COVID-19 Budget Refocusing: Evidence from Indonesia

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ABSTRACT: This study aims to know the factors that influence regional government budget re-focusing in Indonesia because of COVID-19. This study uses regression analysis with the samples of 119 regional governments in Java. Java is one of the islands in Indonesia with the most significant population. It shows that the rate of patient recovery and economic impact influence the re-focusing regional Government in Indonesia. The implications of COVID-19 push the Indonesia government to re-focus re-budgeting. This study contributes to re-budgeting literature or regional government re-focusing in handling the COVID-19 impact in Indonesia.

Keywords: treatment rate, recovery rate, death rate, health expenditure, social expenditure, economic impact, re-focusing, regional government.

INTRODUCTION

A budget is a statement of work estimation that will be achieved in a certain period, and it is stated in financial measurement (Mardiasmo, 2018). The budget has a central role in a public sectoral organization. A country's most income will be managed and allocated in a general budget (Moretti, 2021). Specifically, the budget has become a process of deciding on expenditure, restricting expenditure, and preventing a government's exceeding cost. In a broader sense, the budget is a managerial responsibility that has function and accountability externally (Annesi et al., 2015). There are many factors cause the government cannot predict the budget. The examples are annual perspective, problems in forecasting, and uncertain environment (Caiden & Wildavsky, 2014). An individual can predict a budget precisely to predict a plan accurately (Duncan, 1972).

In 2020, a dangerous virus appeared. It effectively contributes to the massive loss and socio-economic panic. The negative effect occurs in health and socio-economic as it stopped the services business, retail, and industries. Then, it impacts the unemployment increase significantly. (Ceylan et al., 2020; Dzigbede & Pathak, 2020; Andrew et al., 2020; Maher et al., 2020). The crisis occurs in India because covid-19 motivates the government to allocate macroeconomic stimulus by issuing a policy that leads to regional financial stability such as monetized government assets. It is an effort for more effective restructuring (Goyal, 2020). All the world countries have issued many policies related to handling COVID-19, such as public health management and economic...
risk prevention. Temporary policies become quick steps to face the impacts of COVID-19. A budget burden to finance health contributes significantly to Africa’s worst recession (Ozili, 2020). Uncertain situations because of COVID-19 triggers many countries have policies to reconstruct the budget and stimulate monetary policies and implement fiscal policies (Ozili, 2020; Andrew et al. (2020); Maher et al. (2020); Vakulenko et al. (2020)).

The pandemic of COVID-19 enhances the Indonesian government to issue a policy on re-budgeting by re-focusing the regional government budget in Indonesia. The re-focusing starts after Presidential Instruction rate 4, the year 2000 regarding re-focusing of activities, reallocation of funding, and procurement of goods and services to accelerate the handling of Coronavirus disease (COVID-19). Paddock et al. (1980) argued that re-focusing enables the manager to supervise and make a better decision when a company faces a difficult or critical situation. It occurs in a government too. The government can implement the re-focusing concept to guarantee the stability of state finance in a recession situation. The re-focusing is expected to be an alternative to minimize the economic recession to achieve national financial stability (Junaidi et al., 2020). Global economic shocks because of a crisis that impacts broad socio-economic such as COVID-19 trigger the re-focusing budget.

Based on the Ministry of Home Affairs data, the budget re-focusing to handle COVID-19 in Indonesia per July 2020 is allocated for three main targets, health, social safety net, and economic impact. Generally, the following graph illustrates the budget allocation.

