

## ***DYNAMICS OF REGIONAL EXPENDITURE BEFORE THE 2024 ELECTIONS***

### **DINAMIKA PENGELUARAN REGIONAL SEBELUM PEMILU 2024**

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#### **ABSTRACT**

*This study examines the dynamics of social assistance expenditure in Indonesian local governments ahead of the 2024 simultaneous regional elections, with a specific focus on district and city located on Sumatra Island. Drawing on the Political Budget Cycle and Public Choice Theory, this research aims to identify whether social assistance expenditure systematically increases in the pre-election period and whether incumbent candidacy strengthens this pattern. The study employs a quantitative approach using secondary data from district and municipal governments participating in the 2024 elections. A paired sample t-test is used to compare the proportion of social assistance expenditure in the non-election year (2022) and the pre-election year (2023), both for the full sample and for the subsample of incumbent-led regions seeking re-election. The findings reveal a statistically significant increase in the proportion of social assistance expenditure in the pre-election period, particularly in regions led by incumbents who re-contested. These results indicate the presence of a political budget cycle operating through discretionary and highly visible spending categories. The study contributes to the literature by providing subnational empirical evidence from Sumatra and highlighting the role of institutional discretion in shaping electoral fiscal behavior under Indonesia's decentralized fiscal system.*

**Keywords:** Social Assistance Expenditure, Non-Election Years, Opportunistic Behavior, Pre-Election Year.

#### **ABSTRAK**

Studi ini meneliti dinamika pengeluaran bantuan sosial di pemerintah daerah Indonesia menjelang pemilihan umum serentak daerah tahun 2024, dengan fokus khusus pada kabupaten dan kota yang terletak di Pulau Sumatera. Dengan mengacu pada Siklus Anggaran Politik dan Teori Pilihan Publik, penelitian ini bertujuan untuk mengidentifikasi apakah pengeluaran bantuan sosial secara sistematis meningkat pada periode pra-pemilu dan apakah pencalonan petahana memperkuat pola ini. Studi ini menggunakan pendekatan kuantitatif dengan menggunakan data sekunder dari pemerintah kabupaten dan kota yang berpartisipasi dalam pemilu 2024. Uji t sampel berpasangan digunakan untuk membandingkan proporsi pengeluaran bantuan sosial pada tahun non-pemilu (2022) dan tahun pra-pemilu (2023), baik untuk sampel lengkap maupun untuk subsampel daerah yang dipimpin petahana yang mencalonkan diri kembali. Temuan menunjukkan peningkatan yang signifikan secara statistik dalam proporsi pengeluaran bantuan sosial pada periode pra-pemilu, khususnya di daerah yang dipimpin oleh petahana yang mencalonkan diri kembali. Hasil ini menunjukkan adanya siklus anggaran politik yang beroperasi melalui kategori pengeluaran diskresioner dan sangat terlihat. Studi ini berkontribusi pada literatur dengan memberikan bukti empiris subnasional dari Sumatra dan menyoroti peran diskresi kelembagaan dalam membentuk perilaku fiskal elektoral di bawah sistem fiskal desentralisasi Indonesia.

**Kata Kunci:** Pengeluaran Bantuan Sosial, Tahun Non-Pemilu, Perilaku Oportunistik, Tahun Pra-Pemilu.

#### **INTRODUCTION**

Fiscal decentralization in Indonesia grants regional governments broad authority to manage the Regional Budget (APBD), the primary instrument for public service provision and local economic development. However, in practice the APBD serves not only as a development planning tool but is also often influenced by political dynamics, particularly in the lead-up to local electoral contests (Setiawan & Setyorini, 2019). The 2024 simultaneous regional elections represent a crucial political

opportunity because they involve nearly all regional governments in Indonesia, opening up the opportunity for changes in electorally motivated budgeting behavior, particularly in the lead-up to the 2023 elections. This phenomenon is relevant to study because it has the potential to impact the quality of regional spending and medium-term fiscal sustainability (Nordhaus, 1975).

