

Peculiarities of Financing Higher Educational Institutions At The Expense Of Public Funds

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Abstract: *This article highlights the mechanism of financing of higher educational institutions at the expense of public funds, developing the sources, types, distribution directions of financial resources, and the existing problems of funding for higher education institutions.*

Keywords: higher educational institutions, financial resources, planning, cost, education, financial need, salary, financial resources, budget.

INTRODUCTION

The role and competitiveness of any country depends not only on the level of national development, but also on the social development of society. Today, societies in the world are taking part in the process of socialization, which is carried out through the participation of members of society in

the educational process. The procedure for financing the activities of higher education institutions in the Republic of Uzbekistan is based on the interconnection of the budget system with a single rule for budgets and their use. According to the source of financing of higher education institutions from the state budget, educational institutions are subdivided into republican and local budgetary institutions. Part of the higher education institutions are financed from the national budget.

Accordingly, in our country, one of the pressing issues is "increasing the quality and effectiveness of higher education institutions, gradually increasing the admission quotas for higher education institutions based on the introduction of international

standards for the quality of education and training."

Analytical Literature Review (Literature review)

The book "Organization of the Management of Economics and of Higher Education Institutions" which is published by Doctor Professor V.V. Gluhov, describes the problems, functions, principles of organization of higher education institutions management and methodology for evaluating the effectiveness of their management. However, trends in the use of financial resources in higher education institutions are partly studied as a research object [2]

The main directions, methods and means of improving the organizational and economic basis of preparation of highly qualified personnel in Russian higher education institutions and the mechanisms of state regulation were studied in the work of Professor N.K. Kontarayev, "Improving the organizational and economic

mechanism of training highly qualified personnel at Russian higher educational institutions". In addition, the scientific foundations of the sources of financial resources in higher education institutions are partly studied in terms of the subject [3].

N.V. Laschinskaya's "Budgeting Higher Education spheres" has studied the scientific-methodological foundations of higher education system budgeting, budgeting, and budgetary resources, and the scientific and methodological foundations of planning and budgeting all the costs and expenditures for managing their financial activities. The main directions of improvement have been identified. In addition, sources and types of funding sources in higher educational institutions are partly reflected in this research [4].

Research Methodology

The systematic approach to the study of higher education institutions' funding at the expense of public funds

was based on a systematic approach, comprehensive assessment, comparative and comparative analysis, statistical and dynamic approach and grouping, and the need to use optimal methods to assess the effectiveness of employment services.

The Decree of the President of the Republic of Uzbekistan dated February 7, 2017 "On the Strategy for the Further Development of the Republic of Uzbekistan" is one of the most important and priority directions of the strategic development, which is directly related to the development of the education sector. At the same time, the Law of the Republic of Uzbekistan "On Education", the "National Program for Personnel Training", the Strategic Objectives of the President of the Republic of Uzbekistan dated April 20, 2017 "On Measures for Further Development of Higher Education System" the basis of the methodology.

Analysis and results (Analysis and results)

At the expense of local budgets, preschool institutions, general education schools, extracurricular institutions, and secondary specialized educational institutions are funded. Financing of higher and secondary vocational education institutions is carried out in accordance with the state standards established by each type of educational institution.

From January 1, 2000, the Cabinet of Ministers Resolution No. 414 "On Improvement of Budget Procedures for Budget Organizations" of September 3, 1999, started the implementation of the optimization of financing of budgetary organizations. Accordingly, the Ministry of Higher and Secondary Special Education allocates monthly budgetary funds to the educational institution.

This new order, which is being implemented, has expanded its independence and increased its responsibility as well. In addition, this has simplified the financing

arrangement and created conditions for incentives for the staff of the school. In accordance with this regulation, financing of budget organizations (by type of activity) is carried out by means of the following groups of expenditures: [6] wages and equivalent payments (grants to families with low income families, financial aid to low income families, scholarships, etc.); adds to wages; capital expenditures (in accordance with the specific list considered by the state Investment Program) and other expenses.

The introduction of the new financing scheme on the Single List of Standards gave the right to form educational funds of educational institutions at the expense of:

Savings (not used) at the expense of budgetary financing and the amount of budgetary funds at the end of the reporting period;

Earnings from sales and producing of goods (works, services) related to educational activities;

Indifferent, charitable assistance from legal entities and individuals.

The new funding scheme stipulates that the educational institutions, which earn extra income from off-budget activities, will be exempt from all taxes and duties on the state budget for a certain period determined by the state. The available funds will be aimed at strengthening the material-technical and social base of the educational institution, as well as financial incentives for the staff. The use of budgetary funds and fiscal discipline The Law of the Republic of Uzbekistan "On Education" and other legislative acts, Resolutions of the Cabinet of Ministers of the Republic of Uzbekistan, Ministry of Finance, Regulations on Higher Education, Statute of the Educational Institution and other educational institutions, and regulations governing certain issues that relate to the rights of management.

