

**Research article**

# Policy Change: Refocusing Local Government Budgets in Response to Covid-19

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**Abstract.**

The pandemic has led to changes in governance and public policy at the central government and local government levels. There are challenges associated with changing public policy in the fiscal policy sector. Local governments are required to carry out budget refocusing of local revenue and expenditure budgets to support activities to deal with the pandemic. This article aimed to describe policy changes of refocusing budgets and identify their determinants from the perspective of public policy studies. In the study of public policy, the opening of a policy window can determine the direction of policy changes in the policy agenda. To be able to open a policy window, mutual agreement and common interest are needed between problem streams, political streams and policy streams. The results of this study demonstrated that policy changes have occurred by refocusing the budget, due to the opening of the policy window, where interests among various streams were equalized.

**Keywords:** budget refocusing, fiscal policy, local autonomy, policy change, public finance

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**Published** 20 May 2022

**Publishing services provided by**  
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Selection and Peer-review under  
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 ICoGPASS Conference  
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## 1. Introduction

The occurrence of a pandemic resulted in changes in governance and public policy. Not only the Central Government, but also the Regional Government. The challenge of changing public policy also occurs in the fiscal policy sector. The Regional Government is required to refocus the Regional Revenue and Expenditure Budget to support activities to deal with the pandemic. The government through the Ministry of Finance issued an order from the Director General of Regional Fiscal Balance of the Ministry of Finance (No: SE-2/PK/2021) which requested a focus on the budget, especially for regional transfer funds from the central government.

In the case of the Banyumas Local Government allocates a budget refocusing in 2021 worth IDR 153 billion. Of the total budget, most of it was used to provide incentives for health workers in the range of IDR 60 billion. (Sources: <https://mediaindonesia.com/nusantara/390664/pemkab-banyu-mas-refocusing-anggaran-untuk-covid-19-rp153-miliar>). Based on the data contained in the Banyumas Regent's Accountability Report (LKPJ Bupati Banyumas, 2020) Personnel expenditure from IDR 1.4 trillion to IDR 1.3 trillion. Grant spending from IDR 80 billion to IDR 76 billion. Social

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assistance spending from IDR 24 billion to IDR 11 billion. Expenditure for revenue sharing from IDR 30 billion to IDR 26 billion. Spending financial aid to the village government from IDR 651 billion to IDR 114 billion. Unexpected spending from IDR 3 billion to IDR 102 billion. The budget is refocused into: (a) handling health during the pandemic; (b) handling the economic impact of a pandemic and (c) providing a social safety net in a pandemic.

Therefore, the problem raised in this article is how the process of changing the policy of budget transfer (refocusing) on the Regional Revenue and Expenditure Budget to support activities to handle the pandemic occurs. For this reason, this article aims to describe the occurrence of policy changes and identify the determinants of changes in the policy of refocusing the Regional Revenue and Expenditure Budget to support pandemic handling.

Public policy can be broadly described as the relationship of a government unit with its environment (1). Public policy is a reflection of the public administration's response to changes in the ecology of public administration (2–4). Public policies are made by authorized stakeholders, known as policy actors (1,5–8). Policy actors as described by Knoepfel (9) are those who are inside and outside the policy system, who make, are involved and are affected by a policy. Public policy is made in a political process (8,10,11). Therefore, political priorities are one of the most important elements in the policy agenda, even political interests are not only at the policy agenda stage but also penetrate the formulation, implementation and evaluation stages. This shows that the public policy process does have a vulnerability to contain the hidden interests of the political priorities of certain groups. Public officials who have high credibility and integrity are needed in this regard, because the role and behavior of public managers (in this case decision makers) become an important variable that determines public policy tendencies (12).

Decisions made by public actors are not always effective in solving public problems, because of bounded rationality (13–15). The theory states that every human being has limited rationality or has limitations in absorbing information and understanding the development of social problems, so that decisions made by humans are not perfect. Thus, it is very possible that a policy has been made and then made changes due to the imperfection of the previous policy which is the result of the limited ability or rationality of the individual maker in reading unexpected conditions. Therefore, a policy change is needed to improve the previous policy.

