

Ways to Increase the Efficiency of Financing Higher Education Institutions

Sherov Alisher Bakberganovich

Associate Professor, Urgench State University, Doctor of Philosophy in Economics (PhD)

Abstract

The article examines the role of the education system in the development of the country's economy, in particular the system of higher education, sources of financing for higher education institutions, the cost of financing higher education in the state budget, their share in GDP, foreign experience in public financing of higher education, and the corresponding conclusions are drawn.

Keywords: State budget, education system, higher education, budget financing, GDP, financing mechanism, social sphere.

Introduction. One of the most important sources of economic and social development in the modern world is undoubtedly the education system, the value of which is constantly growing. This situation is primarily due to the entry of the education system into the national innovation system of higher education. Investments in education, if effective, will create the conditions for the emergence of innovative enterprises that are the foundation of an innovative national economy. Improving the quality of education and access to it in most countries of the world requires not only increasing costs in this area, but also the efficient use of available resources. "In the Organization for Economic Co-operation and Development (OECD) member states, the cost of higher education is on average 1.5 percent of GDP. At the same time, the share of the private sector is 1% of GDP, while the share of the state is 0.5% of GDP. In particular, in 2015, the share of the state in financing the higher education system was higher in Australia, Norway and Finland, where expenditures in this area amounted to more than 1.5% of GDP. Countries with a large share of the private sector in higher education funding include the United States, the United Kingdom, and Chile. In these countries, the share of the private sector in spending on tertiary education averages 1.2–1.7% of GDP. Most of the country's higher educational institutions are budgetary, but given that budget funds are people's funds, their effective and rational use is one of the most pressing issues today.

Literature review. Studies, scientific works, brochures of foreign and domestic economists on the effective financing of higher education institutions, financial resource management, increasing the financial independence and sustainability of higher education institutions, developing an effective financing system, expanding the use of extra-budgetary funds and their effective use are reflected in the articles.

Foreign economists NVLong, L.Yang, B.McCall, U.Teichler, B.Poul, S.Marginson, M.Lung, I.Moldovan, NLAlexandra, J.Erina, I.Erins, A.Goksu, G.Goksu, I.V.Abankina, V.A.Vinarik, L.M.Filatova, G.A.Lukichev, V.M.Filippov, N.K.Nasibova, A.A.Adambekova, N.A.Amankeldi, S.A.Belyakova, A.S.Zaborovskaya, T.L.Klyachko, IB Korolev, NB Ozerova, EA Polushkina and others conducted research on the system of financing higher education institutions. Economists of our country S.Gulyamov, N.Jumaev, M.Saidov, D.Nabiev, D.Rakhmonov, H.Rejapov, D.Pulatov, Z.Srojiddinova, B.Nurmuhammedova, Sh.Rasulov, D.Rustamova, K.Ibragimov In the works of E.

Odilov, A. Mahmudov, the issues of financing the education system, in particular, the higher education system, the management of their financial resources are covered.

Research methodology. The research used grouping, comparison, induction and deduction, economic-statistical methods, comparative analysis and other methods.

Analysis and results. At present, there are 152 higher education institutions in the country, including 30 universities, 45 institutes, 3 academies, 28 branches, 1 conservatory, 27 branches of foreign universities, 18 non-governmental higher education institutions. Accordingly, the quota for admission of students to higher education institutions has been increased in proportion.

It is natural that no one doubts that one of the main factors directly affecting the development of the country's economy in today's innovative technologies is the education system established in the country. At the same time, the reform and further development of the education system in the country is directly related to the level of financial resources in this area. With this in mind, from the first years of independence, our state has been paying great attention to supporting the social sphere and the population. Annually, the share of funds allocated from the state budget to the social sphere is on average 52-60% of total expenditures. The largest share in the structure of social expenditures is education expenditures (see Table 1).