The Political Budget Cycle (PBC) literature explains that political actors tend to manipulate fiscal policy ahead of elections to increase their chances of re-

election by increasing spending that is highly visible, easily claimed, and has a direct impact on voter welfare (Nguyen & Tran, 2023; Achmad, 2024; Dharma et al., 2022). In the context of local government, social assistance expenditure is one of the expenditure items most responsive to electoral incentives because it is discretionary, flexible, and can be realized in the short term without the binding of multi-year contracts like capital expenditure. Therefore, social assistance expenditure is often seen as a strategic instrument in fiscal signaling ahead of regional head elections (Mansyur et al., 2022).

Within the framework of Public Choice Theory, public officials are positioned as rational agents who maximize personal utility, including re-election opportunities, through public policies that provide the greatest electoral benefits at relatively low political costs (James & Tullock, 1962). Social assistance spending fulfills these characteristics because its benefits are directly felt by the public, especially the median voter group, thus creating perceptions of partisanship and social concern in the short term. This model is reinforced by Median Voter Theory, which states that in the pre-election period, voter preferences tend to shift toward policies that provide immediate and personal benefits rather than long-term public investments (Lee & Plummer, 2007).

Several empirical studies, both international and national, show that the political budget cycle is more strongly detected in social spending items than in investment spending (Maličká & Mourao, 2023; Wibhawa et al., 2023; Shmuel, 2025). A cross-country study by Nguyen & Tran (2023) found that budget manipulation in the run-up to elections more often occurs through changes in the composition of spending, rather than

increases in total spending. In the Indonesian context, Setiawan et al. (2022) showed that social assistance spending increased significantly in the pre-election period, while capital spending tended to stagnate due to rigid planning and execution. Similar findings were reported by Khoirunurrofik (2021), who emphasized that incumbent opportunistic behavior is more often manifested through instant and discretionary spending.

However, some other studies have shown inconsistent results, particularly regarding the influence of incumbent status on changes in social assistance spending. Research related to grant and social assistance restrictions during the 2017 regional elections found that fiscal regulations can reduce nominal expansion of social spending, although they do not completely eliminate reallocation of proportions (Abdullah & Payamta, 2021). This inconsistent finding indicates a research gap, particularly regarding whether the increase in social assistance spending in the lead-up to the regional elections persists when tested using a proportion-of-spending approach and focused on specific regions with relatively homogeneous fiscal characteristics.

Furthermore, the enactment of Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD Law) marks the strengthening of the fiscal institutional framework, emphasizing spending quality, fiscal sustainability, and accountability in regional budget management (Indonesia, 2022). This regulation has the potential to change regional budgeting behavior, including in the context of social assistance spending, making it crucial to examine whether the political budget cycle remains significantly operative in the pre-2024 regional elections period.

Based on this background, this article aims to analyze the dynamics of local government social assistance spending on Sumatra Island between the 2022 non-election year and the 2023 pre-election year, and to examine whether the status of regional heads running for re-election strengthens indications of a political budget cycle in this spending item. Unlike previous research, which generally uses a national scope or focuses on nominal spending growth, this study contributes by using the ratio of social assistance spending to total regional spending as a proportional measure and focusing the analysis on Sumatra Island, a region with relatively comparable variations in fiscal capacity and levels of political competition.

According to Political Budget Cycle (PBC) theory, governments competing in elections tend to adjust fiscal policies by increasing expenditures that provide immediate and visible benefits to voters prior to elections (Nordhaus, 1975). Among various components of public expenditure, social assistance spending represents the most politically exploitable category, as it takes the form of direct transfers, can be implemented rapidly, and generates tangible short-term welfare gains that are easily attributed to incumbent policymakers. In the context of local elections, such characteristics make social assistance an effective instrument for electoral signaling and voter persuasion.

From the perspective of the Median Voter Model, incumbents seeking re-election are incentivized to align fiscal policy with the preferences of the median voter, who tends to favor policies delivering immediate and personal benefits, particularly in the pre-election period (Ungureanu & Iancu, 2012). Consequently, increasing social assistance spending ahead of elections

constitutes a rational strategy to capture median voter support, especially when electoral competition intensifies. This theoretical framework suggests that fiscal manipulation prior to elections is more likely to occur through redistributive spending rather than long-term investment expenditure.

