THE EFFECT OF LOCAL GOVERNMENT BUDGET CAPACITY ON COVID-19 CASES HANDLING: STUDY IN DISTRICT GOVERNMENT OF KALIMANTAN ISLAND (PROJECTION IN FACING PANDEMIC)

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ABSTRAK. Pandemi covid 19 membawa dampak besar kepada kondisi keuangan daerah. Penelitian ini ditujukan untuk menganalisis dampak kapasitas anggaran terhadap kasus konfirmasi COVID-19 pada wilayah kabupaten di Kalimantan. Tujuan penelitian ini adalah untuk melihat pengaruh PAD, DAK, belanja modal, dan belanja operasional terhadap kasus COVID-19. Penelitian ini menggunakan pendekatan kuantitatif deskriptif. Hasil penelitian menunjukan bahwa H1 diterima dengan nilai sig. <0,001 secara simultan kapasitas anggaran berpengaruh signifikan terhadap kasus COVID-19. H3 diterima dengan nilai sig. <0,001 secara parsial DAK berpengaruh terhadap kasus COVID-19. H4 diterima dengan nilai sig. <0,001 secara parsial DAK berpengaruh terhadap kasus COVID-19. H5 diterima dengan nilai sig. <0,001 secara parsial DAK berpengaruh terhadap kasus COVID-19. Namun, H2 ditolak dengan nilai sig. 0,388 secara parsial PAD tidak berpengaruh terhadap kasus COVID-19. Kapasitas anggaran tertinggi dimiliki oleh Kutai Kartanegara, sedangan Tana Tindung memiliki kapasitas anggaran terendah. Pemerintah kabupaten di Kalimantan harus meningkatkan kapasitas anggaran dalam menghadapi kondisi tidak terduga pandemi COVID-19.

Kata Kunci: Kapasitas Anggaran, COVID-19, Kabupaten, dan Kalimantan.

ABSTRACT. The COVID-19 pandemic has had a major impact on financial conditions of local government. This study aims to analyze effect of budget capacity on COVID-19 cases in district government of Kalimantan. The research objective to shown the effect PAD, DAK, capital expenditure, and operational expenditure on COVID-19 case. This study uses a descriptive quantitative approach. The results showed that H1 was accepted with sig. <0,001 of district government's budget capacity has a simultaneous effect on COVID-19 cases. H3 is accepted with sig <0,001 that DAK has a partial effect on COVID-19 cases. H4 is accepted with sig. <0,001 that capital expenditure has a partial effect on COVID-19 cases. H5 is accepted with sig. <0,001 that operational expenditures have a partial effect on cases of COVID-19. While H2 is rejected with a sig. 0,388 that PAD have not partial effect on cases of COVID-19 . The highest budget capacity is Kutai Kartanegara, while Taha Tidung has the lowest capacity. The recommendation district government of Kalimantan need to maintain the budget capacity to handling unconditional condition COVID-19 pandemic.

Key Words : Budget Capacity, COVID-19, District, and Kalimantan.

INTRODUCTION

In 2020 local governments were handle COVID-19 pandemic. Local governments are made strategic for handling the pandemic. The COVID-19 pandemic has brought economic and social distruption. The spread of COVID-19 virus in area of districts were high. The total cases was 104.114 in 30 August 2021. Figure 1 shows the highest cases of COVID-19 such as Kutai Kartanegara 12.869, East Kutai 8.984, Ketapang 7.956, Sambas 4.584, Berau 4.473, and Paser 3.987. The lowest COVID-19 cases occurred in Mahakam Ulu 402, Melawi 427, Tana Tidung 473, Katingan 503, Lamandau

