry from single entry to double entry, unified budget, performance-based budgeting, and local head accountability report. These transformations demanded local government to learn fast. Local Governments are required to transform their financial management fundamentally. This very significant transformation is oriented at manifesting public accountability (Sirajuddin, 2009).

Just like in other regions, the Government of Solok as one of the Municipal Governments in West Sumatera Province must rapidly respond to the regulations. From the empirical fact, the largest revenue in Regional Budget of Solok came from the General Allocation Fund (DAU), as can be perceived in the table below.

It can be perceived from the table above that the admission in Regional Budget of Solok fluctuated, down in 2010 and up again in 2011. This means that there is no consistency in regional revenue, whereas the escalation in revenue is expected to increase the budget allocated for public service expenses in Solok which implicates the achievement of public welfare as the goal of decentralization.

From the table above, it can be perceived that one of public service expenses allocation such as in health sector is relatively constant in percentage compared to total expenses budget in around 7-8%. The total expenses in health sector in Budget Year 2008 was IDR 22,995,112,361; up to IDR 27,918,227,039 in Budget Year 2009; and in Budget Year 2010 down to IDR 24,459,773,968. The positive trend of health sector direct expenses, accepting bigger portion than indirect expenses, was not happening in Budget Year 2010. Similar trend also happened for public service expenses in education sector where there were escalations in Budget Year 2008

Table 1. Revenue Source of Regional Budget of Solok, Year 2009-2011

Revenue Source	Budget year 2009		Budget year 2010		Budget year 2011	
	IDR	%	IDR	%	IDR	%
PAD	18,677,703,663	10	16,912,151,057	-9	21,435,073,979	27
Balance	258,955,786,878	2	240,541,846,940	-7	269,305,504,894	12
-Tax and Non-tax profit sharing	15,250,576,878	1	14,494,558,940	-5	12,693,034,894	-12
-DAU	205,837,210,000	0	210,134,688,000	2	237,285,270,000	13
-DAK	37,868,000,000	15	15,912,600,000	-58	19,327,200,000	21
-Provincial balance	300,000,000	35	300,000,000	0		-100
Other Legitimate sources	11,694,041,107	10	8,355,580,746	-29	11,098,166,665	33
TOTAL	289,327,531,648		265,809,578,74		301,838,745,538	

Source: The Data, Processed from Regional Budget Book of Solok 2009-2011

Table 2. Expenses of Public Service in Education and Health sectors

Budget Year	2008 (%)	2009 (%)	2010 (%)
Education	92,545,450,462	114,221,686,666	106,885,977,998
Indirect Expense	61,747,101,832 (66.72%)	79,159,906,350 (69.30%)	79,325,806,350 (74.22%)
Direct Expense	30,798,348,630 (33.28%)	35,061,780,316 (30.70%)	27,560,171,648 (25.78%)
Health	22,995,112,361	27,918,227,039	24,726,074,609
Indirect Expense	10,547,563,171 (45.87%)	12,380,185,287 (44.34%)	13,759,780,784 (55.65%)
Direct Expense	12,447,549,190 (54.13)	15,538,041,752 (55.66%)	10,966,293,825 (44.35%)

and 2009, and a descend in Budget Year 2010. Perceived from its components, indirect expenses are always the biggest component.

This fluctuation in budget is ideally to be avoided, moreover when it concerns with public service expenses. The trend should be shown as always rising so that the mandate of decentralization Law is kept and the budget actors do not violate their commitment to always protect public interest. As revealed by Halim (2007) that budget process agreed upon by local government and Local Parliament is a public mandate. Therefore, budget as public policy has covered political preferences of actors involved in the policy process (Nugroho, 2008). In addition, the aspect of local expense management must be more prioritized than revenue management since spending money is far more simple than obtaining it. Mahmudi (2010) stated that there are two aspects conceptually different but closely connected, namely expense policy and expense management. Expense policy concerns with determining what to do in connection to expenses, while expense management concerns with how to implement budget in funding activities economically, efficiently, and effectively. The expert said that local expense policy is determined at the budget planning stage, while local expense management is undertaken at budget implementation stage. Furthermore, he explained that expense policy tends to be political, while expense management is more technical.