Empirical evidence consistently supports these theoretical predictions. Rizqiyati dan Setiawan, (2022) document a significant increase in social assistance spending during pre-election periods, while capital expenditure remains relatively unchanged due to planning rigidity and administrative constraints. Similarly, Dharma et al., (2022) demonstrate that realized social assistance spending has a positive effect on incumbent vote share, confirming that social assistance functions as an effective electoral instrument. Other studies examining the political use of grants, social assistance, and financial aid reveal that social assistance spending rises sharply prior to elections, particularly in regions characterized by weak fiscal oversight mechanisms (Pratolo, 2013). These findings reinforce the argument that social assistance expenditure is highly sensitive to electoral incentives and constitutes a core channel through which political budget cycles operate at the local level.

Viewed through the lens of Public Choice Theory, the expansion of social assistance spending reflects rational behavior by self-interested politicians who seek to maximize electoral benefits by exploiting fiscal discretion (James & Tullock, 1962). In line with the Leviathan Model, bureaucrats and political executives act as opportunistic agents who expand selected expenditure items to enhance political popularity and consolidate power, especially in institutional environments where monitoring and accountability remain

imperfect (Lee & Plummer, 2007). Taken together, theoretical arguments and empirical findings provide a strong basis for expecting systematic changes in social assistance spending during the pre-election period. Therefore, hypothesis 1 is formulated as follows:

H<sub>1</sub>: There is a difference in social assistance expenditure between the non-election year and the pre-election year among local governments in Indonesia. Furthermore, Political Budget Cycle theory explicitly posits that strategic expenditure manipulation intensifies in jurisdictions where incumbents possess direct electoral incentives to retain office (Nordhaus, 1975). Within the framework of Public Choice Theory, incumbent officials are more likely to pursue populist fiscal policies, including increased social assistance spending, as part of a deliberate strategy to secure voter support and improve re-election prospects. Such behavior is expected to be more pronounced when incumbents actively contest upcoming elections (Lami, 2023).

The Leviathan Model further suggests that local executives and bureaucracies may strategically expand politically advantageous spending categories to strengthen their political position, particularly in the absence of strong oversight institutions. During the pre-election period, incentives for opportunistic fiscal behavior increase, making redistributive expenditures such as social assistance a preferred policy instrument. Empirical evidence supports this expectation. Dharma et al., (2022) find that social assistance spending significantly increases the electoral performance of incumbents. Other studies also report that increases in social assistance, grants, and financial aid are more dominant in incumbent-led regions

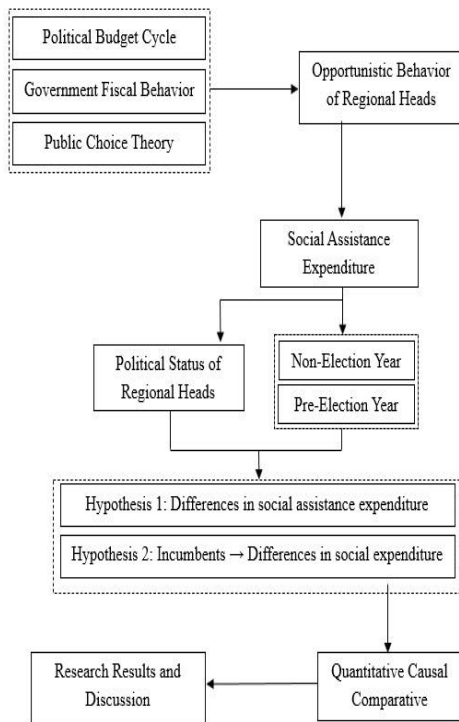
than in non-incumbent regions during election periods (Pratolo, 2013).