532, and Seruyan 545 (Komite Penanganan Covid 19 dan Pemulihan Ekonomi Nasional, 2021). The Indonesian government responded the pandemic, by imposing social and physical distancing (Yamali & Putri, 2020). The policies taken by Indonesian government have a positive impact on decline COVID-19 cases (Yamali & Putri, 2020). Coordination in implementing policies during a pandemic needs to carried out between center government (CG) and local government (LG) (Holtz et al., 2020). This will affect the success of facing pandemic (Holtz et al., 2020).
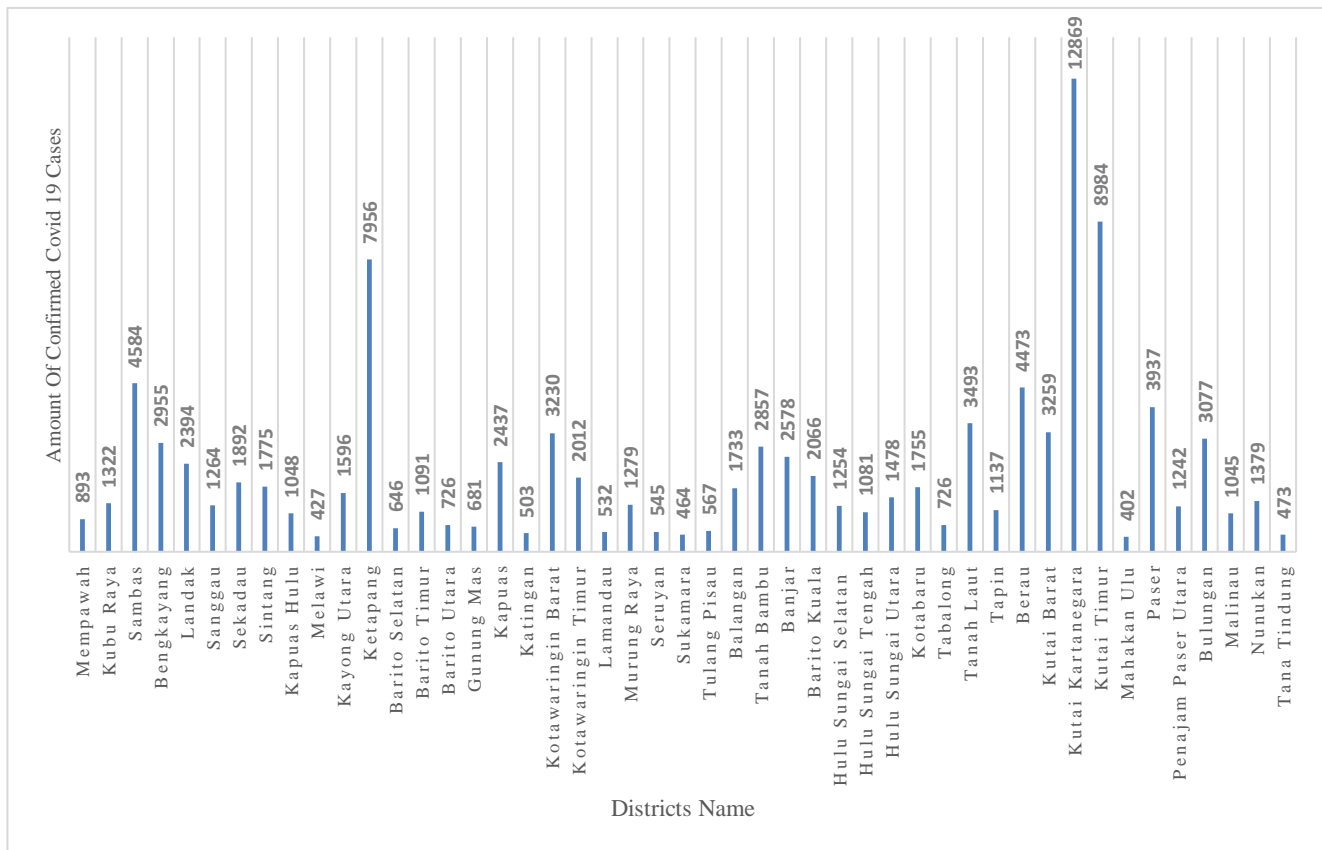
Figure 1. Confirmed COVID-19 Cases in District areas of Kalimantan Island
(Source: Data obtained from the Committee for Handling COVID-19 and National Economic Recovery, 2021)

The result of audit by BPK stated that government allocated 1.035 trillion Rupiah for COVID-19 pandemic (Muhyiddin & Nugroho, 2021). The budget comes from APBN 937.45 trillion Rupiah and APBD 86.36 trillion Rupiah (Muhyiddin & Nugroho, 2021). Indonesia has APBN and APBD as main drivers of the economy during pandemic. The budget source for dealing with COVID-19 comes from APBN and APBD (Hasibuan et al., 2020). APBD plays an important role in maintaining regional economic growth. The budget capacity of local governments has an effect on handling of COVID-19 (Development Bank, 2020). The COVID-19 pandemic has an impact on regional economic performance (Fajria et al., 2021). Budget capacity during COVID-19 period is getting weaker, besides that there are still many events need to anticipated such as climate change (Heald & Hodges, 2020). Budget capacity is important factor in measuring level of LG capability to program realization (Kurrohman, 2013). The people is experiencing difficulties due to COVID-19 pandemic (Clouston et al., 2021). The government uses a strategy for managing APBN and APBD with an economic cycle in order to be able pursue economic growth targets (Subekan & Iskandar, 2020). LGs allocated APBD to invests in regional infrastructure to conducted public service (Yusuf et al., 2017). APBN and APBD have a positive impact on national economic stability (Subekan & Iskandar, 2020). One of essential things in public sector reform during a pandemic is health sector by optimizing the management of health budget (Lapsley & Miller, 2019). Strengthening social and health protection during pandemic is crucial (Clouston et al., 2021).