In the study of public policy, changes in public policy can occur if there is a common interest among policy actors (16–19). There are coalitions of interests among policy

actors that bring new directions to a public policy (17–22). There is a process of deliberation and a change of opinion among public policy actors, thus forming a new agreement in a public policy (23–26). The conditions under which new agreements are formed can be known as the opening of the policy window (27–32). The opening of the policy window can determine the direction of policy changes in the policy agenda (28,33–35). To be able to open a policy window, it takes a common view and meeting of interests between problem streams, political actors and policy actors (9,29,32,36,37).

The policy window is an opportunity for the proponents or initiators of policy proposals to promote issues, interests or to encourage public attention to the specific problems they raise (29,32,35). Policy entrepreneurs as parties who bridge the interests between multiple streams, must be able to prepare conditions that bring interests between multiple streams well to realize the goals and interests of each of them (multiple streams) when the policy window opens (38–40). Then, the three streams, namely the problem stream, policy stream and political stream with different interests, can unite to carry a common interest in a mutual agreement (27,31,33,41). The opening of the policy window marks the formation of a new agreement for policy changes. The policy window can be formed when problems are identified, solutions to problems can be developed, there is a political change that makes it have the momentum for policy change (30,32). According to Kingdon (29,32), a policy window opens when: (a) There is a new public issue/public affairs; (b) There has been a change in the administration or parliament; (c) There is a change in the mainstream and national mood; (d) There are unpredictable conditions. Otherwise, the policy window closes when: (a) the public/public affairs issue has been resolved; (b) public opinion and people think it will not be a serious problem anywhere; (c) The crisis has passed; (d) No single alternative has emerged

## 2. method

This Study aims to describe refocusing local government budget for handling the pandemic through the public policy perspective. The method used in this study is qualitative approach (42). Data collection using Focus Group Discussion(43) and equipped with data mining techniques for social science (44). Research instrument using FDG Guide and data checklist. The informants came from the elements of bureaucrat, politician and policy NGOs. Data analysis uses interactive analysis (45). The focus of the study includes the following aspects:

TABLE 1: Focus of Study.

Focus	Sub Focus	Aspect
Policy changes	Multiple Streams	Problem Stream
		Policy Stream
		Politics Stream
	Policy Window	New public issue/public affairs
		Change in the administration or parliament
		Change in the mainstream and national mood
		Unpredictable conditions

Sources: adaptation from Kingdon (29,32).

The data that has been collected, then analyzed by the following method (1) organize and prepare the data that was collected; (2) Read and look at the data; (3) Coding data; (4) the description stage; (5) Represented; (6) Interpretation (46).

### 3. Results and Discussion

The purpose of this article is to describe the occurrence of policy changes and identify the determinants of the change in the policy of refocusing the local government revenue and expenditure budget to support pandemic handling activities, from the perspective of public policy studies. In public policy theories, policy changes can occur if there is an agreement between policy-making stakeholders (11). Refocusing local government revenue and expenditure budgets to support pandemic handling activities is a form of policy change. The focus of the budget, which was originally allocated to various sectors, was refocused on one point, namely handling the pandemic. According to Kingdon (29,32,35), Policy change can only be implemented if policy actors can find a common understanding. Policy actors involved in a policy change consist of multiple streams (28,29,32,34).

#### 3.1. Multiple-Streams

Multiple streams in changing the policy of refocusing the local government revenue and expenditure budget to support pandemic handling activities, including: (a) Problem Stream; (b) Policy Stream; (c) Politics Stream.

TABLE 2: Multiple Streams Refocusing The Local Government Budget.