**Picture 1. Budget Allocation to Handle COVID-19 in 2020 in Indonesia**

![Graph of the 2020 COVID-19 Handling Budget Allocation](image)

**Graph 1: the Budget Allocation to Handle COVID-19 in 2020 in Indonesia**

Re-focusing, the Regional Government, encourages the Regional Government to carry out DO and Regional Expenditure Budget, FY 2020 to handle COVID-19. It is in line with the new provision decided in the Joint Decree of the Minister of Home Affairs and Minister of Finance Rate 119/2813 / SJ and 117 / KMK.07 / 2020 and Minister of Finance Regulation Rate 35/PMK.07/2020.
The adjustment of the Regional Expenditure Budget is stated in the adjustment report of the Regional Expenditure Budget. A problem in the re-focusing budget implementation is that many regional governments have not reported budget re-focusing. They are provinces of Jambi, Bangka Belitung, South Kalimantan, North Kalimantan, South Sulawesi, Bali, West Nusa Tenggara. Then, 133 districts or cities have not allocated their budget to handle economic impacts because of COVID-19. The regional governments that have not reported the budget re-focusing to handle COVID-19 based on PMK Rate. 35/PMK.07/2020, will get a penalty, a postpone of DAU, and, or their DBH.

The study on budgeting was conducted by Dougherty et al., (2003). They investigated a re-budgeting process in 15 cities located in West Virginia. They argue that significant differences between original budgets and revised budgets. Study of re-budgeting in 91 cities in the USA, proposed that the re-budgeting occurred because of the organizational needs and environmental pressure (Raudla & Douglas, 2022). That phenomena are somewhat different from the re-budgeting because of politics during the pre-general election. The differences are budget balance, total expenditure, investment expenditure, and administrative expenditure including donations, social assistance, and financial aid spending that significantly, affect budgeting (Rakhman, 2019; Setiawan & Rizkiah, 2017; Sjahrir et al., 2013).

The re-budgeting study by using policies on re-focusing the regional Government in Indonesia contributes to budget literature and primarily to research on budget re-focusing because of COVID-19 impacts. The investigations on the budget re-focusing are scarcely revealed. Then, the economic effects because of a pandemic also come up in a country. This study discusses the uniqueness of Indonesia's regional government policies in handling COVID-19 by implementing budget re-focusing.

**Review of Literature and Hypotheses Development**

1.1 Re-budgeting

A budget is dynamic. It should give an ability to manage unpredictable things, but it will not neglect or sacrifice control and accountability in the budget during pra execution. Budgeting is a relationship between recurring expenditure and plans to achieve goals. The process involves three functions in the budgeting system; planning, activity management, and expenditure controlling. An example of budget implementation is that the stakeholders can develop budgets flexibly to effectively and efficiently achieve their goals (Dougherty et al., 2003).

The budget is the government's tool to carry out their duties, concrete and integrative plans, and commitment, issue, and implement their policies (Forrester & Mullins, 1992). In the process of developing the budget, re-budgeting is expected because of some essential factors. (Forrester & Mullins, 1992). Dougherty et al., (2003) reveals that statistically significant differences appear in the process of re-budgeting for 15 cities in West Virginia. Anessi-Pessina et al., (2016) pointed out that re-budgeting is a way to cope with social and economic problems. They also informed that politician also implements re-budgeting to increase their electabilities. However, based on a survey on 91 cities in the USA, organizational needs and environmental pressures encourage re-budgeting.

Cornia et al., (2004) wrote that stakeholders can have the flexibility to develop re-budgeting and re-allocating income when facing an unexpected situation. Re-budgeting aims to reach the budget's goals, such as continuity, control, accountability, flexibility, and prediction (Besides, re-budgeting is a budgeting process influenced by certain factors from the original budget (Rubin, 1990). Politics is not the basis of a re-budgeting process in the USA; it is because of management needs and environmental impacts. In other words, the environment can affect a budget in a country as well as COVID-19. The fiscal coordination requirements between budget authority in a country, province, and regional area during the COVID-19 pandemics become crucial in
developing countries' fiscal management (Zhu et al., 2020). It is as well as the COVID-19 pandemic that occurs in Indonesia; financial accountability is a crucial problem in budget reformation, especially for people exposes to the covid outbreak 19 (Lassa, 2020).