It is very ironic to compare the allocation for public service expense of Solok with the merits it had achieved before, such as Widyakrama award in education in 2007 and 2008, conferred by the President of the Republic of Indonesia specifically for completing the 9 year mandatory education which means the success of Solok in allocating public expense for the best interest of public. Other merit is the achievement of 1st place in P2WKSS at National Level in 2008, added to the series of Solok's success in allocating public expense in escalating public health particularly in women involvement for healthy and prosperous family. Furthermore, Solok is also quite responsive in formulating Regional Budget policy, as in the case of 2007 and 2008 whereas the city was the first region in West Sumatera Province successful in compiling APBD (Antara, 2013).

The transformation of budget system in the recent era of fiscal decentralization does not only concern with budgeting process, but also with the transformation of its budget structure. This involves the transformation from traditional budget structure with balanced budget approach into new budget structure with performance-based budgeting. This approach emphasizes the accomplishment of program outcome, funded by Regional Budget in relation to the measured performance target (Mahmudi, 2010). On the contrary, Solok escalated the allocation of budget that does not need accountability such as for social aid that escalated 187% in 2010 (Koeswara et al, 2012). The escalation of such allocation should ideally be parallel to the benefit directly felt by public, particularly in service and development. However, this has not been considered at all. In 2013 Regional Budget, Solok once again escalated the allocation for social aid 52% or as much as IDR 10.977 billion from previous year.

This reality evokes question on whether Solok makes no effort in repairing its budget performance to prioritize public service expense or they just drowned in past achievement and glory in budget sector. In this context, it is an obligation of public authority (local government) to keep public interest and public goods represented through more allocation for public service expense (Prasetyantoko, 2008). Therefore an understanding of budget policy substance is required, obtained through the study on the analysis of budget allocation for public service, concerning "what to do" that shall affect the allocated expense. From this background, some research questions were drawn concerning this study: How is the growth of Solok Regional Budget in the budget year of 2009-2012? How is the budget allocated for public services in the budget year of 2009-2012? What consideration is taken by the Regional Government in determining regional budget from the aspect of expense and regional expense management policies? What models are used in the allocation of public service expense in the Regional Budget?

RESEARCH METHODS

This research employs qualitative research approach. According to Marshall and Rossman (1999), qualitative research approach is used to study and describe the unique characteristics of a certain social phenomenon systematically. Meanwhile, a descriptive type of research was selected to obtain general and detailed picture of research object systematically, factually, and accurately, based on facts and characteristics of certain population (Husnaini, 2003). Data was gathered through interview, observation and document study. Observation and in-depth interviews were conducted with informants connected to this research. According to Bogdan (1993), this data gathering technique is meant as a strategy of the researchers to obtain data through direct social interactions with the analyzed society.

Observation was conducted to physical objects that can clarify matters such as various local expense policies contained in local planning document, namely Regional Budget, Budget Priority and Plafond, Local Government

Work Plan, and Local Middle-Term Development Plan in 2009-2012 period in Solok Government. Interviews were conducted without certain format and researcher could ask questions freely, yet still within research frame so as not to stray from the aim of the research. The interviews were deliberately conducted in this way to make it informal and make informant feels free to convey their view and comment, concerning the analyzed issues. Informants were selected through purposive sampling technique, that according to Patton in Bungin (2007) possess specific characteristics such as more knowledgeable on the information needed in the research conducted.

The role of the researcher was considered as primary instrument in qualitative data gathering, so the early stage of the research requires identification of values, assumptions, and personal/researcher's bias (Cresswell, 2013). Therefore, researcher's role in qualitative research is the main instrument of the research. Researcher acts as the main instrument that observes phenomenon of natural human behavior connected to the research variables of the research, conducted by writer. The writer was indirectly involved in analyzed object, so emic perspective was conspicuous, i.e. informants' opinion not personal opinion of researcher (ethic) (Ahmad Saebeni, 2008). Meanwhile, data analysis was compiled categorically and chronologically, reviewed repetitively, and constantly coded.

