

Ways to Effectively Organize the Financing of the Education System

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ABSTRACT

The article draws conclusions and recommendations for improving the efficiency of the education system of Uzbekistan, based on the study of the education system of some countries and the specifics of their funding. The income and cost classification of the education system is also analyzed, and the article presents the views of scholars on the financing of the education system.

Keywords:

Education, Funds Of Budget, University, Standards Of Education, Foreign Educational System, Financing Of Education Systems.

1. Introduction.

Globalization and technological "armament" in the world today as a result of the rapid development of science, real production, engineering and technological processes, the demand for highly educated, talented, mature professionals in their field is growing. This, in turn, plays an important role in determining the quality of education and the institution of higher education, which allows to train personnel with in-depth knowledge. The higher education institution (HEI) and its quality of education depend on the extent to which the market for services is formed, its effectiveness, and the mechanisms for determining and evaluating the quality of education [1].

The country's attention to the education system is growing from year to year in order to increase labor productivity in production and achieve well-being through the development of human capital. One of the most important links in the education system is higher education and its quality [2].

2. Literature review

Investments in human capital have a direct impact on economic growth. In recent years, much has been said about the importance of spending on education, especially on higher education, which is a key part of this link between education investment and economic growth. studies have been conducted [3].

The main purpose of common methods of financing higher education in foreign countries is to increase the economic and social efficiency of spending on the higher education system. Of course, the most effective way to do this is to involve the private sector in financing higher education. However, it should be noted that the role of the public and private sectors in attracting the private sector is clearly defined [4].

In contrast to the allocation of funds and the definition of each type of expenditure by studying the current financial demand, the overall financing system gives universities the freedom to use financial resources, ensures effective financial management and ensures

that cost estimates are made available to the general public [5].

Measures to reform the higher education system and institutions are one of the most important aspects of the state policy in the field of education. At the heart of the ongoing reforms is the strengthening of the material and technical base of universities, the restructuring of the financing system, increasing their financial independence, increasing their scientific-innovative and investment attractiveness, and most importantly, strengthening their responsibility for the end result [6].

In accordance with the process of structural change and improvement of the higher education system and the links of the budget process, the transition from the system of expenditure management to the system of results management within the medium-term budgeting in higher education, on the one hand, as a public administration and planning entity, there is a need to develop the necessary concept as an independent subject of market relations [7].

3. Research methodology.

Annual indicators of the state budget expenditures on education. Economic research methods such as data collection, analysis, synthesis, and logical reasoning have been widely used to finance the country's higher education system.

4. Analysis and discussion of results.

In particular, in France, Japan, Germany and the United States, science, technology, manufacturing, services and other sectors are so developed that they not only contribute to the socio-economic development of the country, but also increase their prestige among the world, increase export potential and the national currency is widely used in international trade.

Especially in today's world, where the population and its needs are growing, investing in human capital, that is, improving the quality of the country's education system and financing is becoming one of the most pressing issues [8].

It is known that since 1990, the education system of Europe and developed countries has begun to reform in several areas. In particular, higher education institutions have been given a number of independence in the implementation and management of expenditures, and each educational institution has been tasked with developing and implementing a long-term development strategy. The article has studied in detail some of them, namely the French, Japanese, German and American education systems and the main aspects and peculiarities of their financing.

In France, the higher education system includes 87 universities, three of which are national polytechnic universities and five non-governmental Catholic institutes. Several institutes (113 technological, 66 specialties (colleges), 30 pedagogical) have been established within the country's universities.

In France, the Ministry of National Education, Higher Education and Science is responsible for managing the activities of the higher education system. In addition, in addition to this ministry, specialized higher education institutions are accountable to the relevant ministries, and educational institutions are financed mainly from the state budget. Expenditures on the education system in France account for 1.1 percent of the country's GDP, of which 1.0 percent is public and 0.1 percent private sponsors. Accordingly, education in France is free, but the funds generated from the state budget and sponsors are spent on salaries and financial support of teachers, student accommodation and meals (270-600 euros), as well as the infrastructure of the institute campus (130-700 euros.) at its own expense [9].

The Japanese higher education system includes about 600 higher education institutions, of which about 425 are private educational institutions. Currently, more than 2.5 million students study at these higher education institutions. Demand for state-owned Tokyo, Kyoto and Osaka, as well as private Tyuo, Nixon, Meiji, Tokay, Waseda and Kansai higher education institutions, is very high. 42% of the population has higher

education. All universities in the country offer tuition on a fee-for-service basis, with four-year tuition costs an average of \$ 80,000 to \$ 100,000, depending on the university’s ranking and prestige and specialization. Payments for university entrance exams are made separately [10]

There are 345 higher education institutions in Germany, 98% of which are state-run. About 2 million students study at these higher education institutions. Private educational institutions must pass the state registration in the prescribed manner and obtain an appropriate license [11].