1.2 COVID-19 Impacts and Budget Refocusing

Researchers have conducted many research types on COVID-19 (Ceylan et al. (2020); Dzigbede & Pathak (2020); Andrew et al., 2020; Ozili, 2020). The COVID-19 pushes the world's countries to have economic shocks, crisis, and fear as they will have recession financial collapse. The countries need a tough and firm leader. Planning for the medium and long run should be a balanced strategy to handle the crisis because of COVID-19.

Developing social and economic sectors should prioritize entrepreneurial sectors and create sustainable businesses (Nicola et al., 2020). All world governments have various efforts as emergency measures, social restriction, and economic and social assistance to minimize the adverse economic impact (Ashraf, 2020). The transmission prevention of COVID-19 to cope with health problems significantly impacts the social and financial sectors. It leads to economic recession due to cutting the food chain caused by large-scale social restrictions (Aldaco et al., 2020).

Indonesia's government accelerates the handling of COVID-19 by issuing Presidential Instruction Rate 4, the year 2000 regarding re-focusing activities, budget reallocation, and procurement of goods and services for accelerating the handling of COVID-19. Some points that need to be considered in Presidential Instruction Rate 4, the year 2020 are: 1) prioritizing the use of budget allocation to accelerate the handling of COVID-19 (re-focusing activities and budget reallocation concerning the handling of COVID-19 at the Ministries/ Institutions/ Government and the operational plan for the acceleration of Handling COVID-19 determined by the Task Force for the Acceleration of Handling COVID-19; 2) accelerating the implementation of activities re-focusing and budget reallocation through the budget revision mechanism and immediately proposing a budget revision to the Minister of Finance; 3) accelerating the goods and services procurement by providing facilities and broad access in line with the Law to support the acceleration of handling of COVID-19.

1.3 Hypothesis Development.

Budget is the government's tool to carry out their duties, concrete and integrative plans, and commitment, issue and implement their policies (Dobell & Ulrich, 2002). In the process of developing the budget, re-budgeting is common. It becomes the most critical factor in government (Forrester & Mullins, 1992). Fiscal coordination between budgetary authorities at the central, provincial, and local governments during the COVID-19 pandemic is necessary for financial management systems in many developing countries (Maher et al., 2020). Based on the Presidential Instruction Rate 4, the year 2020, re-focusing will prioritize budget allocations to accelerate the handling of COVID-19. Budgeting always has the impact of significant changes, revisions during the fiscal year due to unexpected changes (Cornia et al., 2004). A budget policy should act as a counter-cyclical or against the direction of the cycle (Hyman, 2010; Mankiw et al., 2010; Thurmaier & Willoughby, 2014). Counter-cyclical is very important to analyze then the effectiveness of changes in the expenditure structure of the government budget (Lassa, 2020).

Shantz (2010) stated that health care due to SARS in 2020 uses the budget from the provincial government and the federal government provides most of the funds. Shantz, (2010), illustrated that financing for covid care patients is a full concern in the Bosnian government, and the budget for handling covid and health gets the largest portion of the budget in the Bosnian government.
Battineni et al., (2020) stated that the data of COVID-19 epidemics in the USA, Brazil, India, and Russia show the management of the health care aspect for COVID-19 becomes the full concern of the local government so that patient care can be managed well following the allocated funds. Toms et al. (2020) wrote that the health department in the UK publishes service guidelines by the handling of COVID-19 patients care. Many studies confirm that patient care becomes the main focus in dealing with the impact of a pandemic worldwide.

The task force's public communication team to accelerate the handling of COVID-19 in Indonesia states that the treatment of COVID-19 patients is more relatively expensive than prevention efforts (Hakim, 2020). The high cost of caring for COVID-19 patients, the government can certainly allocate.

With the high cost of caring for COVID-19 patients, the government should allocate certainly budget re-focusing for COVID-19 on the aspect of caring for COVID-19 patients. The public budget should be able to control virus transmission levels and ensure overall health care so that the financial authorities can develop this aspect (Lassa, 2020). The government expects that a re-focusing effort can achieve targets correctly and flexibly. Then, it will also meet the budget goals (Cornia et al., 2004).