RESULT AND DISCUSSION

For public sector organization such as local government, budget plays an important role in the management of public service activities. At present, there are four budgeting policies for local government, namely Law Number 25/2004 on National Development Planning System, Law Number 32/2004 on Local Government, Law Number 33/2004 on Local and Central Financial Balance, and Law Number 17/2004 on the State Financial Management. The logical consequence of these regulations is that the planning and budgeting process should refer to these four Laws despite the possibility of different interpretation of them. The planning and budgeting process is the most crucial process in performing local governance since it is closely related to local government's aim to prosper local public. The output of integrated planning process in local government context is the Regional Budget. Budget according to Wildavsky in Prawoto (2011) is (i) past record; (ii) future plan; (iii) resources allocation mechanism; (iv) method for growth; (v) revenue distribution tools; (vi) organization strategic-aspirative-hope; (vii) a type of power control; and (viii) communication tool or network. Meanwhile, according to Adisasmita (2011), Regional Budget is a local financial operational plan that depicts local admission on one hand, and routine as well as development expenses in a budget year on the other hand. Based on the discoveries of field research data in Solok, the trend and comparison of Regional Budget is as follow:

In total, the Regional Budget of Solok in 2009-2012 fluctuated although showing an increasing trend. Down for 1.19% in 2010, it came up 9.5% in 2011 and 13.1% in

Table 3. The Comparison of Regional Budget (APBD) 2009-2012

Element	Year of Comparison							
	2009	%	2010	%	2011	%	2012	%
Total of APBD	640.999.859.889	3,9	633.402.913.703	-1,2	693.381.734.053	9,5	783.865.797.081	13,1
PAD	18.677.703.663		16.912.151.057		21.435.073.979		26.267.068.969	
PAD/ APBD		2,9		2,7		3,1		3,4
Tax/ APBD	1.282.555.210	0,2	1.464.217.852	0,2	1.841.129.500	0,5	2.845.790.000	0,4
Balance	258.955.786.878	2	240.541.846.940	-7	269.305.504.894	12	321.683.298.373	19
DAU/ APBD	205.837.210.000	0	210.134.688.000	2	237.285.270.000	13	280.495.627.000	18
DAK/ APBD	37.868.000.000	15	15.912.600.000	-58	19.327.200.000	21	23.908.660.000	24
DBHP/ non DBHP	15.250.576.878	1	14.494.558.940	-5	12.693.034.894	-12	17.279.011.373	36

Sources: The data processed from APBD of Solok 2009-2012

2012. Perceived from the admission of Solok, consisted of Locally Generated Revenue (PAD), Balance and others. In the legitimate local admission in 2009-2012, the trend is increasing in numbers, despite decrease of IDR 16.9 billion in 2010 Budget Year; it rebounded IDR 21.4 billion in Budget Year 2011 and IDR 26.3 billion in Budget Year 2012. The decrease of PAD in 2010 was parallel to the total decrease in the Regional Budget of similar year. From the budget planning, it is cautioned to be due to the fact that it was the year of local election which should be budgeted in Regional Budget of Solok in Budget Year of 2010, so that local government conducted political mark down on the admission resources by decreasing the target of admission in the budget since they concentrated to this local election. The constantly above 15 billion PAD, obtained by Solok, secures it from economic destruction risk in local autonomy era. However, the PAD of IDR 26.3 billion was just obtained by Solok in 2012 Budget Year, which is a term for economically strong local government (Bastian, 2009). Studied further, PAD of Solok of 2012 Budget Year rose significantly 13.1% compared to the previous year; it was originated from: 1) Local taxes of IDR. 2,845,711,500 or a 5% increase from the previous budget year; 2) Local retribution of IDR. 6,489,041,952 or a 49% increase from the previous budget year; 3) Yield of Local Wealth Management separated about IDR. 6,190,201,052 or 49% increase from the previous budget year; 4) However, other legitimate locally generated revenues decreased about 35% or IDR. 10,742,035,965.

The PAD increased significantly from tax and retribution sectors of 55% and 49% respectively. This was both a power and a challenge for the Government of Solok. Ideally, PAD should not burden underprivileged public and complicate business climate. However, it is almost certain that when these two PAD sources increase, the underprivileged public and business climate will be affected, since tax and retribution usually come from services and businesses.