There are about 2,500 universities and colleges in the United States, most of which are private educational institutions. There are very few public universities in the country, with one state university and several colleges per state. State universities and colleges are funded by 36 percent from the state budget, 11 percent from the federal budget, 4 percent from the local budget, 18 percent from student tuition agreements, 5 percent from sponsors and grants, and the remaining 26 percent from other financial sources.

More than 15 million students study at U.S. higher education institutions, more than 600,000 of whom are international students. In the U.S. higher education system, the student has the right to independently choose the

curriculum and subjects, and the American education system is practice-oriented, with the learning process directly related to production. This is a huge priority of the U.S. education system, and no other country in the world has such a connection between education and practice. Universities form their admission quotas based on orders from companies, corporations, and firms, which in turn commit customers to adequate funding, especially from private universities and colleges [12].

In the United States, all forms of education, as well as the higher education system, operate decentralized. The state administration of a country independently determines the policy related to the system of education and training in higher education institutions located in the region based on the socio-economic interests of the state. The State Department of Education oversees the higher education process for compliance with national policy, the Federal Department of Education sets priorities for the organization of education in the country’s higher education institutions, and a bill is passed on the order and amount of funding after discussion in Congress.

Today, there are 159 universities in the country, including 30 universities, 45 institutes, 3 academies, 24 non-governmental educational institutions, 28 branches, and 28 branches of foreign higher education (Figure 1).

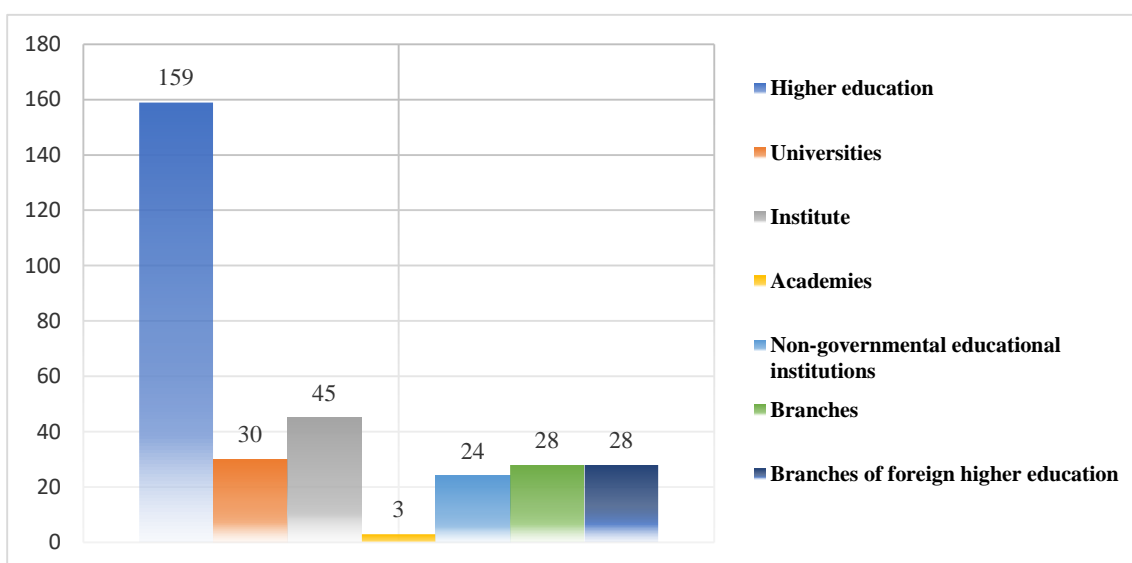


Figure 1. Higher education institutions of the Republic of Uzbekistan as of 2022 (number) [13]

The state’s focus on education in Uzbekistan is evident in the fact that annual expenditures on its development and reform account for an average of 9-12% of GDP, and its share in state budget expenditures is more

than 12% (Figure 2). In particular, the total amount of funds allocated from the state budget for the development of education in 2021 amounted to 29961.1 billion soums, which is 12% of the state budget expenditures.