Table 1: Expenditures of the social sphere of the State Budget of the Republic of Uzbekistan (billion soums)¹

№	Indicators	2016	2017	2018	2019	2020	2021
1	Total expenditures of the state budget	40911,3	49343,7	79736,1	107118,4	131104,5	165879
1.1	Social expenses	24101,6	27223,3	42658,9	57822,3	66018,1	86622
	<i>share in total budget expenditures, in percent</i>	58,9	55,2	53,5	54	50,4	52,1
1.1.1	Education expenses	13831,7	15979,6	20631,9	28394,3	30047,6	34590,3
	<i>share in total social expenditures, in percent</i>	57,4	58,7	48,4	49,1	45,5	39,9
	<i>share in total budget expenditures, in percent</i>	33,8	32,4	25,9	26,5	22,9	20,9

From the data in Table 1 above, it can be seen that in 2016, social expenditures accounted for 58.9 per cent of total budget expenditures, while in 2020 the figure was 50.4 per cent. By 2021, social spending will account for 52.1% of budget expenditures. From the data in the table above, it can be seen that despite the increase in the amount of funds allocated from the state budget to the social sphere, in 2020 their share in total budget expenditures decreased by 8.5% compared to 2016.

In the structure of state budget expenditures, education expenditures have the largest share, accounting for 57.4% of social spending in 2016, and by 2020 this figure was 45.5%. In 2021, it is planned to reach 39.9%. The share of the state budget in total expenditures is planned to be 33.9% in 2016 and 22.9% in 2020, and 20.9% in 2021, respectively. and 25.9 percent. Despite the fact that

¹ www.mf.uz - Prepared by the author on the basis of the official website of the Ministry of Finance of the Republic of Uzbekistan.

the volume of budget funding for the education system in our country is planned to increase 2.5 times in 2021 compared to 2016, its share in total budget expenditures has decreased by almost 13%. One of the main reasons for this is the increase in the number of public-private partnership and private educational institutions in the country in recent years. Also, in recent years, due to the pandemic, which is showing its economic and social damage around the world, the main expenditures of many countries are spent on health care. This situation in our country, as well as the increase in the cost of repayment of public debt in the state budget, leads to a low share of education in the state budget.

The largest share of expenditures in the structure of expenditures on education falls on the financing of general education institutions, followed by preschool and higher education. In the figure below, we see the dynamics of changes in funds allocated from the state budget to finance higher education (see Figure 1).

From the data in Figure 1 below, we can see that the amount of funds allocated from the state budget to higher education institutions in 2016-2021 has a growing trend and is growing from year to year.

In particular, in 2016, the state budget allocated 637.8 billion soums to finance higher education. By 2020, this figure will reach 2,266.8 billion soums, which is 3.6 times more in 2020 than in 2016. We can also see that the share of higher education expenditures in total education expenditures increased from 4.6% in 2016 to 7.5% in 2020, respectively.

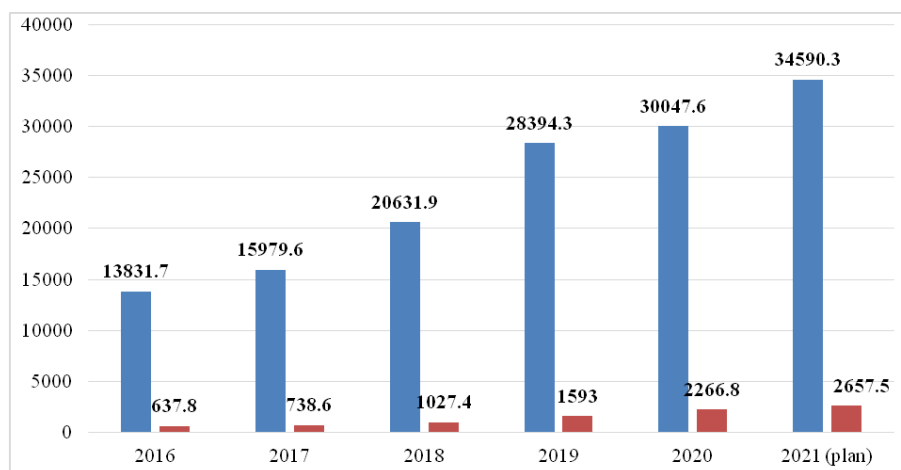


Figure 2. Expenditures for financing higher education from the state budget in 2014-2018, bln. sum²

In 2021, 34590.3 billion soums will be allocated from the state budget for education, of which 7.7% or 2657.5 billion soums will be allocated for higher education. From the above data, it can be concluded that the funds allocated from the state budget to finance higher education institutions in 2016-2021 have an increasing trend, and one of the main reasons for this can be explained by the increase in the number of higher education institutions in the country.

Comparing the data in Table 1 and Figure 1 with developed countries, it can be concluded that the budget allocations for education in our country account for an average of 27% of total budget expenditures, including 20.9% in 2021, while in the US this figure is 11.9%. per cent, in South

² www.mf.uz - Prepared by the author on the basis of the official website of the Ministry of Finance of the Republic of Uzbekistan.