H1: Treatment rate influence regional government re-focusing positively

Budgeting and re-budgeting are inter-connected (Anessi-Pessina et al., 2020). Addition and shortcomings in budgeting and budget revision are critical actions to a budget (Robbins & Baumol, 2014). According to Lassa (2020), the positive cases of COVID-19 was getting increased and increased. On August 9th, 2020, it reached 125,396 cases, 5,723 patients died, and 80,592 patients could be recovered. Meanwhile, the reproductive index of transmission at a certain time (Rt), especially in DKI Jakarta, was around 1.15 on August 5th, 2020. Lassa (2020) revealed that even though the COVID-19 cases increase, but many people are eager to open immediately the economic activity because the financial crisis reaches an alarming stage. Knowing the relatively high impact of recovery, the government issues an economic policy with the term New Normal. During the COVID-19 pandemic, many people are exposed to COVID-19, but the recovery rate has increased significantly (Covid-19 handling group and economic recovery, 2020). The more the rate of recovered, the lower the re-focusing rate, this is because the budget nature is flexible. The essential characteristic of the budget is flexible so that the government can revise it based on the priority scale of changes (Dougherty et al., 2003; Forrester & Mullins, 1992). The unexpected situation usually requires changes.

H2: Recovery rate influence regional government re-focusing negatively

Anessi-Pessina et al. (2020) viewed that the variables of politics, organizational nature, financial condition, and socio-economic environment influence the re-budgeting. COVID-19 is a virus that is detrimental to health and triggers widespread socio-economic panic (Ceylan et al. (2020); Dzigbede & Pathak (2020); Andrew et al., 2020; Maher et al., 2020; Ozili, 2020). Gurumurthy & Mukherjee (2020) argued that the Bass calibration model can predict the death rate due to COVID-19. This model can predict the death rate effectively and accurately due to COVID-19 in the USA and West Virginia. Gurumurthy & Mukherjee (2020) contributed to the death prediction. They suggest the government estimate the cost of financing the health sector and reduce the severe impacts on social and economic aspects.

Alderman & Harjoto (2020) argued that demographic characteristics such as the percentage of homeless people, family members, the individual percentage with insufficient health insurance, income inequality, unemployment rate, and gender significantly affect deaths due to COVID-19. Alderman & Harjoto (2020) research has implications for the government regarding policies and efforts to decide effective handling of COVID-19.
Finally, the Indonesian government issues a policy after witnessing virus transmission spread with a significant death rate Lassa (2020). Government regulations in lieu of laws Number 1/2020 is a State Financial Policy and Financial System Stability to handle the COVID-19 pandemics. This policy is the beginning of a series of procedures in various sectors related to the handling of COVID-19 in Indonesia. The death rate rises significantly in Indonesia as on June 19th, 2020, DKI Jakarta reached 578 people who died due to COVID-19 (covid.go.id). Hence, the government carries out budget re-focusing as soon as possible. Handling or overcoming the covid impact is regulated in statutory regulations, Law Rate 2, the year 2020, and Presidential Decree Rate 7, the year 2020. Those laws are to process the acceleration of re-focusing so that the death rate is decreasing and the allocation of handling the covid can meet the target.

H3: Death rate influences regional government re-focusing positively.

All world's countries have implemented policies on health management. The Nigerian government implements health management that has a climatic impact (Ozili, 2020). The Russian government's effort is to provide medical and health staff (Vakulenko et al., 2020). Wu & Lin (2020) pointed out China government has re-budgeting to subsidize the drug procurement for COVID-19 and allocate additional resources in the medical sector during the COVID-19 pandemic. Wu & Lin (2020) stated that the Chinese government spending is mostly on the health sector. The government provides free COVID-19 treatment, investments in emergency hospitals, and preparations for an individual during a quarantine.