The financial condition of district governments were diverse. The financial condition of LG is influenced by total population, production and service costs, and total revenue (Ritonga et al., 2019). The dimension index of financial condition in district governments for 2014-2018 shows by table 1. The district governments with best budget solvency are Mahakam Ulu, West Kutai, and Sekadau. However Sambas, Bulungan, and Kutai Kartanegara have the lowest scores (Indriani et al., 2019). The highest financial independents were West Kotawaringin, North Penajam Paser, and Lamandau, while Mahakam Ulu and North Kayong received the lowest scores (Indriani et al., 2019). The financial independence of local governments is very influential on regional development (Kotarba & Kołomycew, 2014). Own revenue (PAD) will increasing independent capabilities to provide public services without any interference from central government (CG) (Kotarba & Kołomycew, 2014). The relationship between LG and CG is instructive pattern, while CG's role dominates over the independence of LG (Yasrie, 2017). The level of independence, decentralization, and harmonization of spending are still at the same value (Mutiha, 2018). LG financial performance has not changed significantly in the past five years. Therefore, regional financial independence in dealing with COVID-19 is still low (Onibala et al., 2021). The best service level solvency was obtained by Tana Tidung and Mahakam Ulu, while Kubu Raya and Sambas obtained the lowest index (Indriani et al., 2019). The

implementation of decentralization have an objective to increase quality of public service (Fatoni, 2020). The efforts of LG to be able provide better public services to the community can be seen from increasing value of sevice level solvency ratio (Cipto Priyono, 2015). LGs capacity of public sevices will have a long term impact for community (Hutagalung & Hermawan, 2018). Optimal public services to the community are needed (Sulistyo, 2018). The level of public services, especially health, is crucial during COVID-19 pandemic.

Table 1. Dimensional Index of Financial Condition
District Governments of Kalimantan Island by 2014-2018

Dimension Index	Years	Name of Districts	Top Score	Name of Districts	Lower Score
Budget Solvency	2014	Mahakam Ulu	**0.69**	Sambas	**0.03**
	2015	Kutai Barat	**0.81**	Bulungan	**0.03**
	2016	Mahakam Ulu	**0.86**	Sambas	**0.12**
	2017	Sekadau	**0.75**	Kutai Kartanegara	**0.05**
	2018	Sekadau	**0.70**	Kutai Kartanegara	**0.05**
Financial Independence	2014	Kotawaringin Barat	**1.00**	Mahakam Ulu	**0.00**
	2015	Kotawaringin Barat	**0.96**	Mahakam Ulu	**0.00**
	2016	Penajam Paser Utara	**1.00**	Kayong Utara	**0.00**
	2017	Lamandau	**1.00**	Mahakam Ulu	**0.00**
	2018	Lamandau	**1.00**	Mahakam Ulu	**0.00**
Service Level Solvency	2014	Tana Tidung	**1.00**	Kubu Raya dan Sambas	**0.00**
	2015	Mahakam Ulu	**0.50**	Kubu Raya dan Sambas	**0.00**
	2016	Tana Tidung	**1.00**	Kubu Raya	**0.00**
	2017	Mahakam Ulu	**0.87**	Kubu Raya	**0.00**
	2018	Mahakam Ulu	**1.00**	Kubu Raya dan Sambas	**0.00**

(Source: Research results, 2020)

Financial conditions diverse have implications for the LG budget capacity. Budget capacity is influenced by amount of LG revenues and expenditures. Own revenue (PAD) is a source of revenue came from taxes and levies which greatly affect the capacity of district's budget. LG have the ability to develop local potential in order to increase PAD. PAD has a large role in the structure of LG budget, however the portion of PAD to APBD is small. Optimization of PAD have effect to financial established and budget capacity stablilized (Temenggung et al., 2020). Special allocation funds (DAK) revenue accounts for a fairly large proportion of district budget capacities. Law No. 23 of 2014 concerning LG, article 5 (48) explains that "special allocation funds (DAK) are funds sourced from APBN allocated to certain LG with aim of revenue to support special activities which are government affairs under LG authority" General transfers from CG have a positive and significant impact on LG expenditures (Nawawi, 2021). Operational expenditures are used budget to salary, goods, interest, subsidies, grants, and social assistance expenses. Capital expenditures are allocated for provision of regional infrastructure. The realization of budget has significant affects to financial condition of district government. The management of a LG's budget will have an