Korea 14 per cent, in Russia 10.8 per cent, in Germany 9.2 per cent, in Japan 8 per cent and in Italy 7.3 per cent.

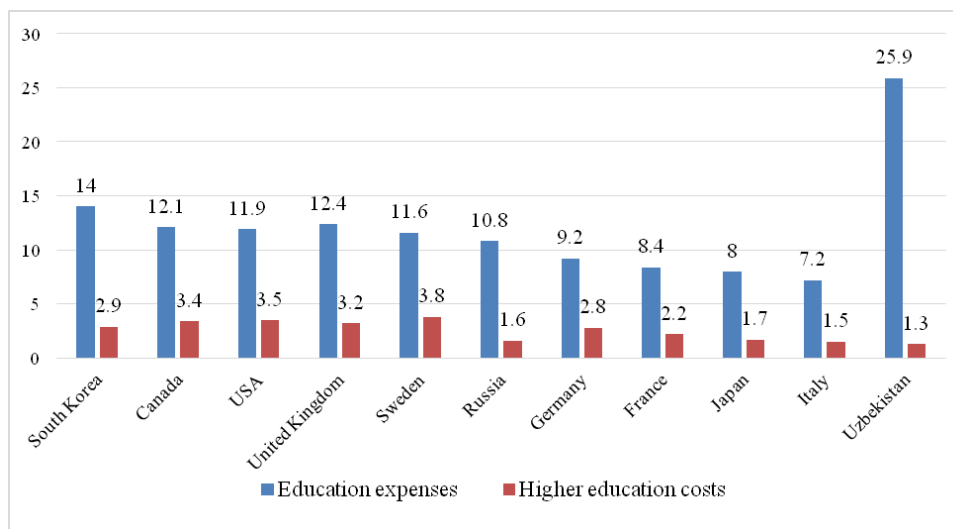


Figure 2. The share of education and higher education expenditures in the structure of state budget expenditures, in percent³

As a result of the analysis of these data, we can see that the share of education expenditures in the state budget in our country is about 2-3 times higher than in the above countries. However, we can see that the cost of higher education is 2-3 times less than in most countries.

In Figure 3 below, we can see the share of education, especially higher education, in the country's GDP.

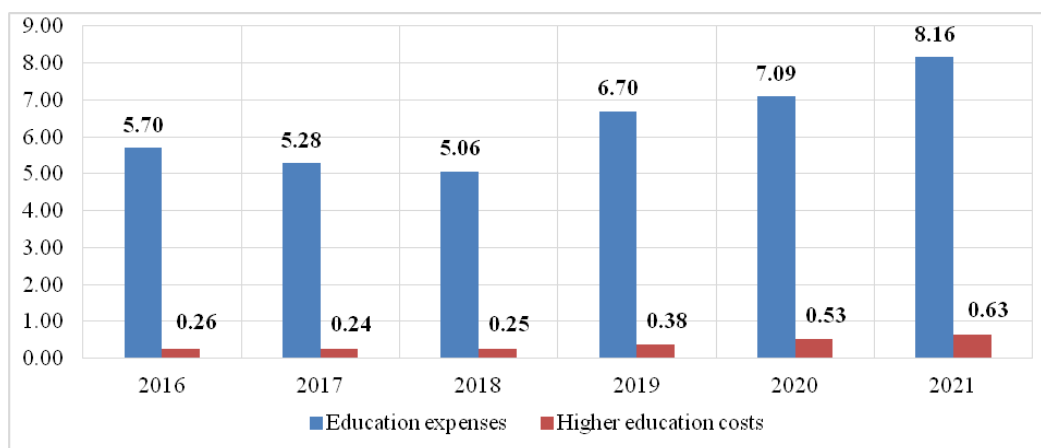


Figure 3. The share of education expenditures in GDP, in percent⁴

As a result of the analysis of the indicators in this figure, we can see a downward trend in the share of education expenditures in the country's GDP in 2016-2018, and an upward trend in 2019-2021. Higher education spending, on the other hand, has an upward trend in 2016-2021, averaging 0.38

³ Образование в цифрах: 2019 : краткий статистический сборник / Н.В. Бондаренко, Л. М. Гохберг, Н. В. Ковалева и др.; Нац. исслед. ун-т “Высшая школа экономики”. – М.: НИУ ВШЭ, 2019. – 96 с ҳамда Ўзбекистон Республикаси Молия вазирлиги маълумотлари асосида муаллиф томонидан тайёрланди.