According to moving data from the Ministry of Home Affairs (2020) data as of July 7th, the government has allocated health expenditure of 39.26%. The allocation basis is on the Joint Decree of the Minister of Home Affairs rate 1119/2813/SJ and the Ministry of Finance Rate KMK 177/KMK.07/2020. The regulation states that regional budget re-focusing results are to finance the spending in health sectors prevent the covid transmission and handle COVID-19 pandemics. The examples are Personal Protective Equipment (PPE) procurement for medical personnel, facilities, and service equipment for the community and COVID-19 patients' handling.

H4: Health expenditure influence regional government re-focusing positively

The lockdown phenomenon will trigger a panic buying in society, leading to the disruption of goods and services distribution, due to overconsumption or excessive shopping to store foodstuffs and daily necessities. This phenomenon is not in line with the restriction of buying and selling activities. Lockdown has the potential to generate social conflicts related to the supply society's needs such as food, medicine, and so on. The disruption of society's income and hampered goods supply leads to chaos and panic (Beirne et al., 2020). Wu & Lin (2020) wrote that the Chinese government has executed re-budgeting to effectively and efficiently handle the COVID-19 pandemic impacts that effectively and efficiently cover social stability and economic recovery. They also added that the Chinese government strives to maintain socio-economic stability by providing welfare to the poor and individuals affected by Covid-19.

Budget re-focusing in Indonesia focuses on three main targets, spending on health, providing social safety nets, and handling economic impacts (Ministry of Home Affairs, 2020). The government expects that the allocation of re-focusing can overcome the social problems that come up due to COVID-19.

H5: Social expenditure influences regional government re-focusing positively.

The negative effect of COVID-19 is a high-speed transmission of the virus and the socio-economy problems such as the stagnation in service businesses, retail, and industries, and the rise of the unemployment rate (Ceylan et al., 2020). The crisis because of COVID-19 stimulates the macroeconomics sectors. The government should issue policies that lead to financial stability,
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such as government assets that are monetized to have effective and efficient restructure (Goyal, 2020). The coronavirus impacts the stock market collapse and worsens Africa’s economic situation (Ozili, 2020).

Wu & Lin (2020) found that the Chinese government has re-budgeting to handle the COVID-19 pandemic impact, maintain social stability, and push an economic recovery on time. Wu & Lin (2020) viewed that the Chinese government tries to sustain socio-economic stability by providing welfare for people with low income, education, pension funds, and housing.

Wu & Lin (2020) stated re-budgeting in China aims to recover the economic impact because of COVID-19 by providing assistance for small and medium enterprises and reducing tax costs for all companies in China. The Indonesian government’s role in handling the COVID-19 pandemics supports the health sector and overcoming the economic impacts. Based on the Ministry of Home Affairs (2020), data as of July 7th illustrates that the government allocated 22.44% of the fund to handle the economic impact. Regional budget re-focusing is an effort to cope with the financial problems for motivating the business world. The government empowers small and medium enterprises and encourages cooperatives to stimulate economic activities (Ministry of Home Affairs, 2020).

H6: Economic impact influences regional government re-focusing positively.

METHOD
1.1 Research Model

This study examines the factors that influence regional government re-focusing due to COVID-19, such as treatment rate, recovery rate, death rate, health expenditure, social expenditure, and economic impact. The dependent variable is Recofusing Local Government Budgets using the refocusing percentage that has been available in the 2020 Regional Government Refocusing Budget Recapitulation. This calculation is under the research of Beirne et al. (2020). The measurement of independent variables is by viewing the daily cases from the beginning of March to June 19th, 2020. The case rate then is compared to the total population or population. The independent variable measurement is in line with the research (Beirne et al., 2020). The COVID-19 patients, treatment rate, recovery rate, the death rate can be accessed in covid19.go.id. Regional Government Refocusing Budget Recapitulation, the year 2020 gives information on the health and social expenditure and handling of economic impact. The calculation is based on Beirne et al. (2020).