impact on regional fiscal capacity. The budget capacity of LG has depreciated due to increased spending and decreased revenues during pandemic (OECD, 2020). The higher budget capacity has correlation with increasing LG expenditures (Mediyanti, 2019). Economic performance of LG is better if the driven by increased economic performance, poverty reduction, followed by accelerated GRDP growth and increased percapita income (Endaryanto et al., 2018). LG are required to optimize fiscal potential and capacity in order to reduce dependence CG transfer (Fajria et al., 2021). Strategic steps, especially in fiscal and monetary sectors, provide economy improvement (Nasution et al., 2020). The COVID-19 pandemic has resulted in economic transactions, therefore that it has potential to decreasing LG revenue (Nasution et al., 2020). The obligation that must be carried out by LG in autonomous system is conducting health and education public service. LG autonomy gives full authority to planning and implementing APBD (Maizunati, 2017). Law no. 23 of 2014 article 9 (3) concerning the LG explains that implementation of health services in Indonesia is divided between CG and LG. APBD will be an important instrument in dealing with COVID-19 pandemic. The LG has implemented a strategy of APBD reallocating and refocusing on health, economic, and social sectors during pandemic (Sanjaya, 2020). COVID-19 will make negative impact on budget realization in government institutions (Suyitno, 2020). The government must provide social protection, health, employment, and security guarantees for community during pandemic (Tuwu et al., 2021).

Handling pandemic needed budget resilience (United Nations, 2020). LGs have prioritize APBD allocations for handling pandemic (Development Bank, 2020). Budget realization is a crusial factor to regional economic growth during COVID-19 (Hasibuan et al., 2020). Most LGs are still carrying out short-term handling of the COVID-19 pandemic (OECD, 2020). The COVID-19 pandemic will affect budget realization priorities in Indonesia's LG. The district government's budget capacity assessment will be adjusted by amount of budget realized in particular fiscal year. District budget capacities are assessed based on own revenue, DAK, operational expenditures, and capital expenditures. The budget capacity assessment based on the local government's financial condition meansurement theory (Ritonga, 2015). The amount of APBD will be projection to fiscal capacity to dealing COVID-19 pandemic. The hypothesis in this research are following:

H1 :	The district government's financial condition simultaneously affects COVID-19 case.
H2 :	PAD has an effect on COVID-19 cases.
H3 :	DAK has an effect on COVID-19 cases.
H4 :	Capital expenditure has an effect on cases of COVID-19 cases.
H5 :	Operational expenditure has an effect on COVID-19 cases.

Based on the research background, budget capacity analysis of district government aims to provide ability of LGs to deal with COVID-19 pandemic. The results

of this study are expect to provide information on the effect budget capacity in dealing with COVID-19 cases. The research problem that will be answered PAD, DAK, operational expenditures, and capital expenditures have an effect on the COVID-19 cases in district governments? The implementation of adequate health services is crucial to solving the problem of COVID-19 pandemic that have been happen in Indonesia. The analysis of effect budget capacity on COVID-19 case provides scientific information about important factor to dealing with unexpected condition.

METHODS

This study uses a quantitative approach. This is based on process of collecting data by determining variables as basic concepts that will be linked to theory. This research used financial conditions theory as research framework (Ritonga, 2015). Techniques for assessing financial condition of local governments were developed to assist LG financial impact resulting from activities to achieve national objective (Ritonga, 2015). Based on research objectives that have been set, this type of research is experimental research. Experimental research that highlights relationship between variables and hypotheses that had been formulated. The population is entire data source that obtained through the results of calculations and measurements by quantitative and qualitative approach (Sugiyono, 2018). This study uses the population of the local government in Indonesia. LG in Indonesia has three levels are province, district, and municipal. The sample is part of number and characteristics possessed by population (Sugiyono, 2018). The sample in this research was district governments of Kalimantan Island, while 47 LGs as total sample. The secondary data were use in this research. The data were 2014-2019 APBD

realization report. This data was obtained from Ministry of Finance of Republic of Indonesia, Directorate General of Fiscal Balance. COVID-19 data is confirmed case data obtained from COVID-19 handling task force and national economic recovery. This research data collection by accessing website Ministry of Finance of Republic of Indonesia, Directorate General of Fiscal Balance (http://www.djpk.kemenkeu.go.id/portal/data/apbd) and COVID-19 handling task force and national economic recovery (https://covid19.go.id/). The first step of analysis was conduct statistical analysis to find out significant influence of LG budget capasity on COVID-19. Statistical analysis is built by hypotheses based budget capacity of LG. LG budget capacity is represented by the realization of PAD, DAK, operational expenditures, and capital expenditures. First, descriptive statistics aim to provide an overview of data characteristics such as mean, median mode, quartiles, standard deviation variance (Sujarweni, 2016). Multiplelinear regression models can right model if it fulfills the assumption of data normality and free from classical statistical assumptions (Sujarweni, 2016). Second, Classical assumption test such as heteroscedasticity, normality, and multicollinearity. The addition analysis is regression test aims to whether there is an influence between dependent variable and independent variable (Sujarweni, 2016). The dependent variable is affected, while independent variable is variable that influences (Sujarweni, 2016).