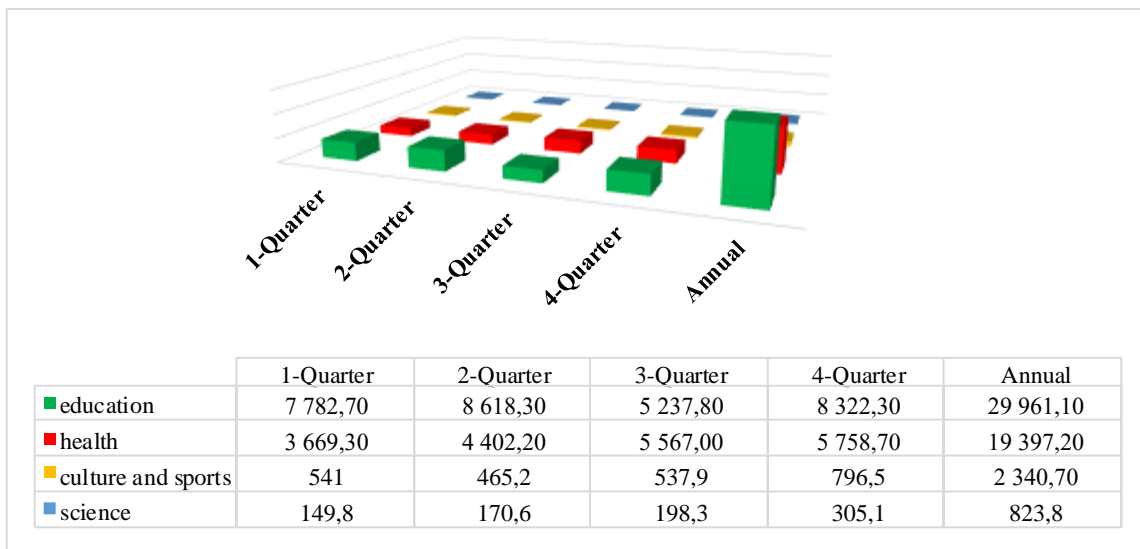


Figure 2. Expenditures of the state budget of the Republic of Uzbekistan in the social sphere as of 2021 (in billion soums) [14]

The following is the share of budget funds allocated to education by a number of foreign countries in GDP. The data shown in Figure 2 show that while the cost of education in developed countries averages 5 percent of

GDP (Figure 3), this figure is relatively high in the CIS. The analysis revealed that the relatively high level of funding for education belongs to Uzbekistan and Kyrgyzstan.

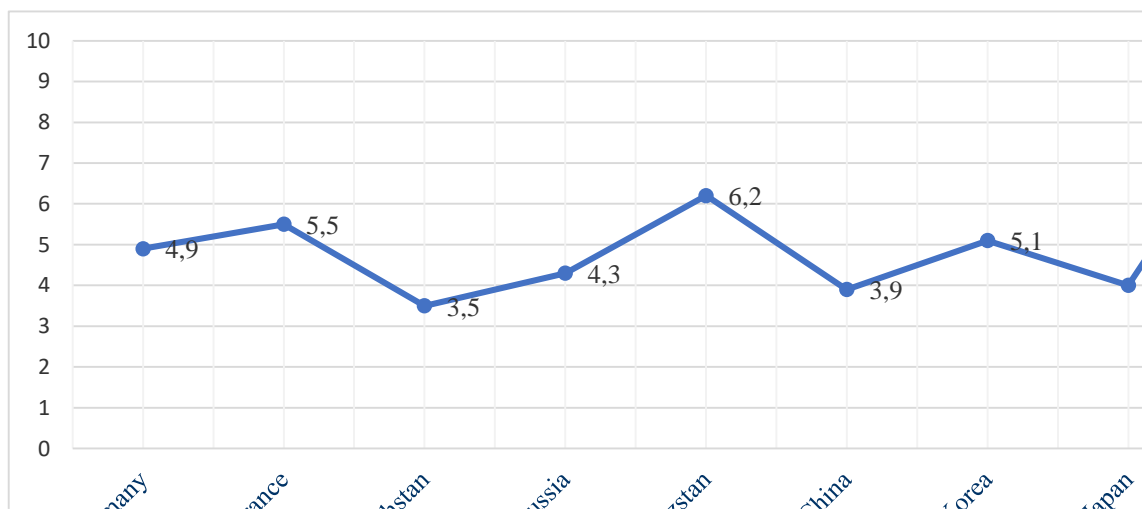


Figure 3. Expenditures from the state budget on education Share in GDP (as a percentage) [15]

It is advisable to use targeted program planning and financial management methods as a methodological basis for the implementation of financial strategy in higher education. It is necessary to take into account the internal and external risks that may occur during the development and implementation of financial strategy mechanisms.

The financial strategy can also lead to changes in the internal organizational structure of the university. The main reason for this is that the issues of adapting different management methods to achieve results in the implementation of the tasks ordered and set by the state are also on the agenda.