However, empirical findings are not entirely uniform. Research examining restrictions on grants and social assistance during the 2017 local elections finds no significant difference in the growth of social assistance and grant expenditure between regions with incumbent candidates and those without during the 2016–2017 period (Mansyur et al., 2022). These mixed results indicate that while regulatory constraints may suppress nominal expenditure growth, they do not necessarily eliminate proportional reallocations driven by electoral incentives. Collectively, prior studies suggest that the dynamics of social assistance spending are strongly shaped by incumbent re-election incentives, even under evolving institutional constraints. Based on the integration of Political Budget Cycle theory, Public Choice Theory, the Leviathan Model, and supporting empirical evidence, then the second hypothesis is:

H<sub>2</sub>: There is a difference in social assistance expenditure between the non-election year and the pre-election year among local governments whose heads seek re-election in the 2024 regional elections.

The conceptual framework of this study is developed to explain the mechanism through which electoral incentives influence the allocation of social assistance expenditure at the local government level. The framework is grounded in Political Budget Cycle theory, Public Choice Theory, and the Leviathan Model, which collectively emphasize that fiscal decisions are not purely technocratic but are shaped by political motivations, particularly in the context of electoral competition. Within this framework, the timing of local elections constitutes the primary

exogenous factor that alters the behavior of incumbent policymakers in managing public expenditure.



**Figure 1. Research Framework**

The framework posits that the transition from a non-election year to a pre-election year creates stronger electoral incentives for local governments to adjust budgetary priorities toward expenditures that generate immediate and visible benefits for voters. Social assistance expenditure is positioned as the key dependent variable because it represents a redistributive spending category that can be disbursed quickly, directly perceived by beneficiaries, and politically attributed to incumbent leadership. As a result, electoral timing is expected to systematically influence the level of social assistance spending through opportunistic fiscal behavior.

Furthermore, the framework incorporates incumbent status as a conditioning factor that intensifies this relationship. Local governments led by incumbents seeking re-election face higher political stakes, which amplify

incentives to engage in strategic budget manipulation. In this context, the effect of the pre-election period on social assistance expenditure is expected to be stronger in incumbent-led regions than in regions without re-election incentives. This interaction reflects the core assumption of Public Choice Theory that political actors act rationally to maximize electoral utility, while the Leviathan Model highlights the tendency of political and bureaucratic actors to expand politically advantageous expenditures when oversight mechanisms are weak.

Overall, the conceptual framework illustrates a causal pathway in which electoral timing influences fiscal behavior, with social assistance expenditure serving as the primary policy instrument and incumbent re-election incentives acting as an amplifying mechanism. This framework provides a coherent theoretical foundation for the empirical testing of differences in social assistance spending between non-election and pre-election years (H1), as well as between incumbent and non-incumbent local governments during the pre-election period (H2).

To operationalize this conceptual framework, the study adopts a comparative quantitative approach by examining differences in social assistance expenditure across two distinct fiscal periods, namely the non-election year and the pre-election year. This approach allows the framework's theoretical propositions to be empirically tested by directly observing whether electoral timing and incumbent re-election incentives translate into statistically significant changes in expenditure behavior. By employing paired-sample difference testing, the analysis captures within-region budgetary adjustments over time,

thereby isolating the effect of electoral incentives from structural regional characteristics. The empirical results derived from this approach are subsequently interpreted within the established theoretical framework, enabling the discussion section to confirm whether observed expenditure patterns are consistent with Political Budget Cycle theory, Public Choice Theory, and the Leviathan Model, as well as with findings from prior empirical studies.

**RESEARCH METHODS**

This study employs a quantitative comparative research design to empirically examine whether differences exist in regional government expenditure between the non-election year (2022) and the pre-election year (2023). The comparative design is appropriate because the objective is not to estimate causal relationships, but to identify systematic differences across time periods theoretically associated with electoral incentives as conceptualized in the Political Budget Cycle framework (Waruwu et al., 2025). The unit of

analysis is the city/district government in Sumatra, which reflects fiscal decision-making at the local government level.