RESULT

1) Descriptive Statistical, Classical Assumption, and Regression Test

Statistical analysis financial condition of the district government uses revenue realization, expenditure realization, and COVID-19 cases. This is based on the theory of financial conditions that uses information of PAD, DAK, capital expenditures, operational expenditures realization, and COVID-19 cases as amounts that represent indicators.

First of analysis is descriptive statistical conducted to provide an overview of variables. Descriptive statistics are overview data description from average, minimum, maximum, and standard deviation. The results of descriptive statistical of PAD, DAK, capital expenditures, operational expenditures, and COVID-19 cases are as follows:

Table 2. Results of Descriptive Statistical Analysis

Descriptive Statistics

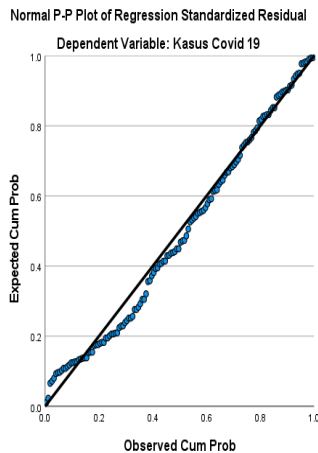|	N	Minimum	Maximum	Mean	Std. Deviation
PAD	282	.00	26.91	25.46	1.72
DAK	282	21.06	27.04	25.02	.87
Capital Expenditure	282	25.25	29.49	26.70	.66
Operational Expenditure	282	25.66	29.01	27.44	.58
COVID-19 cases	282	6.00	10.00	7.00	1.00
Valid N (listwise)	282				

(Source: SPSS Data Processing Output Result, 2022)

Table 2 shows, the number of valid data for processing is 282. COVID-19 cases in the district areas in Kalimantan island have an mean of 7.00 with a standard deviation of 1.00. the mean of PAD is 25.46 with a standard deviation of 1.72. DAK has a mean of 25.02 with a standard deviation of 0.87. Capital expenditure has an mean of 26.70 with a standard deviation of 0.66. Operational expenditure has an mean of 27.44 with a standard deviation of 0.58. The results of descriptive statistical analysis will be used to indicate that the mean value of each variable is more than the standard deviation. This shows that the budget capacity of district governments have been good condition before COVID-19.

Classical assumption testing aims to regression model test in order to produce an unbiased estimator. The regression model will produce unbiased estimates that must pass classical assumptions test such as normality, multicollinearity, autocorrelation, and heteroscedasticity. The normality test in this research uses the Normal P-P Figure of Regression Standardized Residual approach. If the data spreads around diagonal line on figure 2 and follows the direction of diagonal line, while regression model fulfills assumption of normality (Sujarweni, 2016).

The Normal P-P Figure of Standardized Residual Regression shows the distribution of data that follows the direction of diagonal line; it can be concluded that the regression model suitable with assumption of normality.

Figure 2. *Normal P-P of Regression Standardized Residual*
(Source: SPSS Data Processing Output Result, 2022)

The multicollinearity test aims to determine whether in the regression model there is a correlation between independent variables (Sujarweni, 2016). Based on the results of multicollinearity test on dependent variable, VIF value for PAD is 1.07; DAK 1.47; capital expenditure 1.08; and operating expenses 1.48. It was concluded that no multicollinearity in the regression because the VIF value was less than ($<$) 10. The right regression model is does not autocorrelation regression (Sujarweni, 2016). Autocorrelation arises because consecutive observations over time are related to each other. Autocorrelation was tested with Durbin Watson (DW). Autocorrelation was tested with Durbin Watson (DW). Based on the DW test translated in the following calculations:

- N = 282
- K = 4
- dl = 1.78   4 – dl = 2.23
- du = 1.83   4 – du = 2.17

The conclusion that DW = 2.19 is between regions does not occur autocorrelation.

The heteroscedasticity test aims to test whether in regression model there is an inequality of variation from residuals or observations to other observations. Heteroscedasticity test was carried out by the glejser test. In the Glejser test, absolute residual value is regressed with independent variable. If the influence of independent variable on dependent variable is statically significant, then heteroscedasticity occurs. The Glejser test shows that each research variable contributes above a significance value of 0,05, as a result it can be concluded that the data does not experience heteroscedasticity in the regression model.

