

Financial Independence in the Higher Education System of the Republic of Uzbekistan: Results and Conclusions

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ABSTRACT

Based on financial and economic indicators, the article analyzes the results of a year's experience in the transition of universities to financial independence and draws the appropriate conclusions.

KEYWORDS: *financial independence, state budget, development fund, expenditure group.*

Introduction

The process of modernization of the education system is a complex and multifaceted process, which is an important part of social change in the country [5]. We know that following the Decree of the President of the Republic of Uzbekistan "On measures to introduce new principles of management in higher and secondary special education" dated July 11, 2019, No PP-4391, 10 higher education institutions in the country will be piloted from January 1, 2020. transferred to a self-financing system.

The main part

In our work, we tried to make a comparative analysis of the financial and economic performance of 7 higher education institutions under the Ministry of Higher and Secondary Special Education and Fergana State University, which were transferred to the system of self-financing.

According to Table 1, the budget allocations for higher education in the structure of total funds in 2019 ranged from 9.0% to 18.1%, or an average of 14.8%, including 22.6% at FarSU. Due to the achievement of financial independence in 2020, the share of budget funds in all universities, except for UzSWLI and UrSU, decreased and amounted to an average of 14.7%.

Table 1. Changes in the structure of income in higher education institutions transferred to self-financing, mln. sum

Name of higher education institution	Indicators						Total
	From the budget	share	From the payment-contract	share	D/F	share	
In 2019							
Samarkand State Institute of Foreign Languages	10 409,0	16,5	51 719,2	81,9	996,5	1,6	63 124,7
Samarkand Institute of Economics and Service	4 145	12,4	28 811,6	86,3	431,5	1,3	33 387,9
Tashkent State University of	10 533,5	10,5	85 504,2	84,9	4 696,0	4,7	100 733,7

ECONOMICS							
Tashkent Financial Institute	6 753,8	9,0	65 852,6	87,8	2 384,3	3,2	74 990,7
Tashkent State University of Oriental Studies	8 898,8	19,3	36 492,1	79,3	646,5	1,4	46 037,4
Uzbekistan State University of World Languages	21 633,3	16,4	109 729,9	83,3	293,6	0,2	131 656,8
Urgench State University	29 576,0	17,2	140 416,0	81,7	1 939,9	1,1	171 931,9
Average	91 949,2	14,8	518 525,6	83,4	11 388,3	1,8	621 863,1
Fergana State University	24554.3	22.6	82677.3	76.2	1350.0	1.2	108536.6
2020 йилда							
Samarkand State Institute of Foreign Languages	13 236,0	12,4	92 909,3	87,2	431,5	0,4	106 576,8
Samarkand Institute of Economics and Service	5 427,0	10,8	44 793,6	88,9	180,2	0,4	50 400,8
Tashkent State University of ECONOMICS	15 947,3	10,4	135 448,2	88,4	1 752,5	1,1	153 148,0
Tashkent Financial Institute	11 277,1	9,8	102 680,0	89,2	1 121,6	1,0	115 078,7
Tashkent State University of Oriental Studies	13 790,3	19,2	57 770,5	80,6	134,2	0,2	71 695,0
Uzbekistan State University of World Languages	30 098,4	17,6	140 780,8	82,1	510,7	0,3	171 389,9
Urgench State University	44 001,7	18,1	198 533,0	81,5	1 173,9	0,5	243 708,6
Average	133 777,8	14,7	772 915,4	84,7	5 304,6	0,6	911 997,8
Fergana State University	38319.1	23.7	122781.2	76.0	280.6	0.3	161380.9

Note: D/F- Development Fund

It should be noted that in 2020, compared to 2019, the total amount of budget funds allocated to the university, which became financially independent, increased by 41828.6 million soums, or 145.5%, and at FerSU this figure was 156.0%.

The share of receipts from payment and contract funds increased from an average of 83.4% to 84.7% or 1.3 points. This is mainly due to the increase in the number of students admitted. It should be noted that the fact that the amount of the contract fee for students has not changed over the past two years has created financial difficulties for many universities. At the same time, the introduction of an increased contract payment mechanism has made it possible to solve these problems to some extent. In particular, 16.5 billion soums in 2018, 26.4 billion soums in 2019 and 32.0 billion soums in 2020 were received at the expense of increased contract payments at FerSU. This has played an important role in expanding the university's financial capacity.

Another source of funding for the university is the funds of the University Development Fund. Today, the share of these funds is small, averaging 1.8 per cent in 2019 and 0.6 per cent in 2020. The table shows that the amount and share of development funds vary from university to university. However, the experience of foreign countries shows that the funds of this fund should become one of the main sources of funding in the future in the development of higher education in accordance with today's requirements.

One of the important financial indicators of the university is the level of use of available funds. In 2019 and 2020, the funds allocated from the budget in all universities were used 100% in the specified areas.

However, the analysis of the data in Table 2 shows that the use of payment-contract funds decreased sharply in 2020, from 69.1% in 2019 to 60.5%. At FerSU, this figure decreased from 87.4% to 62.2%.

