

THE ROLE OF THE STATE IN FINANCING THE HIGHER EDUCATION SYSTEM

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Abstract: *The article analyzes modern theories of financing higher education institutions and their specific aspects. Scientific conclusions on the role of state and state budget funds in financing the higher education system have been formed. Based on the research, scientific suggestions and recommendations aimed at improving the role of the state in financing the higher education system were developed.*

Key words: *higher education institution, financial management, financing, financial independence, education payment, higher education market.*

Introduction:

The higher education system faces conflicts between high technology, skills, experiences and the preservation of state obligations within fiscal constraints. What distinguishes higher education from primary and secondary education is that it can operate under the laws of a market economy. The importance of competition and the price factor in it justifies the emergence of financial management as a necessary category in the system. Financing of the higher education system is not only the development of human capital, but also one of the factors that serve to strengthen the country's reputation in the geopolitical field in the long term.

In the 21st century, the world economy, global relations have become a system that requires drastic changes and a very skillful approach and experience. And this. By demanding higher knowledge and skills, it has created the basis for the emergence of demands for higher education, which in some cases have not been studied at all. At the same time, the emergence of the theory of artificial intelligence and the tendency to use it on a large scale in the fourth stage of the industrial revolution showed the urgency of fundamentally rethinking financial decision-making in the higher education market.

Our above mentioned cases require to distinguish two important factors in the market of higher education services. These are the criteria for making payments for services or making financial decisions, and secondly, revising the system of indicators that determine the quality of education. Therefore, although the role of the state in financing higher education was high, the private factor is the primary factor in its further optimization, but we think that the strengthening of the quality of education requires its formation based on the general factor.

In general, we would like to dwell on the financing of the higher education system and some aspects of the state's role in it. When the higher education system reached its initial stage of development, the importance of the state budget was high. Even today, although many countries retain ownership of higher education institutions, they have managed to introduce many private factors into their funding mechanisms.

According to our research, funding and quality of education should be linked to higher education coverage in the country. However, achieving all of these things at the same time is definitely complicated. In this case, the following cases can be seen:

the large coverage level of higher education and the incomparable role of the budget, but the

fact that the quality of education is difficult to achieve in such a wide audience;

high quality and tax-funded higher education, but low coverage;

high quality and large coverage form a large financial burden on the state budget.

Bringing the level of coverage of the country's youth to the full scale and ensuring quality in the higher education system creates a huge financial burden on the state budget. In order to achieve a stable level of the three categories mentioned at the same time, a fourth indicator is being added. We believe that it is important to increase the role of private financial sources and implement reforms aimed at ensuring the full financial independence of state higher education institutions.

In general, the share of the state budget in covering higher education costs is one of the main indicators that the GDP is relatively high or stable. For example, in some developed countries, state budget expenditures of around 2-3 percent of GDP indicate high levels of higher education coverage. The reason for this is explained by the significant scale of effective use of private resources.

In our opinion, the fact that the share of budget expenditures in relation to GDP is large in Uzbekistan is the reason why the coverage of higher education remains small. One of the main reasons for this is that the state budget is not fully able to allocate large amounts of funds and mechanisms for using private resources are not fully implemented.

The legal and regulatory basis of financing the higher education system is financed based on the Constitution and laws of the Republic of Uzbekistan. In particular, Article 41 of our dictionary states that "everyone has the right to education". The establishment of this rule is explained by the need for all reforms in the education system to cover all strata of the population. This means that changes in the educational system are socially oriented.

The reforms in Uzbekistan, which started in 2016, are bringing the changes in the education system to a new stage. In particular, it can be justified by the adoption of the Law No. ORQ-637 of the Republic of Uzbekistan dated September 23, 2020 "On Education". With the adoption of this legal document, all stages of the educational process were simplified and the basis of its financing was determined by criteria.

According to this law, the system of higher education consists of bachelor's and master's degrees. Also, each educational stage is based on its own characteristics. It includes persons who received general secondary (eleven-year education), secondary special (nine-year basic secondary and two-year secondary special education), primary professional education (nine-year basic secondary and two-year primary professional education), as well as secondary before the entry into force of this Law. It is established that persons who have received special vocational education (nine-year general secondary and three-year secondary special vocational education) have the right to receive higher education.

Also, Chapter 9 of this law is entitled "Financing of Education and State Support", which provides the basics of financing educational institutions. First of all, it is indicated that the financing of state educational institutions is carried out from the state budget. One of the main elements defined in this document is that state educational institutions have the right to provide paid educational services and other services, as well as engage in business activities, in accordance with the tasks defined in the charter.