The following is the model: \[ Y = a + b1X1 + b2X2 + b3X3 + b4X4 + b5X5 + b6X6 + a = \] is the regression constant.

Y is the Regional Government measured by the Re-focusing Percentage measured from the 2020 regional government's available data re-focusing budget recapitulation. X1 is the rate of COVID-19 patient treatments calculated from March 1st to June 19th, 2020. X2 is the rate of COVID-19 patient recoveries, calculated from March 1st to June 19th, 2020. X3 is the rate of people who died due to COVID-19, counted from March 1st to June 19th, 2020. The X1, X2, and X3 rates can be accessed through the covid.go.id website. X4 is the social expenditure that can be measured through 2020 regional government re-focusing budget recapitulation data. X5 is the social expenditure that can be measured through 2020 local government re-focusing budget recapitulation data. X6 is an economic impact that can be measured through regional government budget re-focusing recapitulation data in 2020.
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1.2 Sample and Data

The samples were 119 regional governments of districts, cities, and provinces in Java island. They involved Central Java, Yogyakarta, Banten, DKI Jakarta, East Java, and West Java. The Java island was chosen as it has the densest population in Indonesia. Based on the Central Bureau of Statistics (2019), Java island had the densest population in 2018. It reached 149 million. The people spread out dominantly in six provinces. Then, in 2020 the population was estimated to reach 152 million. Java island has 128,297 square kilometers. Its population density reaches 1,184 people per square km. Then, it can be inferred that Java island is the most densely populated island in Indonesia in 2020 (Mulya, 2020). In this case, people who live in Java have a great potential to exposed COVID-19 so that Java has the most fund allocation and re-budgeting is demanded. This study uses the regional government re-focusing budget recapitulation data obtained from the Financial Audit Board in 2020 and data regarding treatment rate, exposed people rate, death rate, and recovery rate that can be accessed in covid19.go.id as of July 19th, 2020. The simultaneous execution of re-focusing the Regional Government Budget in Indonesia was on June 20th, 2020

RESULT AND DISCUSSION

1.1 Descriptive Analysis

The study variables were treatment rate, recovery rate, death rate health expenditure, social expenditure, and economic impact. Table 4.1 illustrates the descriptive statistics.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Deviation Standard</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment</td>
<td>0.0041</td>
<td>0.01018</td>
<td>119</td>
</tr>
<tr>
<td>Recovery</td>
<td>0.0055</td>
<td>0.00749</td>
<td>119</td>
</tr>
<tr>
<td>Death</td>
<td>0.0006</td>
<td>0.00147</td>
<td>119</td>
</tr>
<tr>
<td>Health expenditure</td>
<td>69.3288</td>
<td>94.11937</td>
<td>119</td>
</tr>
<tr>
<td>Social expenditure</td>
<td>67.9069</td>
<td>117.72294</td>
<td>119</td>
</tr>
<tr>
<td>Economic impact</td>
<td>36.7520</td>
<td>92.63361</td>
<td>119</td>
</tr>
</tbody>
</table>

*Source: Processed secondary data, 2021*

Table 1. illustrated the results of data analysis obtained on 119 variables that affect regional government re-focusing. The table shows that treatment has a mean value of 0.0041 and a standard deviation of 0.01018. The recovery variable has a mean value of 0.0055 and a deviation standard of 0.00749. The death variable has a mean value of 0.0006 and a standard deviation of 0.00147. The health expenditure variable has a mean value of 69.3288 with a standard deviation of 94.11937. The social expenditure has a mean value of 67.9069 with a standard deviation of
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117.72294. The economic impact has a mean value of 36.7520 with a standard deviation of 92.63361.

1.2 Normality Test Data

The normality test involves the variables of treatment rate, recovery rate, death rate, health expenditure, social expenditure, and economic impact. The following table explains the result of the normality test with one sample Kolmogorov Smirnov test.

