

## **GUYS, DO YOU THINK MANDATORY SPENDING ON EDUCATION AND HEALTH FUNCTIONS IN INDONESIA IS EFFICIENT?**

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### **ABSTRACT**

This research aims to obtain an overview of the relative efficiency and productivity change in government spending in the education and health sector in 34 provinces in Indonesia during 2018-2022. The research uses Data Envelopment Analysis method in testing efficiency and Malmquist Index in testing productivity change during the period. The findings in this research show that there are only two provinces that can maintain their efficiency in the education and health sector. The education sector has an average efficiency value that is greater than the health sector. There is a gap between provinces located in Java that have greatest average of efficiency score with other provinces mainly located in Sulawesi, Maluku, and Papua that have lowest score. The greatest potential for improvement in both sectors lies in the efficiency of spending originating from the Regional Revenue and Expenditure Budget (APBD). Through further analysis using the Malmquist Index, it was found that there was an increase of productivity in the education sector while the efficiency decrease. In health sector the productivity is decrease while the efficiency is increase. There are only four provinces that have efficiency and productivity change score above the national average.

**Keywords:** Data Envelopment Analysis, Efficiency, Malmquist Index, Productivity, Government Spending

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