⁴ www.mf.uz - Ўзбекистон Республикаси Молия вазирлигининг расмий сайти маълумотлари асосида муаллиф томонидан тайёрланди.

percent of GDP, an increase of 0.37 percent over 2021 compared to 2016. If we compare these figures with the advanced foreign countries, we will see a situation like the one above (see Figure 4).

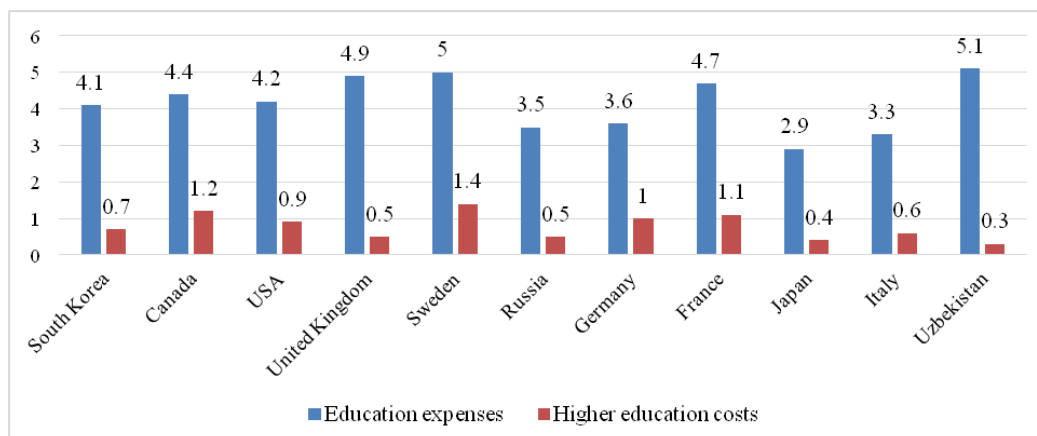


Figure 4. The share of education expenditures in GDP, in percent ⁵

From this picture we can see that Uzbekistan is the leader in terms of the share of education expenditures in GDP, but the last in terms of the share of higher education expenditures in GDP. Sweden, Canada, France and Germany are among the leading countries in terms of the share of higher education expenditures in GDP.

The role of public investment in financing the higher education system is also high, and the following figure shows the dynamics of public investment in the higher education system in 2014-2018 and their change (see Figure 5).

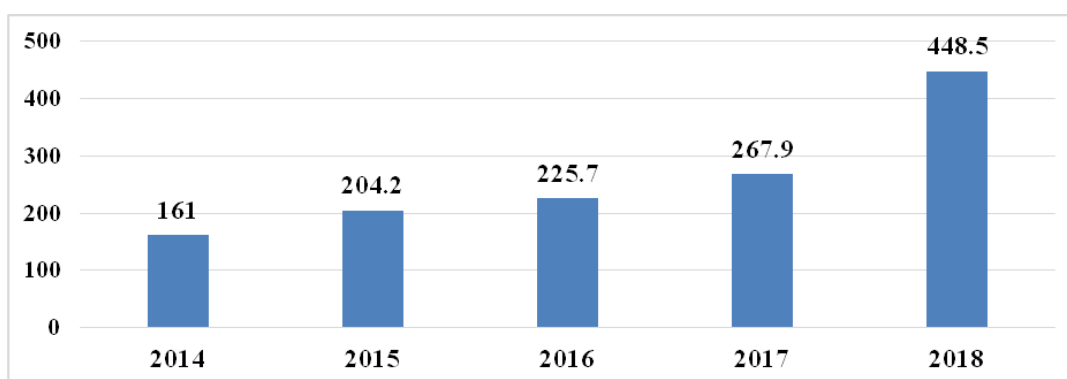


Figure 5. A state focused on the higher education system investments, billion soums ⁶

From this picture, we can see that the amount of public investment in higher education institutions has a growing trend, which in 2018 increased by 2.8 times compared to 2014. In 2014-2017, the average annual increase was 1.1-1.3 times compared to the previous year, and in 2018 it increased 1.7 times compared to the previous year. However, if we pay attention to the share of funds

⁵ Образование в цифрах: 2019 : краткий статистический сборник / Н.В.Бондаренко, Л.М.Гохберг, Н. В. Ковалева и др.; Нац. исслед. ун-т “Высшая школа экономики”.– М.: НИУ ВШЭ, 2019. – 96 с ҳамда Ўзбекистон Республикаси Молия вазирлиги маълумотлари асосида муаллиф томонидан тайёрланди

⁶ www.mf.uz - Ўзбекистон Республикаси Молия вазирлигининг расмий сайти маълумотлари асосида муаллиф томонидан тайёрланди.

directed to higher education in the structure of total centralized public investment, we can see a different situation (see Figure 6).