Funding for higher education institutions is carried out monthly in

accordance with the budget of the republican budget for the expenditure budget of the 1st and 2nd groups and the budget expenditure lists, as well as the changes made to them, as well as the performance of evaluation indicators set for the previous reporting period.

The state budget-financed higher education institution shall submit the expenditure estimate of the Ministry of Higher and Secondary Special Education of the Republic of Uzbekistan, i.e. the monthly, quarterly and annual reports, and shall form a single balance on the budgetary and extra-budgetary funds in forms and terms established by the Ministry.

Financing of budget organizations shall be carried out in accordance with the approved budget parameters for the corresponding year and the annual apportionment of quarterly budget expenditures in accordance with expenditure estimates taking into account changes to the cost

list and budget for the budget execution.

In accordance with the existing regulation, expenditures of the first and second group budget organizations will be funded primarily. It is forbidden to execute Group I expenses without having to pay for Group II expenses. Financing of capital investments is carried out according to the specific list of construction according to the Republican investment program for the current fiscal year.

"Other Expenditures" will be spent on group IV funds within the limits set by the following order: feeding; medicines; communal services; other expenses.

Budget organizations may spend a considerable amount of money from Group IV for financing seasonal or urgent measures, in consultation with the Ministry of Finance of the Republic of Uzbekistan or its territorial financial institutions.

Creditors arising in any group of expenses are paid in proportion to their origin in the current fiscal year, within the limits established by them. Budgetary funds on budgetary funds (not included in the funds provided for capital investments) at the end of the last working day of the report quarter are not deducted in the accounts of budget organizations. These funds are transferred to the budget organization development fund and used in accordance with the established procedure. Funding for budget organizations in the next quarter will not be reduced to the budgeted (unused) budgetary funds.

Financing norms are developed for the relevant fiscal year, approved by the order of the Ministry of Finance of the Republic of Uzbekistan and delivered to the ministries and departments, which have territorial financial bodies, as well as social sphere organizations.

Financing Principles Costs for the maintenance of various types of organizations are determined by the total amount of costs incurred for service units (including fixed rates and supplements established in accordance with current legislation), equipment purchase and capital repairs. In higher education institutions, funds allocated by government grants are accounted for separately. The allocation of funds as budget and non-budgetary funds shall not be permitted. This applies to the scholarship fund, salary, development of the educational institution, capital investments and current expenditures. Funds received from entrepreneurial and production activities and other activities of the educational institution (except for the costs of contractual education) are distributed independently by the cost of the educational institution based on mutual agreement between the customer and the educational institution. 50% of the proceeds from the

production of goods (work, services) to the educational institution in accordance with the assigned tasks and lease of free premises and equipment, and benefits from the establishment of the educational institution established at the educational institution shall be used at the discretion of the educational institution.

Institutions and establishments, as well as private individuals, can afford to donate equipment and materials, buildings and structures, transport and technical equipment, and financial resources to the educational institution. The educational institution independently disposes of such means and means.

The premises use the land, buildings, equipment and other material resources allocated from the state budget, as well as those bought from enterprises and citizens or purchased at the expense of other sources on the terms of operational

management of the educational institution.

The educational institution can buy, rent and order the necessary equipment at any enterprise or private entity at the expense of the funds received by them, and can pay them without cash.

Budget accounting and off-budget funds are controlled by the Central Control and Audit Department of the Ministry of Finance of the Republic of Uzbekistan and prohibits the use of these funds for unnecessary needs. The Rector is a distributor of budget funds in daily operations, and managers with the right to distribute may allocate costs for subdivisions or routes.

Such persons are the persons who have the right to sign the banking documents of the higher educational institution, with full financial independence of the structural subdivisions.

The income of the higher educational institution is formed by:

- Public funds allocated for the preparation of specialists according to the quotas for the state grant approved by the Cabinet of Ministers of the Republic of Uzbekistan;
- financing of retraining;
- financing targeted education programs;
- payment for contractual education and second higher education;
- Funds for educational services, which are supplemented for enterprises;
- the right to provide additional education and training to some citizens;
- leasing land and educational facilities;
- intercessor means of all enterprises and organizations of the form of ownership, the funds of physical persons;
- payments for scientific, counseling and other services that are not characterized by education;
- sale of intangible assets;
- Income from participation in activities of other organizations;
- income from cultural and public events;
- The impartial assistance of other organizations.

Additional earnings or earnings out of plan from higher education institutions are primarily those that are to be financed out of additional income, and secondly to cover current debts, to third, to unexpected ones, and, fourthly to repay debts.

We continue the research by analyzing the financial performance of the Tashkent State Economic University for 2014-2016.