Table 1
Information on revenues and expenditures of public higher education institutions as of January 1, 2022 (annual 2021) [16]

Income		Expenditures	
<i>BUDGET PLAN (financing)</i>		<i>Expenditures on budget funds (cash expenses)</i>	
million soums	percent	million soums	percent
1442799.8	20.8%	1380025.1	24.8%

The structure of the model of management accounting and analysis in higher education is presented, according to this model, the stages of management accounting and analysis, the order of implementation of steps, methods and tools of management accounting, as well as some factors influencing it institutionally and functionally. Such factors include the strategic management system of the university (or its elements), the organizational structure of the university, the degree of integration of the accounting system, the degree of integration of centralized sources of information in management, the degree of diversification of funding sources, etc. This model has been tested in foreign countries and operates mainly in a systematic manner. It includes a system of normative indicators (NI), budgeting, cost management, management accounting and integrated management reporting.

In determining the basic norms of current expenditures for the training of one student, universities are divided into groups based on the main areas of student training.

The calculation of the amount of budget funds allocated to the higher education institution is based on the following formula:

$$BSV = (BNZ_1 * K_1 * (N + N_{ko})) + ((BNZ_2 * K_2 + BNZ_3) * (N + N_{ko})) + (BND_1 * (N_{ds} - N_{dsv}) + BND_2 * N_{dsv}) + (OT_{sns} * N_{sns}), \text{ herein:}$$

BSV - the amount of budget funds for the university;

BNZ1 - the cost of wages, single social payment, stipends and hourly wages, as well as allowances and other allowances and supplements established by law at the expense of the Special Fund for Material Incentives the basic norm of current expenses for one student of the incoming university;

BNZ2 - Basic norm of current expenses for one student of the university on group 4 expenses;

BNZ3 - the basic norm of expenses on development and improvement of material and technical base of higher education institution, which determines the amount of budgetary funds allocated for the purchase of fixed assets and capital repairs;

N - is the average annual number of students in all areas and stages of education (a coefficient of 0.1 is used for part-time students);

The average annual number of students is determined by taking into account the change in the number of students planned for the financial year by courses (admission,

graduation, expulsion) and is calculated according to the following formula:

$$N = \frac{U_n + U_p}{3} - \frac{U_v}{2} - U_o * 0.6,$$

where:

N - the average number of students per year;

Flour - the number of students per year;

Up - the expected number of students admitted;

Uv - the expected number of graduating students;

Uo - the expected number of students to be expelled;

Nko - the average annual number of students in the clinical residency of the university (for medical universities);

K1 - correction factor, which increases the amount of labor costs, single social payment and scholarships of the university, based on the specifics of the educational process in the university.

5. Conclusions and suggestions.

Reforms in the higher education system in our country make it important to change the management of its financial resources in accordance with the requirements of the time, that is, to abandon the traditional budgeting and form an innovative financial management system based on medium and long-term budgeting.

Today, the introduction of results-oriented budgeting in university management is an important factor in the efficient use of financial resources. HEIs in our country are mainly funded from the national budget, and the transition to the principles of ensuring the effectiveness of its budget is to achieve its strategic goals in the short, medium and long term by diversifying sources of income and expenditure in a market economy.

Based on the study of the specifics of the education system of foreign countries and their funding, we have managed to formulate the following conclusions and recommendations:

1. The formation of the financial resources of the higher education institution and the implementation of expenditures from these funds are carried out in strict accordance

with the law. When planning the expenditures of budgetary funds in higher education institutions, strict adherence to the current legislation, duly approved expenditure standards, prices and tariffs for goods and services regulated by the state is required. need to do;

2. The strategic direction of the financial recovery of the education system in the period of reforms in the country is the use of extra-budgetary funds, ie a new source of funding through entrepreneurship. This measure is an objective law for the development of higher education in the world;

3. One of the main sources of funding for the activities of higher education institutions is the formation of sources of funding from the Legislative Development Fund and their implementation. Effective use of budget and extra-budgetary funds for the financial improvement of the higher education system, the system of saving and targeted use of funds, the introduction of foreign experience in financing, increasing the efficiency of attracting entrepreneurial funds in financing the system, financial and economic to ensure the sustainability of activities, to attract more sponsors, to increase the effectiveness of the Board of Trustees and to take other necessary measures;

4. In order to further expand the geography of financing the higher education system, it is advisable to take into account the requirements of companies and firms operating in the form of private and joint-stock companies in the approval of admission quotas. In particular, they should be given the right to directly order the higher education system and to pay the higher education institution the funds necessary for the training of specialists and to demand that the graduate be educated on the basis of modern requirements.

The education system of Uzbekistan and the order and volume of its financing is not inferior to the education system of the most developed countries of the world.

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