Table 2. Normality Test Data

<table>
<thead>
<tr>
<th>Unstandardized Residual</th>
<th>Asymp. sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.052</td>
</tr>
</tbody>
</table>

*Source: Processsed secondary data, 2021*

The result of the normality test on a sample of 119 using the one-sample Kolmogorov Smirnov test, with a confidence level of 95% and an alpha of 5%, with a significance result of 0.052% is that the data used are normally distributed.

1.3 Regression Result

Table 3 illustrates the results of R Square test, simultaneous F test and the t-test (partial) on a sample of 119 consisting of variables of treatment rate, recovery rate, deaths rate, health expenditure, social expenditure, and economic impact.

Table 3. Regression Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.094</td>
<td>11.192</td>
<td>.000</td>
</tr>
<tr>
<td>x1</td>
<td>-.921</td>
<td>-.728</td>
<td>.468</td>
</tr>
<tr>
<td>x2</td>
<td>3.159</td>
<td>2.496</td>
<td>.014*</td>
</tr>
<tr>
<td>x3</td>
<td>7.640</td>
<td>.870</td>
<td>.386</td>
</tr>
<tr>
<td>x4</td>
<td>6.760E-5</td>
<td>.845</td>
<td>.400</td>
</tr>
<tr>
<td>x5</td>
<td>.000</td>
<td>-1.530</td>
<td>.129</td>
</tr>
<tr>
<td>x6</td>
<td>.094</td>
<td>2.693</td>
<td>.008*</td>
</tr>
<tr>
<td>R Square</td>
<td></td>
<td>0.229</td>
<td></td>
</tr>
<tr>
<td>Prob f</td>
<td></td>
<td>5.544</td>
<td></td>
</tr>
<tr>
<td>Regression *</td>
<td></td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Processsed secondary data, 2021*

The results of the r square test on a sample of 119 consisting of variables of the number of treatments, number of cures, number of deaths, health spending, social spending and economic impact. These results can be seen in the table 3. The results of the R Square test are 0.229; this means that the effect of all X variables simultaneously on Y is 22.9%.

Table 3 shows the simultaneous F test results on a sample of 119 consisting of variables of treatment rate, recovery rate, death rate, health expenditure, social expenditure, and economic impact.
impact. The significance value test on the F Test shows a significant value of 0.000 <0.05, which means that simultaneously all the variables X affect Y (regional government re-focusing local).

The results of the t-test (partial) on a sample of 119 consisting of variables of treatment rate, recovery rate, death rate, health expenditure, social expenditure, and economic impact. The t-test (partial) with a significance level <0.05 shows that the rate of treatments has a significance level of 0.468> 0.05. The treatment rate does not significantly affect regional government re-focusing. The t-test (partial) with a significance level of <0.05, indicates that the recovery rate has a significant level of 0.014 <0.05 so that recovery rate has a significant effect on regional government re-focusing. The t-test (partial) with a significance level <0.05 shows that the death rate has a significant level of 0.386> 0.05. The death rate does not significantly affect regional government re-focusing. The t-test (partial) with a significance level of <0.05 shows that health expenditure has a significant level of 0.400> 0.05. Health expenditure does not significantly affect regional government re-focusing. The t-test (partial) with a significance level of <0.05, shows that social expenditure has a significant level of 0.129> 0.05. Social expenditure does not have a significant effect on regional government re-focusing. The t-test (partial) with a significance level of <0.05, indicates that the economic impact has a significance level of 0.008> 0.05 so that the economic impact has a significant effect on regional government.

1.4 Discussion

The regional government implements regional budget re-focusing as soon as after the publication of Presidential Instruction Rate 4, year 200 regarding re-focusing of activities, budget reallocation, goods, and services to accelerate the handling of COVID-19. The measurement of dependent variables is the Refocusing Regional Government Budget using the re-focusing percentage that has been available in the 2020 Regional Government Refocusing Budget Recapitulation. This calculation is in line with the research findings proposed by Beirne et al. (2020), while the independent variable measurement is by viewing daily cases from early March to June 19th, 2020. The daily case rate is calculated into a percentage by comparing it with the total population. Beirne et al. (2020) proposed this calculation. People can access covid.go.id for data of covid patient rate, treatment rate, recovery rate, and death rate. Next, for Regional Government Refocusing Budget Recapitulation informs health and social expenditure and economic impact. The calculation is in line with the research propose by Beirne et al. (2020).