Table 2. Use of payment and contract funds, thousand soums

Name of higher education institution	In 2019			In 2020		
	cash flow	Costs	Usage rate,%	cash flow	Costs	Usage rate,%
Samarkand State Institute of Foreign Languages	51 719,2	25 041,3	48,4	92 909,3	46 341,8	49,9
Samarkand Institute of Economics and Service	28 811,6	25 041,3	86,9	44 793,6	24 743,7	55,2
Tashkent State University of ECONOMICS	85 504,2	57 147,0	66,8	135 448,2	77 732,6	57,4
Tashkent Financial Institute	65 852,6	51 008,0	77,5	102 680,0	53 858,7	52,5
Tashkent State University of Oriental Studies	36 492,1	25 236,5	69,2	57 770,5	41 833,9	72,4
Uzbekistan State University of World Languages	109 729,9	82 844,0	75,5	140 780,8	96 917,6	68,8
Urgench State University	140 416,0	91 869,4	65,4	198 533,0	125 894,7	63,4
Average	518 525,6	358 187,5	69,1	772 915,4	467 323,0	60,5
Fergana State University	82 677,3	72 259,2	87,4	122 781,2	76 327,4	62,2

The main reason for this is that in the context of the 2020 pandemic, as a result of restrictions in the financial sphere, several planned activities (capital construction and repair, purchase of various equipment, etc.) were not implemented in higher education. To assess this situation more accurately, it is advisable to study the composition of the costs incurred (Table 3).

Today, the costs of the school are divided into 4 groups:

Group 1 - salary (scholarship) and equivalent payments;

Group 2-employer deductions;

Group 3 capital investments;

Group 4 - other expenses.

Table 3. Expenditure of payment and contract funds by cost groups, thousand soums

	Group 1		Group 2		Group 3		Group 4		Total
In 2019									
Samarkand State Institute of Foreign Languages	18 238,70	72,8	2 705,60	10,8	-	-	4 096,90	16,4	25 041,20
Samarkand Institute of Economics and Service	18 238,70	72,8	2 705,60	10,8	-	-	4 096,90	16,4	25 041,20
Tashkent State University of ECONOMICS	41 220,70	72,1	6 219,40	10,9	71,4	0,1	9 635,60	16,9	57 147,10
Tashkent Financial Institute	35 546,30	69,7	5 170,30	10,1	-	-	10 291,50	20,2	51 008,10
Tashkent State University of Oriental Studies	19 694,20	78	3 069,30	12,2	-	-	2 472,90	9,8	25 236,40
Uzbekistan State University of World Languages	56 019,50	67,6	6 758,60	8,2	-	-	20 065,90	24,2	82 844,00
Urgench State University	63 235,90	68,8	9 193,10	10	6384	6,9	13 056,40	14,2	91 869,40
Average	252 194,00	70,4	5821,9	10	6 455,40	2	63 716,10	17,8	358

									187,40
Fergana State University	53088,1	73,5	7496,8	10,4	-	-	11674,3	16,1	72259,2
In 2020									
Samarkand State Institute of Foreign Languages	32 751,80	70,7	3 461,20	7,5	784,4	1,7	9 344,30	20,2	46 341,70
Samarkand Institute of Economics and Service	17 186,50	69,5	1 953,50	7,9	-	-	5 603,70	22,6	24 743,70
Tashkent State University of ECONOMICS	49 457,40	63,6	5 502,00	7,1	122,2	0,2	22 651,00	29,1	77 732,60
Tashkent Financial Institute	38 220,80	71	4 218,40	7,8	200,7	0,4	11 218,80	20,8	53 858,70
Tashkent State University of Oriental Studies	26 815,50	64,1	3 069,40	7,3	-	-	11 949,00	28,6	41 833,90
Uzbekistan State University of World Languages	67 631,50	69,8	6 706,60	6,9	900,6	0,9	21 678,90	22,4	96 917,60
Urgench State University	83 916,20	66,7	9 603,20	7,6	9672,8	7,7	22 702,60	18	125 894,80
Average	315 979,70	67,6	34 514,30	7,4	11680,7	3	105148,3	22,5	467323
Fergana State University	47924,7	62,8	10157,9	13,3	-		18244,7	23,9	76327,3

In 2020, the share of Group 1 expenditures in almost all higher education institutions decreased, from an average of 70.4 per cent in 2019 to 67.6 per cent in 2020. At the same time, as a result of the application of the principles of financial independence in 2020, the share of Group 3 expenditures increased by 0.7 percentage points and the share of Group 4 expenditures increased by 4.7 percentage points. In particular, the number of funds used for these purposes increased 2.3 times at the Samarkand State Institute of Foreign Languages, 2.4 times at the Tashkent State University of Economics, and 4.8 times at the Tashkent State University of Oriental Studies.

As a result of the economic analysis, the following conclusions were drawn:

1. The experience of financing higher education in foreign countries shows that it is expedient to introduce the concept of commercial universities (university-3) in all higher education institutions in the country. At the same time, the share of budget funds in the structure of funding sources is low, amounting to 20-30 per cent. This figure is 50-85 per cent in foreign countries. Therefore, it is necessary to gradually increase the share of the state in the financing of educational institutions.
2. Today, the main role in the financing of higher education is played by payments from the contract, the share of which is 70-80%. Therefore, it is advisable to maintain the mechanism of increased contract payments during the admission process. At the same time, it is necessary to improve the system of financial assistance to students in need of social protection studying on a contract basis (to cover part of the payment from the budget, various funds).
3. The level of use of funds from the payment contract is 60-70%. The bulk of the funds used, 65-75 per cent, are used for salaries and stipends. In our opinion, one of the main reasons for this is that the higher education institution has not developed strategic plans for the use of available financial resources. Today, the bulk of the funds of the higher education institution is directed to finance its activities, mainly in accordance with the requirements of this year.

4. Today, all higher education institutions in the country are allowed to engage in extra-budgetary activities in various fields and to use these activities independently of the funds allocated to the development funds of the higher education institution. However, the share of these funds in the total income of the higher education institution is insignificant. Therefore, it is expedient for higher education institutions in the country to diversify their activities, taking into account the promising areas of extra-budgetary funding.

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