The population consists of all district/city governments in Sumatra that have complete budget realization and expenditure data for the 2022 and 2023 fiscal years. A census approach is applied, meaning that all members of the population are included as research objects (Sekaran, Uma and Bougie, 2016). This approach is used to avoid sampling bias, capture national fiscal heterogeneity, and strengthen the generalizability of the findings in the context of local public financial management in Indonesia. For hypothesis testing, the population is divided into two analytical groups: (1) all city governments (Hypotheses 1) and (2) cities led by incumbents running for re-election in the 2024 simultaneous local elections (Hypotheses 2).

This study utilizes quantitative secondary data obtained from official and institutionally accountable sources to ensure external validity and minimize perception bias.

**Table 1. Data Types and Sources**

Variable Name	Data	Data Source
Social Assistance Expenditure Ratio	Social assistance expenditure budget	<a href="https://djpk.kemenkeu.go.id/">https://djpk.kemenkeu.go.id/</a>
	Total regional expenditure	<a href="https://djpk.kemenkeu.go.id/">https://djpk.kemenkeu.go.id/</a>
Regional Head Status	Regional Election Participation	<a href="https://www.kpu.go.id/">https://www.kpu.go.id/</a>
	Term of Office	Official regional government website; <a href="https://id.wikipedia.org/w/index.php?title=Kategori:Daftar_bupati">id.wikipedia.org/w/index.php?title=Kategori:Daftar_bupati</a> and <a href="https://id.wikipedia.org/wiki/Kategori:Daftar_wali_kota_di_Indonesia">id.wikipedia.org/wiki/Kategori:Daftar_wali_kota di Indonesia</a>
	List of candidates for district heads and mayors in Sumatera (2024 simultaneous regional elections)	<a href="https://id.wikipedia.org/wiki/Daftar_pemilihan_umum_kepala_daerah_di_Indonesia_2024">https://id.wikipedia.org/wiki/Daftar_pemilihan_umum_kepala_daerah_di_Indonesia_2024</a>

The study analyzes a main fiscal variable it is social assistance expenditure. Social assistance

expenditure refers to transfers provided to individuals, families, or community groups to mitigate social risks

(Indonesia, 2019). Social assistance expenditure is measured using the social assistance expenditure ratio (Mahmudi, 2019):

$$= \frac{\text{Social Assistance Expenditure Ratio}}{\text{Social assistance expenditure budget}} \times 100\%$$

$$= \frac{\text{Social assistance expenditure budget}}{\text{Total regional expenditure}} \times 100\%$$

Incumbent political status serves as a classification variable for group comparison rather than as an independent variable in a regression model. A dummy variable is applied, where a value of 1 denotes incumbents who re-contested in the 2024 local elections and 0 denotes those who did not. Only observations with a value of 1 are included in further analysis for Hypotheses 2.

Data analysis proceeds in three stages. First, normality tests are conducted on paired differences of social assistance expenditure ratios between 2022 and 2023 using the Kolmogorov–Smirnov test, given the large sample size and aggregate nature of the data. Second, descriptive statistics—including mean, minimum, maximum, and standard deviation—are used to describe expenditure characteristics across periods and regions. Third, paired sample t-tests are employed to examine mean differences between non-election

and pre-election years for: (1) social assistance expenditure across all municipalities, and (2) social assistance expenditure in incumbent-led municipalities. All hypothesis tests use a 5 percent significance level ( $\alpha = 0.05$ ), and results are considered statistically significant when Sig. (2-tailed) values are below this threshold.

## RESULTS AND DISCUSSION

Prior to hypothesis testing, data normality was assessed to ensure the validity of parametric inference. Normality testing is a prerequisite for paired sample t-tests, which assume that the distribution of paired differences follows a normal pattern (Raharjo, 2016). Given the large sample size ( $n > 50$ ), the Kolmogorov–Smirnov test was employed as the appropriate normality indicator (Raharjo, 2015). The results show that the significance values for social assistance expenditure ratios in 2022 (non-election year) and 2023 (pre-election year) were 0.104 and 0.098. All values exceed the 0.05 threshold, indicating that the data are normally distributed and that the use of paired sample t-tests is statistically justified.