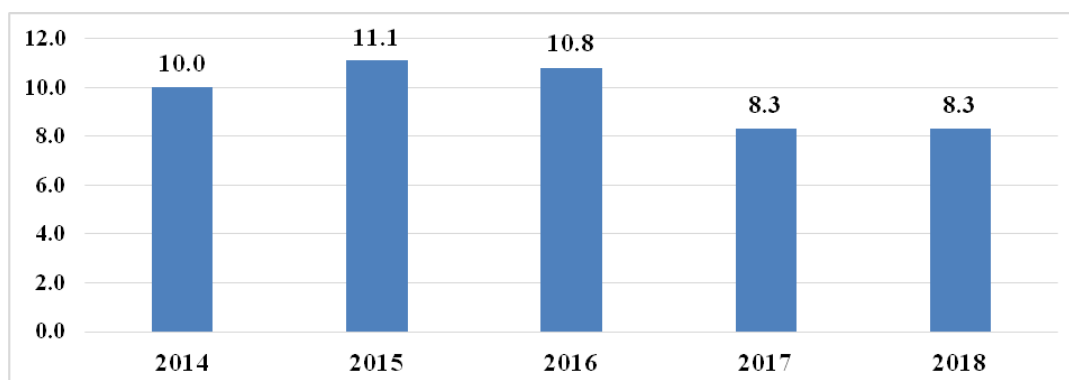


Figure 6. The share of investments in higher education in the structure of centralized public investment⁷

From this figure, we can see that despite the fact that the volume of public investment in higher education in 2018 increased by 2.8 times compared to 2014, the share of total centralized investment in the cost of financing decreased by 1.7% compared to 2014. The highest results in this indicator were achieved in 2015 (11.1%) and 2016 (10.8%). In 2017-2018, it has a tendency to decrease.

Conclusion. The results of the study are as follows:

- The role of the education system, in particular the higher education system, in the development of the country's economy and the provision of the economy with qualified personnel is significant. The development of this sector should be considered as a key issue facing the state;
- Despite the increase in the amount of funds allocated from the national budget to finance the education system in recent years, the share of total budget expenditures tends to decrease. The main reason for this is the increase in the number of quality private and public-private partnership educational institutions.
- The funds allocated from the state budget to finance higher education institutions are on the rise, but the main reason for this can be explained by the increase in the number of higher education institutions;
- Despite the fact that the state financial support of the education system in our country is much higher than in foreign countries, it has a much lower rate of state funding of higher education;
- Insufficient financial independence of higher education institutions in the management of funds, hinders the development of mechanisms for the efficient use of available resources, etc.

REFERENCES

1. Long N.V. "Financing higher education in an imperfect world" *Economics of Education Review* xxx (xxxx) xxx–xxx
2. Yang L., McCall B. "World education finance policies and higher education access: A statistical analysis of World Development Indicators for 86 countries" *International Journal of Educational Development* 35 (2014) 25–36

⁷ www.mf.uz - Ўзбекистон Республикаси Молия вазирлигининг расмий сайти маълумотлари асосида муаллиф томонидан тайёрланди