The balanced fund of Solok also fluctuated, as was shown in the trend of 2009-2012 budget years. In Budget Year 2009, the balanced fund was about IDR. 258,955,786,878; however it was decreased -7% in Budget Year 2010 into IDR. 240,541,846,940, and rebounded in Budget Year 2011 and

2012 of about 12% and 19% or IDR 269,305,504,894 and IDR 321,683,298,373 respectively. Meanwhile, the trend of Block Grant in the last two years, 2011 and 2012, increased of about 13% and 18% or about IDR. 237,285,270,000 and IDR. 280,495,627,000 respectively.

This was different to 2008-2010 trends that tended to be stable at 0-2% increase. It was cautioned that this was connected to the intensity of local officer of Solok Government trip to Jakarta to escalate DAU and DAK, whereas the DAK in the trend of Solok Regional Budget in the last two years namely Budget Year 2011 and 2012 significantly increased 21% and 24% respectively. Meanwhile, the trend of Tax Profit Sharing and non-Tax Profit Sharing in Budget Year 2010 and 2011 decreased, yet significantly increased in Budget Year 2012 of about 36% or IDR. 17,279,011,373.

The local expense policy is cast in the local planning documents, namely the General Policy of Regional Budget, Budget Priority and Plafond, Local Government Working Plan (RKPD), and Local Middle-Term Development Plan (RPJMD). Based on the research data gathered in the field, Solok has complete planning documents. Meaning, viewed from the completeness, the expense policy of Solok has been well prepared. This is a basic capital; the Regional Budget was composed based on Local Government Working Plan, thus could perform its own functions: authorizing, planning, monitoring, allocating, and stabilizing (Bastian, 2009). According to experts, the direction of budget policy is very much affected by economic policy, aiming at economic growth, distribution, and stability. Therefore local expense policy requires expense management that will accommodate the direction of budget policy which is a tool to implement economic policy (Mahmudi, 2010).

The nomenclature of public service expense after budget policy reform in the decentralization era in Indonesia underwent transformation in the APBD compiled by the local government. In previous policy, public service expense consisted of General Administration, Operation and Maintenance, Capital, Financial Aid, and Unexpected expense. Meanwhile, public expense in this research refers to the Government Decree Number 58/2005 and the Decree of the Minister of Internal Affairs No. 59/2007 and the Government Decree Number 24/2005, stipulating that the expense for governmental matters dealing in certain sector can be performed together by central and local government. The implementation of expense determined by effective regulation is further outlined in the programs and activities according to its obligatory and optional nature. Obligatory expense is prioritized to protect and improve the quality of public life, in order to fulfill local duty, manifested in the improvement of basic service, education, health, social facilities, and decent public facilities, and the development of social security system. Since there are many classifications of obligatory and optional expense, this research discusses more and limits itself on the obligatory expense in education and health sectors.

The expense classification based on the Government Decree Number 58/2005 and the Decree of Minister of Internal Affairs 59/2007 is slightly different to the

one in the Government Decree Number 24/2005. In the Government Decree Number 58/2005 and the Decree of Minister of Internal Affairs 59/2007 expense is based in its connection to activities, so that it is grouped into direct and indirect expense. The use of expense is oriented more to financial management by the internal party of local government (the executive). Meanwhile, in the Government Decree Number 24/2005, expense is oriented to the reports for external party. These two budget policies do not oppose each other. The logical consequence is that the budget planning and implementation is made based on the first regulations, while the report on budget realization is made based on the later policy. From the research data gathered in the field, the comparison of direct and indirect expense is as follow:

The percentage of comparison between direct and indirect expense of Regional Budget of Solok shows a trend of constantly bigger allocation of indirect expense than direct expense from Budget Year 2009-2011. The comparison in Budget Year 2010 between indirect and direct expense is 55:45. However, the allocation of indirect expense in the last two budget years show good intention of Solok Government to prioritize more on public expense in the form of direct expense. In fact, in Budget Year 2012, the comparison reach 51:49, meaning the Government of Solok became more aware of the importance of allocating expense directly related to programs and activities.

Local Government Working Plan (RKPD) is the derivative of RPJMD. RKPD contains a design for local economy framework, regional development priority, working plan and its financing, both directly performed by local government and the one involving (pushing) public participation. In this context, Local House of Representatives (DPRD) plays an important role to monitor the expense flow, both Direct and Indirect Expense, by considering the principle of utmost benefit for public. Thus, the budgeting process should really shows a budget composition that sides more to public interest and needs. Indirect expense composition, such as employee expense, in Solok Regional Budget trend is still far from the ideal portion of 60% from the total Indirect Expense.