In our opinion, this law, developed and adopted with a modern spirit, is distinguished by the fact that attention is paid to the implementation of additional education services in state educational institutions. As we noted, the development of market relations in the higher education system is reflected as a trend characteristic of our century. Therefore, finding the golden point of the distribution of financial resources between the public and private sectors in the market of higher education services is gaining relevance. Although the above-mentioned law already allows public educational

institutions to provide paid services, it is necessary to develop balance criteria.

In turn, the indicative criteria for financing higher education institutions are in accordance with the regulation of the Ministry of Finance of the Republic of Uzbekistan and the Ministry of Higher and Secondary Special Education of the Republic of Uzbekistan dated August 20, 2010 "On the approval of the regulation on the procedure for normative planning and financing of the expenses of higher education institutions based on the cost of educating one student from the budget." implemented by joint decision.

With this joint decision, a system of rules and indicators has been developed that determines the allocation of funds from the state budget for the financing of state higher education institutions. In particular, the amount of budget funds allocated to OTM is calculated based on the following formula :

The above-mentioned regulatory legal documents are considered to be one of the important bases for the formation and disposal of the budgets of educational institutions. We will determine the level of use of funds allocated from the budget to higher education institutions and evaluate it in the implementation of the research. In this regard, the experience of Uzbekistan is of special importance. In particular, the share of state budget expenditures in financing the higher education system in relation to GDP is somewhat higher. For example, in Uzbekistan, the amount of funds for the education system is 7-8 percent of the GDP, while in the countries of the European Union it is 5-8 percent .

In turn, we will consider below our research on the scientific conclusions and researches of local and foreign scientists on the role of the state in financing higher education institutions.

Prof. in his researches, D.Rakhmonov gives suggestions on the financing of the social sphere. Emphasizes the introduction of public-private partnerships in the higher education system and the creation of new sources of financing. In particular, to increase the volume of extra-budgetary funds and the coverage of higher education, he suggests focusing on the following aspects :

First, it is necessary to develop that the amount of education fee determined by the government takes into account the capabilities and achievements of the higher education institution.

Secondly, it is necessary to speed up the introduction of the determination of these tuition fees in connection with the ranking of the university.

Thirdly, allowing for the differentiation of the amount of tuition fees creates conditions for further intensifying the competitive environment among higher education institutions.

Fourthly, with the decrease in the number of students studying on the basis of state grants, the budgetary expenses in higher education will decrease.

Fifth, the development of public-private partnerships with the use of target quotas in the process of admission to higher education institutions.

A. Makhmudov conducted research on the international practice of financing and managing higher education institutions. According to him, there are three models of financing higher education institutions. They are :

Free market oriented financing model. Different versions of this model are used in some European countries. The main goal of the model is to improve the quality of student education, increase the income of HEIs, and prepare personnel for jobs.

A common market-oriented education financing model. The feature of this educational financing system, approved by the social-democratic parties of the Western European countries, is the balancing of the responsibilities of the student during his studies and during the period of creating a career with the responsibility of the state and non-state educational institutions.

An anti-market model of social financing of alternative integrated community-oriented education. Trade union representatives prefer the third model. According to them, the state should undertake the financing of the education system for its future sustainable development.

Doctor of Economics N.Rakhmonov formulated scientific conclusions aimed at increasing competitiveness by improving the quality of education in higher education institutions [4]. Also, "in order to improve the quality of education, it is necessary to divide the teaching staff into levels, to take into account the knowledge, pedagogical skills of the working professors and their role in scientific research and the creation of new literature, and in general to create an atmosphere of competition among professors. On the basis of further improvement of the system of motivation of professors-teachers, the quality of education can be drastically improved on the basis of increasing the interest of teachers in their work.

The following conclusions are made in the research conducted by H. Rejapov :
formation of forms of higher education development based on market requirements and integration with the international higher education system based on national traditions;
based on the new integration models of the development of higher education based on world standards;

it is necessary to evaluate the knowledge obtained in higher educational institutions not as a diploma, but according to the application of theoretical and practical knowledge of students in practice.

Assoc. In her scientific article, D. Rustamova focuses on the issues of financing the higher education system. In particular, it is noted that in our country, the amount of funds allocated from the budget to the education system is high. In particular, it is shown that in recent years it has significantly increased to 10% in relation to the GDP, and its share in state budget expenditures is around 35%. It also justifies the expediency of financial incentives for employees of higher education institutions and further increasing the scope of training on the basis of a contract .