**Table 2. Normality Test Results**

		Tests of Normality					
		Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Observation Years	Statistic	df	Sig.	Statistic	df	Sig.
Social Assistance Expenditure	Non-Election	.270	154	.104	.635	154	.113
	Pre-Election	.283	154	.098	.597	154	.107

a. Lilliefors Significance Correction

Table of paired sample descriptive statistics presents an overview of the distribution of social assistance expenditure ratios between the non-election year and the pre-election year, both for the full sample of local governments and for the subgroup of incumbent-led regions.

For Pair 1, which represents all regencies and municipalities

participating in the 2024 simultaneous local elections, the mean ratio of social assistance expenditure in the non-election year (2022) is 0.4892, while in the pre-election year (2023) the mean decreases to 0.4380 across 154 observations. This descriptive pattern indicates a slight reduction in the average proportion of social assistance spending prior to the election year when viewed at

the aggregate national level. The standard deviations for both periods are relatively high (0.79969 in 2022 and 0.76314 in 2023), suggesting substantial heterogeneity in social assistance allocation across local governments. This dispersion reflects differences in fiscal capacity, policy priorities, and institutional characteristics among regions, which may obscure uniform aggregate trends.

For Pair 2, which focuses specifically on local governments led by incumbents seeking re-election, the mean ratio of social assistance expenditure shows a more pronounced decline, from 0.4353 in the non-election year to 0.3596 in the pre-election year, based on 78 observations. Similar to the full sample, the standard deviations remain relatively large (0.66688 in 2022 and 0.58818 in 2023), indicating wide variation in spending behavior among

incumbent-led regions. This variability suggests that while some incumbents may expand social assistance allocations, others maintain or reduce such spending, resulting in an overall heterogeneous distribution.

Overall, the descriptive statistics reveal that social assistance expenditure ratios exhibit considerable cross-regional variation and do not display a uniform upward trend in the pre-election year when examined descriptively. These preliminary patterns highlight the importance of further inferential analysis to determine whether the observed mean differences between periods are statistically significant and whether electoral incentives, particularly incumbent re-election motives, systematically influence changes in social assistance expenditure across local governments.

**Table 3. Descriptive Statistics Results**

		Paired Samples Statistics			
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Non-Election Year	.4892	154	.79969	.06444
	Pre-Election Year	.4380	154	.76314	.06150
Non-ElectionYear - Incumbents		.4353	78	.66688	.07551
Pair 2	Pre-Election Year - Incumbents	.3596	78	.58818	.06660

The results of the paired sample t-test for Pair 1 indicate a statistically significant difference in the ratio of social assistance expenditure between the non-election year and the pre-election year among Indonesian local governments. The mean difference of 0.05117 suggests an increase in the proportion of social assistance spending in the pre-election year compared to the non-election year. This finding is supported by a t-statistic of 2.188 and a two-tailed significance value of 0.030, which is below the 5 percent significance level ( $\alpha = 0.05$ ). Furthermore, the 95 percent confidence interval (0.00498 to

0.09736) does not include zero, indicating that the observed difference is statistically robust and not driven by random variation. These results confirm that, at the aggregate level, local governments systematically adjust fiscal composition by increasing social assistance allocations in the period preceding regional elections.

For Pair 2, which specifically examines local governments led by incumbent heads who sought re-election, the test results also reveal a statistically significant difference in social assistance expenditure between the two periods. The mean difference of 0.07564

indicates a larger increase in the proportion of social assistance spending compared to the aggregate sample. This result is supported by a t-statistic of 1.949 and a two-tailed significance value of 0.021, confirming statistical significance at the 95 percent confidence level. The 95 percent confidence interval (0.00165 to 0.15294) is entirely positive, demonstrating a consistent upward shift in social assistance spending during the pre-election year.

From an inferential perspective, the results for Pair 2 indicate that incumbency status amplifies the reallocation of social assistance

expenditure, making this spending category more sensitive to electoral incentives when local leaders have a direct interest in retaining office. Overall, these findings provide strong empirical evidence that social assistance expenditure is the most electorally responsive component of local government spending, both at the population level and more distinctly among incumbent-led regions. The results thus reinforce the relevance of the Political Budget Cycle framework in explaining fiscal behavior ahead of the 2024 Simultaneous Regional Elections in Indonesia.