Aspect	Description
Problem Stream	People, Academics, Businessman, NGOs, CSOs.
Policy Stream	Administration and Bureaucrats in the field of Health, Social Affairs, Economy, Manpower, Tourism, Police, Local Government, Village Government and Intelligence.
Politics Stream	Politician, Senator, Diplomat, International Political Agent

Problem Stream arises with increasing attention to a problem as a result of a major event. The occurrence of a pandemic made People, Academics, Businessmen, NGOs, CSOs together urge the government to be able to handle and resolve the pandemic. Other than that, Politics Stream It also arises as a result of public pressure to resolve the pandemic, because after all politicians will view public pressure as being used as a political interest to pressure the government to resolve the pandemic. In the end, the government in the policy stream also has a similar understanding with other streams. Policy Stream who consisting of administration and bureaucrats, have the task of dealing with the pandemic because they are the government of the people’s choice.

### 3.2. Policy Window Has Opened

TABLE 3: Identification of sThe Aspects That Policy Window Open.

Aspect	Description
There is a new public issue/public affairs	There was a pandemic which became a central issue and problem for everyone.
There has been a change in the administration or parliament	A new form of administration is needed to handle the pandemic, namely an administrative structure consisting of cross government agencies and public organizations, even the private sector in collective action to handle the pandemic.
There is a change in the mainstream and national mood	The emergence of public demands to immediately overcome and resolve the pandemic
There are unpredictable conditions	A pandemic is an unpredictable event, so policy changes are needed

Based on the result, local government budget refocusing as policy changes can occur if there is a common interest among policy actors (16–19). In the context of refocusing regional budgets, there has been a change in interests among policy actors, namely all policy actors agree that the handling of the pandemic needs special attention and refocusing is carried out for it. Policy actors then form coalitions to encourage

TABLE 4: Identification of The Aspects That Policy Window closes.

Aspect	Description
The public/public affairs issue has been resolved	This didn't happen, because the pandemic is still ongoing and there is no resolution
Public opinion and people think it will not be a serious problem anywhere	This didn't happen, because people actually thought the pandemic was a serious problem
The crisis has passed	This didn't happen, because the pandemic is still ongoing
No single alternative has emerged.	This didn't happen, because there are various alternative policies that can be taken

the government to refocus local budgets, this is understandable because there are coalitions of interests among policy actors that bring new directions to a public policy (17–22). In the context of refocusing regional budgets, there is a process of deliberation and a change of opinion among public policy actors about important issues about the pandemic, this shows that policy actors have been able to form new agreements in public policy, (23–26). The conditions under which new agreements are formed can be known as the opening of the policy window (27–31).

Based on the identification results contained in the table above, it can be seen that the policy window has been opened. Because, the facts show that the regional budget has been refocused from what was originally for development to handling the pandemic. The opening of the policy window can determine the direction of policy changes in the policy agenda (28,33–35). To be able to open a policy window, it takes a common view and meeting of interests between problem streams, political actors and policy actors (9,29,36,37). The policy window is an opportunity for the proponents or initiators of policy proposals to promote issues, interests or to encourage public attention to the specific problems they raise (29,35). Policy entrepreneurs as parties who bridge the interests between multiple streams, in this case by the government, to prepare conditions that bring interests between multiple streams well to realize the goals and interests of each of them (multiple streams) when there is a budget refocusing at the same time the policy window opens (38–40). Then, the three streams, namely the problem stream, policy stream and political stream with different interests, can unite to carry a common interest in a mutual agreement (27,31,33,41).

#### 4. Conclusions

The budget policy has been changed to deal with the pandemic, this shows that there has been a change in policy, especially in the local government's fiscal policy.

Policy change by refocusing budgets occurs because of the opening of the policy window, where interests among multiple streams can be unified. Mutual agreement and common interest have been formed between problem streams, political streams and policy streams, which view that: (a) There is a new public issue/public affairs, namely a pandemic; (b) There has been a change in the administration in handling the pandemic; (c) There is a change in the mainstream and national mood, namely the need to resolve the pandemic; and There are unpredictable conditions, namely the pandemic itself. The results of this study further strengthen the view that common interests will be able to bring about a change in policy. Which in the end this research also contributes to the strengthening of public policy studies, especially in the field of policy formulation.

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