3. Marginson S. “Global trends in higher education financing: The United Kingdom” *International Journal of Educational Development* 58 (2018) 26–36
4. Sherov, A. (2018). Legal basis and importance of state financing of education system. *International Finance and Accounting*, 2018(2), 92.
5. Lung M., Moldovan I., Alexandra N. “Financing higher education in Europe: issues and challenges” *Social and Behavioral Sciences* 51 (2012) 938 – 942
6. Erina J. and Erins I. “Assessment of Higher Education Financing Models in the CEE Countries” *Social and Behavioral Sciences* 177 (2015) 186 – 189
7. Goksu A., Goksu G. “A Comparative Analysis of Higher Education Financing in Different Countries” *Economics and Finance* 26 (2015) 1152 – 1158
8. Насибова Н.К. Целевой капитал (эндаумент-фонд) как источник финансирования интеллектуального потенциала вуза. // ВЕСТНИК ИрГТУ №8 (91) 2014
9. Sherov, A. (2019). Reforms in the system of higher education and their impact on financial stability. *International Finance and Accounting*, 2019(3), 21.
10. Лукичев Г.А., Филиппов В.М. “Системы финансирования высшего образования в зарубежных странах” Учеб. пособие. – М.: РУДН, 2008. – 194 с.
11. Шеров, Алишер Бакберганович (2021). Олий таълим муассасаларини бюджет маблағлари ҳисобидан молиялаштиришни такомиллаштириш йўллари. *Oriental renaissance: Innovative, educational, natural and social sciences*, 1 (10), 1121-1133.
12. Адамбекова А.А., Аманкелди Н.А. “Финансирование системы образования Казахстана (динамика расходов на образование: отечественный и международный опыт)” // Сетевой журнал “Научный результат”. Серия “Экономический исследования”. – Т.2 №1(7), 2016
13. Khudoykulov H.A., Sherov A.B. Digital economy development in corporate governance of joint stock company // *Экономика и бизнес: теория и практика*. – 2021. – №. 3-2. – С. 217-219.
14. Sherov, A. (2015). Foreign experience in financing of higher educational system. *Scientific enquiry in the contemporary world: theoretical basics and innovative approach* [L 26], 1, 92-95.
15. Sapaev V., Madrakhimov A. The transformation of social consciousness and intelligence of rural population on social life of Uzbekistan // *Norwegian Journal of Development of the International Science*. – 2020. – №. 39-4. – С. 54-56. <https://cyberleninka.ru/article/n/the-transformation-of-social-conciousness-and-intelligence-of-rural-population-on-social-life-of-uzbekistan>
16. Шеров А.Б. “Олий таълим муассасаларини молиялаштиришни такомиллаштириш йўллари” мавзусидаги иқтисодиёт фанлари бўйича фалсафа доктори илмий даражасини олиш учун тайёрланган докторлик диссертацияси, Тошкент, 2020 й.
17. Саидов М.Х. Олий таълим тизимида молиявий бошқарув: ўқув қўлланма, -Т. “Tafakkur-Bo’stoni”, 2011, 432 б.
18. Набиев Д. Таълим соҳасидаги инвестицияларни молиялаштириш масалалари: иқтисод фанлари номзоди илмий даражасини олиш учун таёрланган диссертация. – Т., 2005

19. Рахмонов Д. “Ўзбекистонда ижтимоий соҳани молиялаштиришни такомиллаштиришнинг методологик асослари. –Т.: “Fan va texnologiyalar”, 2017, 248 б.
20. Махмудов А. Олий таълим муассасаларида молиявий ресурсларни бошқариш механизмини такомиллаштириш, иқтисодиёт фанлари бўйича фалсафа доктори (PhD) диссертацияси автореферати, 2019, -45б.
21. Шеров А. Олий таълим муассасаларига бюджетдан ташқари маблағларни жалб этишни такомиллаштириш // <http://www.biznes-daily.uz>. № 3 (111)-2017.
22. Sardor K., Valisher S. INSON ONGI MILLIY G'OYA TIZIMI ELEMENTI SIFATIDA //Academic research in educational sciences. – 2020. – №. 4. <https://cyberleninka.ru/article/n/inson-ongi-milliy-goya-tizimi-elementi-sifatida>
23. Шеров А. Б. Олий таълим муассасаларини молиялаштиришнинг ақш тажрибаси //Scientific progress. – 2021. – Т. 1. – №. 6. – С. 972-978.
24. Education at a Glance 2018: OECD Indicators, OECD Publishing, Paris. <http://dx.doi.org/10.1787/eag-2018-en>
25. Образование в цифрах: 2019: краткий статистический сборник / Н.В. Бондаренко, Л. М. Гохберг, Н. В. Ковалева и др.; Нац. исслед. ун-т “Высшая школа экономики”. – М.: НИУ ВШЭ, 2019. – 96
26. www.edu.uz - Ўзбекистон Республикаси Олий ва ўрта махсус таълим вазирлиги расмий сайти www.mf.uz - Ўзбекистон Республикаси Молия вазирлигининг расмий сайти