**Table 4 Paired Sample T-Test Results**

		Paired Samples Test							
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Social Assistance Expenditure	.05117	.29016	.02338	.00498	.09736	2.188	153	.030
Pair 2	Social Assistance Expenditure - Incumbents	.07564	.34282	.03882	.00165	.15294	1.949	77	.021

The empirical findings of this study demonstrate that social assistance expenditure is systematically influenced by electoral incentives in the period preceding regional elections in Indonesia. The paired sample t-test results indicate a statistically significant difference in social assistance expenditure between the non-election year and the pre-election year across all local governments. Accordingly, Hypothesis 1 (H1) is accepted, confirming that local governments adjust the composition of public spending as elections approach. This result provides clear evidence that fiscal behavior at the subnational level is not politically neutral, but instead reflects deliberate and strategic responses to electoral competition. Rather than expanding total expenditure, governments tend to reallocate budgetary resources toward spending categories that deliver

immediate, visible, and politically attributable benefits to voters.

The acceptance of H1 is fully consistent with the core propositions of Political Budget Cycle theory, which posits that incumbent governments manipulate fiscal policy prior to elections to improve their electoral prospects (Nordhaus, 1975). Social assistance expenditure constitutes an ideal vehicle for such manipulation because it takes the form of direct transfers, can be implemented rapidly within a single fiscal year, and generates short-term welfare gains that are easily perceived and credited to policymakers. In contrast to capital expenditure—whose execution is constrained by multi-year planning, procurement procedures, and delayed output realization social assistance spending allows governments to send timely and credible signals of responsiveness and social concern

during politically sensitive periods. Therefore, the statistically significant increase in social assistance expenditure observed in the pre-election year represents rational fiscal behavior under electoral pressure rather than random or coincidental budgetary variation.

From the perspective of the Median Voter Model, the acceptance of H1 further indicates that local governments strategically align fiscal policy with the preferences of the median voter, who tends to favor policies that deliver immediate and personal benefits, particularly in the run-up to elections. In decentralized fiscal systems such as Indonesia's, social assistance programs are highly visible and directly experienced by beneficiaries, making them especially effective instruments for capturing median voter support. The significant intertemporal difference in social assistance expenditure thus reinforces the argument that redistributive spending is more electorally responsive than long-term investment spending when political competition intensifies.

These findings strongly corroborate existing empirical evidence in both Indonesian and international contexts. Previous studies document that social assistance and related transfers increase significantly during pre-election periods, while capital expenditure remains relatively stable due to institutional rigidity (Rizqiyati & Setiawan, 2022). Dharma et al., (2022) further demonstrate that realized social assistance spending positively affects incumbent vote shares, confirming its effectiveness as an electoral instrument. Additional evidence shows that political manipulation of social assistance expenditure is particularly pronounced in regions with weaker fiscal oversight mechanisms, where discretionary authority is less constrained (Pratolo,

2013). By employing a nationwide paired comparison framework, this study not only confirms these patterns but also strengthens their empirical validity by capturing systematic changes in expenditure composition rather than isolated regional cases.

The analysis also reveals that electoral incentives intensify fiscal manipulation in jurisdictions led by incumbents seeking re-election. The paired sample t-test for incumbent-led regions shows a statistically significant increase in social assistance expenditure in the pre-election year, indicating that the magnitude of fiscal adjustment is stronger when incumbents face direct re-election incentives. Accordingly, Hypothesis 2 (H2) is accepted, confirming that the presence of an incumbent candidate amplifies the political manipulation of social assistance spending. This result aligns closely with Political Budget Cycle theory, which predicts that strategic expenditure adjustments are most pronounced when political actors have a direct stake in electoral outcomes.

The acceptance of H2 is also well explained by Public Choice Theory, which conceptualizes politicians as rational, self-interested actors who exploit fiscal discretion to maximize electoral utility (James & Tullock, 1962). Social assistance expenditure offers incumbents a high electoral return relative to its administrative and political costs, as it can be expanded within existing budget frameworks and framed as a policy of social protection rather than electoral opportunism. The Leviathan Model further complements this explanation by emphasizing the opportunistic behavior of political executives and bureaucracies, who selectively expand politically advantageous expenditure categories to consolidate power, particularly in

institutional environments characterized by imperfect monitoring and accountability (Lee & Plummer, 2007).