The best composition accomplished by Solok in its Regional Budget is in Budget Year 2011 with employee expense allocation in its indirect expense post calculated at IDR 214,339,984,056 or about 81%. In fact, employee expense allocation in the indirect expense post in Budget Year 2012 reached 94%. This means surplus of

Indirect Expense utilized in other expenses such as grant, social aid, financial aid for sub-district government and unexpected expense were less allocated. Therefore, it takes the courage of Local House of Representatives in directing the budget allocation. For example, from an interview with a member of DPRD in Budget Year 2011, IDR 30 billion of Solok Regional Budget was allocated for financial aid expense for sub-district governments, both as ADD and as apparatus incentive at village level, while the surplus of IDR 8.8 billion was allocated for other expense (grant, social aid, profit sharing, and unexpected expense). However, this allocation was only 15% of Regional Budget allocated by the local government for sub-districts that was successfully allocated, while the rest 85% of budget for sub-districts was still deposited in the Municipal Government in the Budget Year of 2011.

Thus, in this context Solok is yet to compose budget in the favor of public, popular policy, justified policy and innovative policy. Indirect Expense was concentrated on employee expense in various shapes such as compensation expense in salary and other incentives of civil servants. Based on the field data, the local incentive for civil servants in Solok is the highest in West Sumatera Province among other cities and municipal governments. Moreover, the existing regulation allow the representative remuneration and incentive for the head and members of DPRD to also be allocated in this expense post. If DPRD did not play their functions well, the pro-public budget cannot be materialized. DPRD, in the context of local expense management and expense planning, according to Mahmudi (2010) plays the functions of monitoring, escalating budget coordination, testing the proposed working plan, and testing the appropriateness of expense components.

Like most budgeting process and realities found in other districts/cities in Indonesia, the incongruence between budget planning and its problems seems to also occur in Solok. The claim that Musrenbang process is a bottom up planning model at the village and sub-district levels and a coordinating forum for the development planning at the city level is questionable since it is not parallel to the output, the planning document itself. The selected programs are not transparent so that Musrenbang process is not parallel to the planning and budgeting product, set by the government. This deviation according to Musgrave (1991) becomes greater by the roles of bureaucrats and politicians that only mind their own

Table 4. The Comparison of Direct and Indirect Expense in the APBD of Solok 2009-2012

Budget Year	Expense		Comparison Percentage
	Indirect	Direct	
2009	IDR. 181,532,440,987	IDR. 176,370,112,646	51:49
2010	IDR. 202,187,535,270	IDR. 165,631,587,457	55:45
2011	IDR. 214,339,984,056	IDR. 188,301,171,123	53:47
2012	IDR. 217,106,308,604	IDR. 218,809,121,135	51:49

Source: the Data processed from the APBD of Solok 2009-2012

Table 5. The Comparison of Employee Expense and Total Indirect Expense

Budget Year	Comparison of Employee Expense and Total Indirect Expense		Percentage (%) of Employee Expense
	Indirect	Employee Expense	
2009	IDR. 181,532,440,987	IDR. 176,370,112,646	90
2010	IDR. 202,187,535,270	IDR. 165,631,587,457	83
2011	IDR. 214,339,984,056	IDR. 188,301,171,123	81
2012	IDR. 217,106,308,604	IDR. 218,809,121,135	94

Source: the data processed from the APBD of Solok 2009-2012

interest by enlarging budget. The majority of Regional Budget fund is still enjoyed by bureaucrats through routine expense, government apparatus and monitoring sector expense, and other kickback fund usually obtained through procurement process by partners, such as also happened in Solok; this is in line with the study by Indrayana (2009).