The results show that H1, the treatment rate does not influence significantly regional government re-focusing. H2, the recovery rate has a significant effect on regional government re-focusing. H3, death rate does not influence considerably to the regional government re-focusing. H4, health expenditure does not affect the regional government re-focusing significantly. H5, social expenditure does not influence regional government re-focusing significantly. H6, economic impact influence regional government re-focusing significantly.

Health expenditure, care, and mortality rate influence budget re-focusing significantly. This is because the budget items for handling health, care, and mortality are not only from budget re-focusing but also from the ministry of health. An example is when one is sick, BPJS as an insurance agency also covers hospital care costs (Dewata, 2020). Health expenditure allocation focuses more on health sector activities, medical devices procurement, an incentive for medical staff, and vitamin supplement supply (Audited Financial Report, 2020). The budget re-focusing does not focus on treatment rate, death rate, and health expenditure.

Social expenditure does not have a significant effect on regional government re-focusing. This is due to overlapping aspects between social expenditure and economic impact, and the government executes state expenditure budget re-focusing and relocation. The government can
obtain Rp 405.1 trillion to handle the effects of the COVID-19 outbreak. 27% of the fund or Rp 110 trillion is for providing social assistance (Seiwald & Polzer, 2020). The overlapping fund allocation enhances confusion. The budget between social expenditure and economic impact should be separated.

The recovery rate has a significant effect on regional government re-focusing. This finding supports (Lassa, 2020). The rate of positive cases in Indonesia rises, and as of August 9th, 2020, it has reached 125,396 cases, 5,723 patients died, and 80,952 people are recovered. Meanwhile, the reproductive index of transmission at a certain time (Rt), especially in DKI Jakarta, was around 1.15 on August 5th, 2020. Even though the COVID-19 cases increase, many people are eager to immediately open economic activity because the financial crisis reaches an alarming stage (Lassa, 2020). Knowing the relatively high impact of recovery, the government issues an economic policy called New Normal. During the COVID-19 pandemic, many people were exposed to COVID-19, but the recovery rate has increased significantly (Covid-19 Handle Group, 2020). The more recovery rate rises, the lower the re-focusing rate, this is because the budget nature is flexible. The basic characteristic of the budget is flexible so that the government can revise it based on a priority scale of changes. The unexpected situation usually requires changes (Dougherty et al., 2003; Forrester & Mullins, 1992).

The economic impact also has a significant effect on regional government re-focusing in Indonesia. This finding supports the research conducted by Wu & Lin (2020). They found that the China government has re-budgeting to handle the COVID-19 pandemics, maintain socio-economic stability and economic recovery by providing welfare for the individuals with low income, education, health, pension funds, and housing. They also informed that China implements re-budgeting for economic recovery. Then, special supporting for small and medium enterprises and decreasing tax for all companies in China are facilities provided by the China government to handle the COVID-19 impacts.

CONCLUSION

The COVID-19 pandemic encourages the Indonesian government to have a re-budgeting policy through regional budget re-focusing. The regional government should develop re-focusing after having Presidential Instruction Rate 4, the year 2000 regarding re-focusing activities, budget reallocation, and goods and services procurement to accelerate the COVID-19. The study on regional budget re-focusing benefits the government to issue a valid policy on regional budget allocation re-focusing. The finding shows that the recovery rate and economic impact affect the regional budget re-focusing. In contrast, the treatment rate, death rate, health expenditure, and social expenditure do not influence the regional budget re-focusing. This study has limitations in sampling, which is only taken on Java island. The suggestion for future research is that researchers should take samples throughout Indonesia to generalize the findings accurately.

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