The significance value for each PAD independent variable is 0.46; DAK 0.22; capital expenditure 0.64 and operating expenditure 0.35. The multiple regression analysis aims to determine whether or not there is an effect of independent variables, namely PAD, DAK, capital expenditures, and operational expenditures on the dependent variable of COVID-19 case. Based on the multiple regression test Figure, the following regression equation is obtained:

$$Y = -30.88 + 0.02\ X_1 + 0.19\ X_2 + 0.59\ X_3 + 0.63\ X_4 + e$$

2) Hypotesis Testing The Effect Budget Capacity on Handling COVID-19 Cases

The hypothesis testing used three technic such as simultaneous significance test (F-test), partial significance test (T-test), and coefficient of determination test (R^2). The results of the simultaneous test (table 3) shows that the significant value is 0.01, because the sig value is smaller than probability value of 0.05. Decision making in the F test can be concluded that the hypothesis is accepted. There is a significant influence between PAD, DAK, capital

expenditures, and operational expenditures simultaneously or together on cases of COVID-19 that occurred in the district governments.

Table 3. Simultaneous Significance Test Results (F-Test)
ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	94.33	4	23.58	67.13	<.001[b]
	Residual	97.30	277	.35		
	Total	191.63	281			

a. Dependent Variable: COVID-19 cases
b. Predictors: (Constant), Operational Expenditure, PAD, Capital Expenditure, DAK
(Source: SPSS Data Processing Output Result, 2022)

The T-test was used to determine the effect of independent variable on independent variable partially. Decision making for the T test in regression, based on the significant value of t SPSS output results:

a. If the significant value < 0.05 probability then there is an influence of independent variable (x) on dependent variable (y), therefore hypothesis is accepted.

b. If the significant value > 0.05 probability, then there is no effect of independent variable (x) on dependent variable (y), therefore hypothesis is rejected.

Table 4. Results of Partial Significance Test (T-test)

Coefficients

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-30.883	2.485		-12.426	<.001
	PAD	.018	.021	.038	.864	.388
	DAK	.196	.049	.206	3.978	<.001
	Capital Expenditure	.585	.056	.463	10.440	<.001
	Operational Expenditure	.628	.075	.438	8.421	<.001

a. Dependent Variable: COVID-19 cases
(Source: SPSS Data Processing Output Result, 2022)

Based on the results of partial significance test in table 4, it is known that PAD has a significance value of 0.388, which is more than a significance level of 0.05. Therefore the hypothesis is rejected, while concluded that partially PAD has no effect on COVID-19 cases. Meanwhile, DAK, capital expenditures, and operational expenditures have a significant (sig. <0.001) effect on COVID-19 cases that occurred in district areas. The results of coefficient determination in table 5 (R square) are 0.492 or 49.2%. This means that the independent variable in this research is able to explain 49.2% of the dependent variable (COVID-19 cases) while the remaining 51.8% is explained by other factors outside of these variables. Meanwhile, the correlation coefficient indicated by R in the Figure is 0.702. This means that the relationship between the dependent variable (COVID-19 cases) and the independent variable (PAD, DAK, operational expenditures, and capital expenditures) is 70.2%.

Table 5. Coefficient of Determination Test Results (R^2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.702[a]	.492	.485	.59268

a. Predictors: (Constant), Belanja Operasional, PAD, Belanja Modal, DAK
b. Dependent Variable: Kasus COVID-19
(Source: SPSS Data Processing Output Result, 2022)

DISCUSSION

1) The Effect of Budget Capasity on Handling COVID-19 Cases

The results of this research indicate that the LG budget plays crucial role in the pandemic situation. COVID-19 has been an impact on economic activity in LG (Bustami, 2020). LG financial independence has a significant effect on performance in dealing with unexpected conditions (Dewata et al., 2017). LGs budget capacity is a crucial instrument to simulate economic development and reduce poverty during COVID-19 pandemic (Saragi, 2021). LGs autonomy has a significant impact on the LGs financial stability (Ali, 2019).

The proportion of district budget realization in 2019 (figure 3) shows that the largest budget capacity is Kutai Kartanegara, while the lowest is Tana Tidung. COVID-19 affects the government's financial plans and the government's budgetary capacity. The capacity and ability of budget realization is limited (Ahrens & Ferry, 2020). The policy of limiting community activities has potential to increase the government's fiscal burden due to the regional economic downturn (Bonaccorsi et al., 2020). Based on the realization of total revenue capacity, PAD and DAK have a small proportion compared to other revenues. PAD has a small proportion in the 2019. This condition confirms that PAD does not have a significant effect on COVID-19 cases. The objective of local fiscal autonomy is increasing LGs own revenue (Haryanto, 2017). PAD is one of the sources of funding used by regions in financing LG development which affects services provided to the community (Nasution et al., 2020). The ability of local governments to explore sources of own revenue, both from taxes and exploring natural resources, has an effect on increasing fiscal capacity (Harahap, 2020). The COVID-19 pandemic has limited community activities, this has implications

for a decrease own revenue (Fajria et al., 2021). The implementation of PSBB (large-scale social restrictions) affects local tax revenues, especially hotel and restaurant taxes restoran (Umatin et al., 2021). DAK has a larger amount than PAD. The DAK budget is more reliable to solve the pandemic in districts area. The capacity of the 2019 budget is dominated by operational expenditure. The proportion of capital expenditure is smaller than operational expenditure. The proportion of indirect expenditure such as the construction of physical facilities is relatively small (Labi, 2019). Indirect expenditure has a positive and significant impact on fiscal decentralization, because local governments prioritize infrastructure development (Harahap, 2020).