Table 1

**Amount¹ of financial resources allocated from the national budget for
Tashkent State Economic University for 2014-2017
(In million sums)**

Indicators	2014	In% of total	2015	Compared with the amount in%	2016	Compared with the amount in%	2017	Compared with the amount in%
Group 1 expense including:	4282,9	84,1	4532,6	86,7	4301,3	85,3	4127	85,4
- total salary	2357,2	55	2356,4	52	2385,4	55,4	2410,4	58,4
- scholarships	1925,7	45	2176,2	48	1915,9	44,6	1716,6	41,6
2 nd group expenses	640,2	12,6	546,8	10,5	592,4	11,7	599,4	12,4
4 th group expenses	168,2	3,3	147,9	2,8	148,5	3	105,3	2,2
Total expenditures	5091,3	100	5227,3	100	5042,2	100	4831,7	100

¹ Prepared on the information of Tashkent state Economic University

The data from the above table shows that in 2014, the State Budget of the Republic of Uzbekistan totaled \$ 5091.3 million from the state budget. Out of these, 84.1% was spent on 1st group expenses, 12.6% in 2nd group and 3.3% for 4th group expenditures.

Out of this, 55 percent of 1st Group spending was wages and 45 percent were scholarships.

In 2017, the budget allocations totaled 4831.7 million soums. It is worth 210.5 million soums compared to 2016 and 395.6 million soums, compared to 2015 diminished 259.6 million soums relatively as of the end of 2014.

85.4% of allocated resources were 1st Group expenditures, 12.4% 2nd group expenditures and 2.2% 4th group expenditures. The main reason for the

decline in the financial resources allocated by the state budget by 2017 can be explained by the decline in the University membership rate to 659 students compared with 2015, and to 573 students in 2016.

From this information, we can say that the 96-97 per cent cost of the higher educational institution comprises the expenses of the 1st and 2nd groups. Moreover, the financial resources allocated to the higher education institution have been increasing year by year. This proves that Uzbekistan pays special attention to higher education institutions.

We continue our study by analyzing the budget revenues and expenditure estimates of the Tashkent State Economic University by way of budget.

Table 2

Amount of out-of-budget financial resources of Tashkent State University of Economics for 2014-2017² (in million soums)

² Prepared by the author on the information of Tashkent state Economic University

Indicators	2014	In% of total	2015	Compared with the amount in%	2016	Compared with the amount in%	2017	Compared with the amount in%
Group 1 expense including:	21214,8	66,5	24570,7	68,4	26839,8	68,8	29923,6	71,2
- total salary	9888,3	46,6	11438,9	46,5	12597,7	46,9	13318,1	44,5
- scholarships	11326,5	53,4	13131,8	53,5	14242,1	53,1	16605,4	55,5
2 nd group expenses	2331,2	7,3	2825,9	7,9	3127,8	8,0	3 307,9	7,8
4 th group expenses	8357,1	26,2	8527,8	23,7	9052,5	23,2	8802,3	21
Total expenditures	31903,1	100	35924,4	100	39020,1	100	42033,8	100
Total revenues	40208,9		44765,9		48511,5		51390,9	
Pure Profit	8305,8		8841,5		9491,4		9357,1	

Table 2 shows that the total budget expenditure of the university in 2014 was 31,903.1 million units. of which 66.5% were expenses of group 1st, 7.3% for 2nd group and 26.2% for group 4th expenses. Of these, 1st Group spending was 46.6% of wages and 53.4% of scholarships.

In 2017, the total expenditures of the university were 42033.8 million soums. It shows increase for 3013.7

million in 2016, for 6109,4 mln soum in 2015 and 10130.7 mln soum in 2014. 71.2 percent of the total expenditure were 1st Group expenditures, 7.8 percent were 2nd Group expenditures and 21 percent were 4th Group expenditures.

The total revenues of the University were amount of showing a trend of growth with 40,208.9 million soums in 2014, 44765.9 million soums

in 2015, 48511.5 million soums in 2016, and 5,1390.9 million soums in 2017.

Based on our research, the role of off-budget payments and contractual funds remains high in funding the activities of higher education institutions. Expenditures and savings of the University (4th Group expenditures) are at the expense of extra-budgetary contractual funds. In particular, TSEU allocates 2.2-3.3% of the funds allocated from the budget to the costs of group 4, while the share of expenditures for off-budget payment and contractual expenditure is 21-26.5%.

Conclusions and Recommendations

In our opinion, in our country, the directions of increasing the efficiency of financing the education system should be:

increasing the amount of investments directed to the modernization of fixed assets in the

education sector (raising the share of non-government funds in education financing, increasing the cost of education at the expense of all funding sources, increasing the number of large investment projects);

Upgrade the teaching and learning base of educational institutions (increase the number of educational laboratories, computer rooms and facilities with technological base);

Expanding the system of targeted financing of education (increasing the number of funding for training through short and medium term targeted programs).

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