The ideal allocation of employee expense from direct expense under 10% is always shown in the trend of Regional Budget of Solok except for Budget Year 2010 that reached 12.7% or IDR. 19,734,835,747. Meanwhile, for the percentage of goods and services expense, ideally about 70% from the total direct expense, the APBD of Solok has never gone near it. The best percentage allocated by the government of Solok through APBD is in Budget Year 2011 of about IDR 103,946,081,856 or 55.2%. Meanwhile, for the capital expense, ideally allocated at 20% from the total direct expense, the best composition of the trend in APBD of Solok 2009-2012 was reached in Budget Year 2011 of IDR 67,554,734,767 or 35.8%, while in Budget Year 2012 it reached 53.4%. The ideal proportion in allocating budget must be materialized according to the development priorities manifested in APBD so that the development results will meet the target desired to be accomplished gradually in five years ahead. However, if everything is to be built every year and every actor is to be involved in determining budget policy, the limited budget allocation controlled by the unlimited desire will only result in a short term development without minding the sustainability and future benefit. To learn whether this proportion in quantity is indeed ideal and needed by Solok, a further study on the quality of such budget allocation is required. Therefore, RAPBD discussion at Plenary forum of DPRD becomes notably vital in keeping the appropriateness of General Policy of APBD and the priority and plafond of temporary budget and the programs and activities proposed in Ranperda APBD. The excellence in local expense planning is also signified by a low gap in expense budget. The gap in expense budget is a disagreement between proposed expense budget and real expense needed (Mahmudi, 2010).

Based on the research data, the Local Government Working Plan (RKPD) of Solok Government in Budget Years 2009-2012 always prioritized education and health sectors which were obligatory as development goal. In the RKPD, Solok Government aspires to enhance distribution and quality of education and increase the status and degree of public health. The Mayor's consistency is apparent on his faithfulness to the planning documents, like the RKPD, allocated in the Regional Budget. The full picture of percentage and development priorities can be seen below:

The table above shows that the total of local expense is always in rising trend, while allocation of obligatory expense in education sector also shows rising trend, although there was a decrease in Budget Year 2010 from IDR 114.2 billion in Budget Year 2009 into IDR 106.8 billion. The Local Government Working Plan of Solok itself declares six goals to achieve in educational sector,

namely: (i) escalation of education quality; (ii) escalation of education relevance; (iii) escalation of school-based management; (iv) escalation of early education; (v) escalation of educational supporting facility procurement (such as school library, books, laboratory/equipments, interest and talent enhancement facility, and others); and (vi) escalation of competency of educational and non-educational staffs. However, the budget for education was re-increased into IDR 121.1 Billion in Budget Year 2011 and IDR 144.3 Billion in Budget Year 2012. For this educational matter, Solok is able to maintain the minimum of 20% of expense budget, even reach 29%-31% of Regional Budget. Despite always keeping the allocation for educational sector expense over 20% from expense composition, the indirect expense is always bigger than direct expense for educational matter in the Regional Budget of Solok in 2009-2012 as can be perceived in the graphic below:

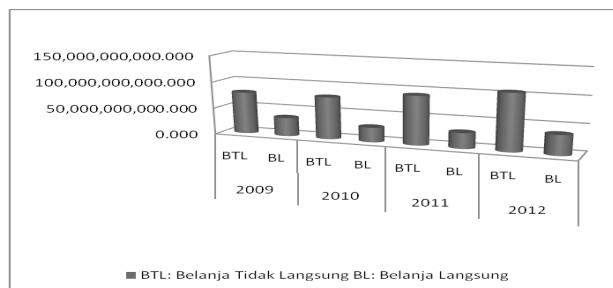
Meanwhile, the obligatory matter in health sector as another priority and development goal in IDRKP of Solok 2009-2012 needs re-evaluation. Budget allocation of about 5-8% (ideally 10%) every year makes it hard to achieve the goals, set in the Local Government Working Plan of Solok such as: (i) decrease mortality rate ≤ 26 per 1000 birth; (ii) decrease infant death rate ≤ 58 per 1000 birth; (iii) decrease death rate of delivering mother ≤ 226 per 10,000 deliverance; (iv) increase of life expectancy into 71.6 year; (v) escalation of health center visit into 85%; and (vi) escalation in numbers and quality of health facility and infrastructure. Comparing these goals to the composition of health budget, it will be hard to achieve them. From the budget composition in health matter, the best allocation for direct expense in health sector was only 56% in 2009. Instead, in Budget Year 2012, the allocation for indirect expense in health sector increased to 73.9%, although from the target set by Solok Government, it should be direct expense that can be felt by public so that the target set can be effectively achieved.