Operational expenditure and capital expenditure in the APBD have a high proportion, therefore LG expends will be the main factor that determines success in overcoming COVID-19. The government makes realocation and refocusing policy to maintain financial stability by prioritizing the budget for basic needs, therefore as action to help community's lives during pandemic (Bustami, 2020). The government needs to increase budget to respond the economic impact of COVID-19, especially in the business sector, employment, grants and business loans (Heald & Hodges, 2020). The pandemic has an impact on increasing unemployment and decreasing the amount of community's income (Hertati et al., 2020). The strategy that can be taken by regions to deal with the impact of COVID-19 on the economy is optimizing the potential of local economy (Ulya, 2020). Best LG financial

management can increase regional development in infrastructure development, good health services, affordable education and others (Azmi, 2020). Handling COVID-19 pandemic need collaboration from all local government authorities to creating a progressive strategy (Amin et al., 2021).

Local governments had capacity to withstand the fiscal pressures caused by pandemic (Green & Loualiche, 2021). The higher financing capacity in LG, correlation with the higher budget capacity to LG expenditures (Nasution et al., 2020). Local governments are required to optimize their fiscal potential and capacity (Fajria et al., 2021). Financial strength is urgently needed but will be difficult to realize if there is a budget reduction (Ahrens & Ferry, 2020). In addition, the government's capacity and capability is quite dependent during the pandemic. This is due to budget reduction for the provision of health services (Ahrens & Ferry, 2020). Therefore, budget capacity must consider the capacity of public services to be implemented during pandemic (Ahrens & Ferry, 2020). Thus, higher financial crises are for LG economic recovery, therefore budget capacity is crucial to support economic recovery (Ahrens & Ferry, 2020). Local revenue as sources of LGs budget capacity to provide public services for the community (Tan, 2020).

Fiscal decentralization has positive effect to increase LGs financial condition (Saputra & Setiawan, 2021). LGs independent aimed at creating of fiscal decentralization (Sandjaja et al., 2020). LGs have authority for improving public welfare (Sandjaja et al., 2020). The obligation of LG based on regulations include managing

natural resources, protecting nature, building infrastructure such as roads, public transportation, health, education, culture, sports, forestry, social security and cooperating with non-governmental institutions (Kotarba & Kołomycew, 2014). All of these obligation are difficult to achieve (Kotarba & Kołomycew, 2014).