Importantly, these findings also help reconcile mixed evidence in the literature regarding the political manipulation of social assistance expenditure. While some studies report no significant differences in nominal expenditure growth between incumbent and non-incumbent regions under stricter regulatory regimes (Mansyur et al., 2022), the results of this study demonstrate that electoral manipulation persists through proportional reallocation rather than absolute expansion. This implies that institutional reforms may constrain overt budget growth without fully eliminating incentives for strategic fiscal behavior. Consequently, analyzing expenditure ratios provides a more sensitive and theoretically appropriate approach for detecting political budget cycles in contemporary fiscal systems.

Overall, the acceptance of both H1 and H2 confirms that social assistance expenditure represents the most electorally responsive component of local government spending in Indonesia. The significant differences observed between election cycles, coupled with the stronger effects in incumbent-led regions, provide robust empirical validation of Political Budget Cycle theory, Public Choice Theory, and the Leviathan Model. By demonstrating that electoral incentives shape not only the level but also the composition of public expenditure, this study contributes to a deeper understanding of fiscal behavior under electoral competition and highlights the persistent vulnerability of social assistance spending to political opportunism in decentralized governance systems.

## CONCLUSION

This study examines the dynamics of social assistance expenditure in Indonesian local governments by comparing the non-election year and the pre-election year ahead of the 2024 simultaneous regional elections, with particular attention to the role of incumbent re-election incentives. The empirical results consistently demonstrate that social assistance expenditure significantly increases in the pre-election period, both across all local governments and more strongly within regions led by incumbents seeking re-election. Accordingly, the findings confirm that electoral incentives systematically shape the composition of local government expenditure, and that social assistance constitutes the most responsive spending category to political competition in the local electoral cycle.

From a theoretical perspective, these results provide robust empirical support for Political Budget Cycle theory, Public Choice Theory, and the Leviathan Model at the subnational level. The significant differences in social assistance expenditure across electoral periods validate the argument that politicians rationally exploit redistributive spending to generate short-term, visible benefits that can be directly attributed to incumbent performance. The stronger effect observed in incumbent-led regions further confirms that re-election incentives intensify opportunistic fiscal behavior, reinforcing the role of electoral motivation as a key driver of budgetary reallocation rather than overall expenditure expansion.

In practical terms, the findings carry important implications for fiscal governance and public accountability. The concentration of electoral manipulation within social assistance expenditure highlights the vulnerability of discretionary spending to political

interests, even under increasingly stringent fiscal regulations. Policymakers and oversight institutions should therefore strengthen ex-ante budgeting controls, transparency mechanisms, and performance-based evaluation of social assistance programs to ensure that redistributive spending remains aligned with genuine social needs rather than short-term electoral objectives. Improving spending quality, rather than merely restricting expenditure growth, is essential to safeguarding the integrity of local public finance.

Despite its contributions, this study is subject to several limitations. First, the empirical analysis is restricted to local governments located on Sumatra Island, which may limit the generalizability of the findings to other regions in Indonesia that differ in fiscal capacity, political competition, and institutional quality. Consequently, the observed dynamics of social assistance spending should be interpreted as region-specific patterns rather than nationally uniform behavior. Second, the analysis focuses on intertemporal differences in social assistance expenditure ratios and does not directly assess program-level effectiveness, targeting accuracy, or welfare outcomes received by beneficiaries. Third, institutional and political factors—such as variations in local oversight strength, electoral competitiveness, enforcement of fiscal regulations, and administrative capacity—are not explicitly modeled, even though they may condition the magnitude of electoral fiscal manipulation. Future research could extend the scope to a nationwide sample, incorporate institutional and political control variables, and examine multiple electoral cycles to better capture regional heterogeneity and strengthen causal

inference regarding political budget cycles in social assistance spending.

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