Regional Budget as a good representation of local planning should also be reflected in the set local expense. Expense allocation composed in local planning should have logical connection to determined planning documents such as Working Plan of Local Apparatus Working Unit, Local Government Working Plan, Local Middle Term Development Plan, and Local Long Term Development Plan. The expense allocated in Regional Budget should reflect the accomplishment of vision, mission, goal, and strategy of local development. Consistency between budget policy in local planning document and local expense management is very important in harmonizing them. The value for money principle should be present

Table 6. The Allocation of Obligatory Expense in Education and Health sectors Budget Year of 2009-2012

Sector	2009	2010	2011	2012
Education	114,221,686,666	106,885,977,998	121,123,906,246	144,328,617,457
Health	27,918,227,039	24,726,074,609	24,459,773,968	24,852,392,295
Local Expense	357,902,553,633	367,819,122,727	402,641,155,180	435,915,429,739

Source: the data processed from the APBD of Solok 2009-2012



Graphic 1. The Composition of Educational sector Expense based on the Direct and Indirect Expenditure

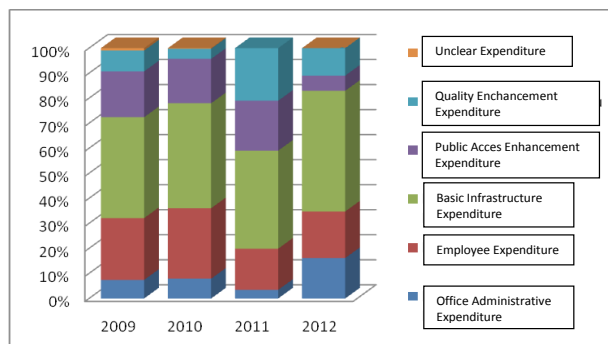
Source: the data processed from the APBD of Solok, 2009-2012

in local expense management so that expense can be economic, efficient, and effective. In Solok, the depiction of expense allocation based on this principle can be perceived in the graphic trend of Regional Budget of Solok in the last four years on educational sector SKPD as follow:

The trend of educational sector expense allocation in Solok Regional Budget in Budget Year 2009-2012 shows that the biggest percentage is spent for basic infrastructure and apparatus expense. This trend is quite consistent, with a decrease only in Budget Year 2011, rebounded in the next Budget Year. The escalation in quality expense rose significantly in 2011 despite the decrease in 2010, but its allocation could not be maintained in Budget Year 2012. In 2008, an unclear expense in Education SKPD was still apparent, while in 2011, the unclear expense was close to non-existent. Less expense on the quality enhancement in Budget Year 2012 were due to the preferences of Solok government to increase office administrative expense in the Budget Year.

On the other hand, the expense allocation in health sector originally managed by Solok Health Office, in last four years trend (2009-2012), showed that from the total expense in health sector, the largest one was for apparatus and basic infrastructure expenses. Basic infrastructure expense always dominates health sector expense every year, with the highest dominance in Budget Year 2012. Meanwhile, the apparatus expense that was also largely allocated since Budget Year 2009 to Budget Year 2012, reached its peak in Budget Year 2010, dropped drastically in Budget Year 2011, yet rebounded in Budget Year 2012. The quality enhancement expense did not seem to be the priority of health sector expense allocation in Solok, with only a minimum budget in Budget Year 2010, which also showed an unclear expense allocated in Solok Regional Budget. The trend of office administration expense allocation relatively did not show drastic surge or decline, but in Budget Year 2012 there was an escalation compared to previous budget year. The expense on increasing public access to health service seems quite significant in Budget Year 2011. It can be perceived more clearly from the graphic below.

The research data above shows variation in expense allocation in Solok Regional Budget. The important factor of the expense is that the expense cycle must be



Graphic 2. The Program and Activities in Solok Education Office

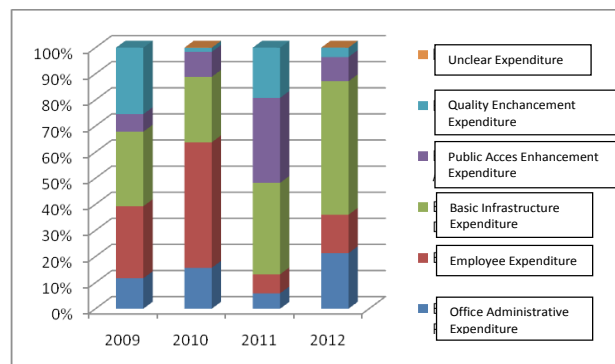
Source: the data processed from APBD Solok 2009-2012

well controlled and monitored. Other important thing is local government must not make expense that is not budgeted, every rupiah expended must be accountable and reported in local government financial report; the program financed must be reported through the program performance report; and public manager releasing the local expense must be responsible for the expense. Local expense management must cover four aspects, namely good expense planning, adequate expense control, expense accountability, and audit over that local expense (Mahmudi, 2010).