The realization of APBD in district governments show in figure 3. The highest proportion of DAK in district governments were Ketapang, Kapuas Hulu, Sintang, Sambas, and Kutai Kartanegara. Proportion of capital expenditure for highest amount were Berau, Kutai Kartanegara, Kutai Timur, Paser, and Kutai Barat. In addition, Berau, Kutai Kartanegara, Kutai Timur, Paser, and Kutai Barat had highest proportion of operational expenditure. These district governments had budget capacity resilience. Based on hypothesis tests variables of DAK, capital expenditures, and operational expenditures have a significant effect on cases of COVID-19 with a presentation of the effect of 49,2%. It is projected that these district government has the best budget capacity in dealing with COVID-19. The ability of budget capacity affects the success of districts government to dealing COVID-19 situation. East Kalimantan LG had highest realization of APBD rather than West Kalimantan, Central Kalimantan, South Kalimantan, and North Kalimantan. The different budget capacity in Kalimantan LGs, indicated inequitable budget resilience during pandemic. This is an obstacle have been anticipating in pandemic situation. The planning and budgeting management is the important process to handling COVID-19, which maintaining the community welfare (Koeswara, 2016).
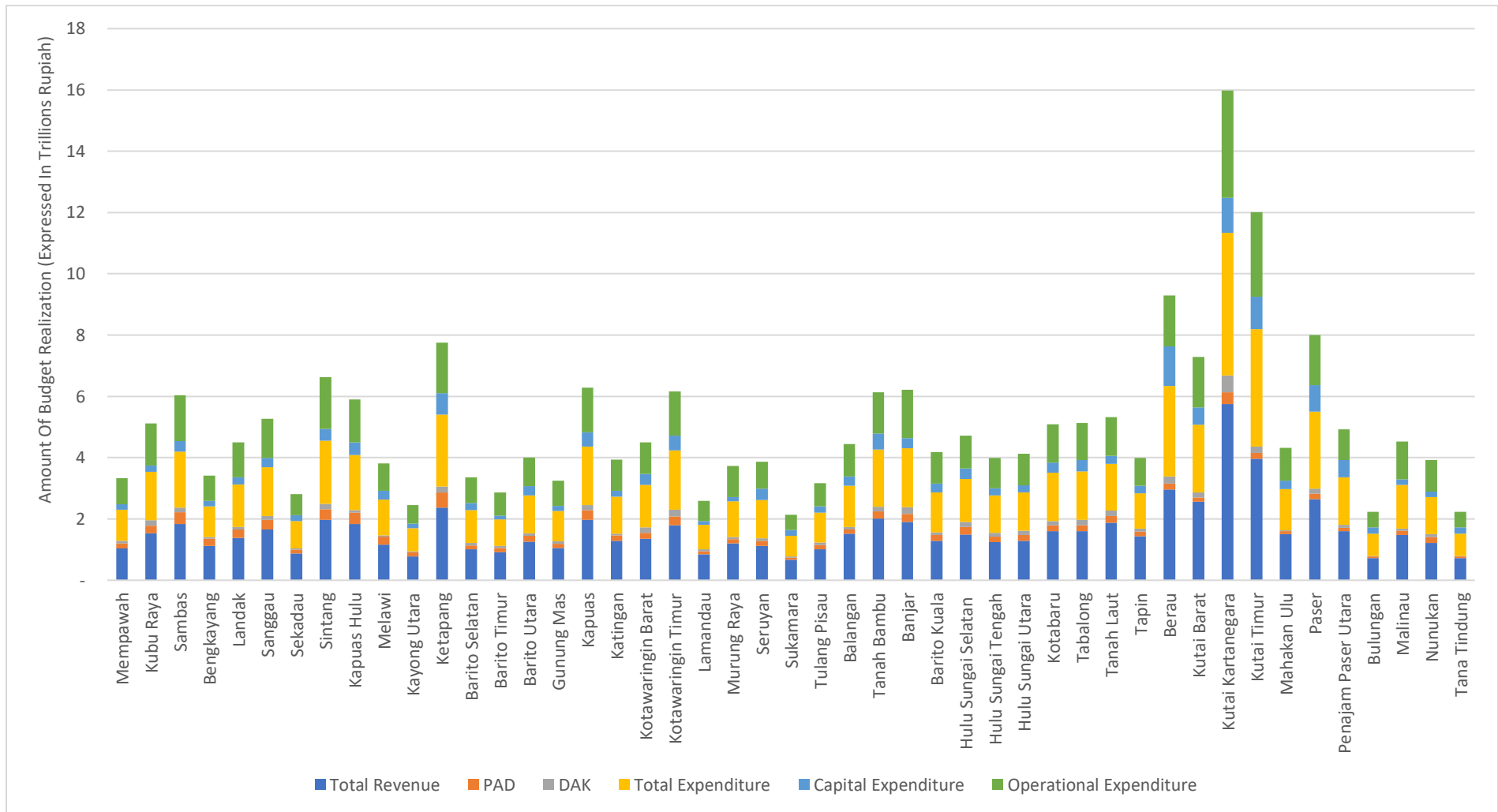
Figure 3. Proportion of Realized Total Revenue, Own Revenue (PAD), Special Allocation Funds (DAK), Capital Expenditures, Operational Expenditures, and Total Expenditures in District Governments Fiscal Year 2019
(Source: Data processed from the Directorate General of Fiscal Balance Realization Report of District Government's APBD, 2022)

The Effect of Local Government Budget Capacity on COVID-19 Cases Handling Study in District Government
of Kalimantan Island (Projection in Facing Pandemic)
(Ika Kurnia Indriani)

CONCLUSIONS

The result obtained from this research include: (1) simultaneously, there is an influence of budget capacity on cases of COVID-19. This is evidenced from the results of hypothesis testing where the value of sig. 0.001, then according to the basis of decision making in the f test it can be concluded that the hypothesis is accepted. The case of COVID-19 that occurred in the district governments in Kalimantan can be handled with good local government budget capacity. Optimal management of regional income and expenditure will provide flexibility for regional governments in dealing with the pandemic. The implementation of public services, especially in the health sector, is crucial to be presented during the current pandemic. (2) Partially there is an influence and no effect on the budget capacity of local governments regarding COVID-19 cases: there is no significant effect own revenue (PAD) on the case of COVID-19. This is evidenced by the value of sig. 0.388. Therefore, with this the hypothesis is rejected so it can be concluded that partially PAD does not have a significant effect on COVID-19 cases. There is a significant influence on the Special Allocation Fund (DAK), capital expenditures, and operational expenditure on the case of COVID-19. This is evidenced by the value of sig. <0.001. Therefore, hereby the hypothesis is accepted, while that it can be concluded these variables have a significant effect on COVID-19 case in district governments of Kalimantan island.

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