Budgeting is connected to the process of determining fund, allocated for every program and activity conducted by the local government, including public service expense budgeting. The stages of budgeting cycle becomes vital since ineffective and non-performance-oriented budget can foil the predetermined plan. This is to be avoided since the failure in planning can also mean planning failure. Based on the discoveries of field study, the expense planning process in Solok has fit-performance-based budget. The main attributes of performance-based budget are shown in budget cycle, namely: (i) generally, this system contains three main elements, such as; (a) government expense is classified according to programs and activities; (b) the measurement of result; (c) program reporting; (ii) the focus is more emphasized to the measurement of result, not monitoring; (iii) every activity must be seen from efficiency and output maximizing; and (iv) aim at producing information on cost and result that can be used to compose the target and evaluation of work performance (Bastian, 2009).

The main principles of budgeting cycle conducted by local government generally include four stages, namely; budget preparation stage, ratification stage, implementation stage, and report and evaluation stage. In connection to budgeting process conducted by Solok government, the research discoveries show no difference to rules. Therefore, there is no particular model, but procedural normative, appropriate to the budgeting policy transpired in the budgeting of local government. The connection of planning activity with budgeting activity can be perceived in the levels of Local Government Working Plan detailed in the following graphics:

The political process undergone in budgeting cycle renders the existing budgeting model not free from



Graphic 3. The Program and Activities in Health Office of Solok

Source: the data processed from the APBD of Solok 2009-2012

collusion practice among budget actors involved. Fortifying the role of legislative or DPRD in budgeting function has not contributed much to criticizing program activity expense. The legislative responded more on popular expenses, that is to the program, not to program activity, reflecting more of political commitment at electoral campaign than what is written in RPJMD. Limited skills and time often become principal obstacles of criticizing the process of proposed budget documents. The legislative has not been optimum in conducting analysis to program expense with the program cost standard; only the executive conducted program cost analysis. This causes the executive to be dominant in the Regional Budget process in Solok. Reform in budgeting with various policies at present has not yet significantly overcome the pathology in budgeting, i.e. sector ego of the actors and isolation between planning and budgeting.

CONCLUSION

Regional Budget is an instrument that plays a central role in performing governance and conducting public service in the region. Regional Budget growth in Solok Government is quite significant, but not sufficiently reflect public interest. Regional Budget of Solok has been composed with performance approach, emphasizing the achievement of working result from the cost allocation planning, set in Regional Budget that has contained expected target from expense function and service standard. However, the composition of budget that has been performance-based to overcome the gap in the relationship between program financing level and desired result is ineffective without the capability of budgeting actors to eliminate sector egos and not be trapped in popular issues. The study on Regional Budget of Solok reflects how local government attempted to compose budget policy, appropriate to normative procedure or existing budgeting policy model by noting public interest. The process, started with Musrenbang to Plenary forum of DPRD, must be managed well from planning to conducted expense to make it effective, efficient, professional, and continual. Nevertheless, it cannot be denied that decentralization has opened opportunity for local government to manage Regional Budget in more creative and responsive way and brought public service closer to the public.

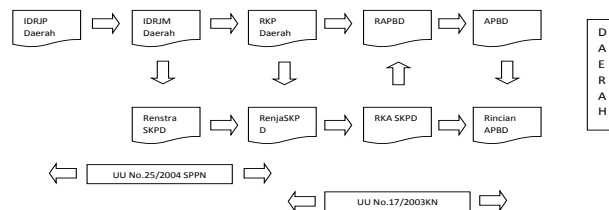


Figure 1. The Model of Local Government Budgeting
Source: modification of Bastian Model, 2009)

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