Assoc. A. Azimov emphasizes the best practices of financing the higher education system. Systematizes expenses as a result of studying foreign experiences. Also, it is proposed not to set a fixed limit when determining the education contract fees and to cover a certain part of it from the state budget .

In our opinion, the scientists whose scientific conclusions are presented above have paid attention to various aspects of financing in the higher education system. Their main focus covers aspects such as the effective use of state budget funds and the use of private sector funds. The following conclusions can be drawn based on the research.

in the higher education system, it is necessary to preserve the financing of state-level activities from the state budget. To them, elements such as the construction of residences for students, the cost of coverage of the population with low income, and the financing of specialist training for state institutions can be cited;

it is desirable to adapt the standards of expenses per student in the higher education system to the number of professors and teachers and to optimize the educational workload of the audience;

it is appropriate not to pay attention to the category "trial periods" when setting additional fees to the salaries of professors of the higher education system, and to emphasize indicators such as the potential of the professor and the quality of teaching as the main factor;

it is necessary to ensure complete financial independence in forming the volumes of educational contract payments in higher education institutions;

in order to further develop competition between higher education institutions, giving up the

concept of basic higher education and giving the development of curricula and science programs to the discretion of higher education institutions.

Foreign scientists have also presented their scientific conclusions regarding the role of the state in financing the higher education system. In their research, special attention is paid to the formation of the voucher system in the use of state funds, along with the aspects that are the basis for the formation of market relations.

Ya.Lijing, M.Bryoner justify the increase in the need and demand for education by the participants of the labor market in order to acquire high skills and knowledge as a result of the development of the economy of countries and the expansion of globalization .

Also, the level of results and benefits obtained from each stage of education is not the same. For example, if basic education is fully funded by the state for free, it will increase the literacy rate of the country's population. In this regard, G. Psacharopolos gives the following scientific conclusion based on his research. It is justified that the low-income population is significantly more interested in the full financing of basic education at the expense of the state budget than the high-income population .

In the scientific conclusions of Mingat and Tan, they showed that the amount of spending on the education system is proportional to the level of development of the country. For example, low-income countries finance primary education more, middle-income countries pay more attention to the secondary special education system, and highly developed countries pay more attention to the financial mechanisms of higher education . Also, T.Oliveria emphasizes that a highly qualified person ensures the formation of high added value in the future .

It should be noted that the role of the state in financing the education system is becoming important. In this regard, scientists are also researching the mutual ratio of the financing of the stages of the education system. The fact that the share of budget funds in financing the higher education system in our country is large requires diversification of sources of financial resources.

Also, if increasing the volume of funding of the higher education system is an urgent issue of the day, it is important to increase the volume of non-budgetary funds in its structure. In this regard, the scientific works of a number of scientists and researchers, whose scientific conclusions were studied above, are among them. At the same time, the fact that the higher education system becomes a decisive factor in strengthening the stability of the national economy once again confirms the urgency of this issue. Therefore, it would not be a mistake to say that the provision of unlimited needs through the effective use of limited resources in the economy has been a constant focus of scientific research. For example, assuming that human potential is inexhaustible, enriching it through knowledge and skills acquired in the higher education system can reduce the relevance of limited resources.

For example, in developing countries, the number of people with higher education is 3% of the employed, 20% of the population of industrialized countries, and in the innovative economy, this number is equal to 60%. It is noteworthy that 80 percent of the employed population in the knowledge-based economy have higher education . These numbers reflect the importance of focusing on higher education.

Conclusions and suggestions

As we have already mentioned, the level of coverage of the population with higher education services and the quality of state-wide financing can create a large burden on the budget. This means that providing higher education at the expense of taxes can put the overall quality of higher education at

risk. We believe that tax financing can have a positive effect when the coverage of the higher education system is small.

From this point of view, determining the implementation of the state financing of the higher education system in the form of specialization also gives its positive result. If the growing need for state budget funds requires the use of elements of the market economy in higher education, the financing of social issues of the second and first level is becoming a priority. Examples of these are development trends such as increased demand for schooling, increased pension system costs, and the implementation of a mandatory health insurance system.

In our opinion, it is appropriate to take into account the following factors and directions in the financing of higher education services:

determining the areas of higher education financed on the basis of state orders;

ensuring the availability of financial resources for the full use of higher education services for a certain segment of the population;

providing complete independence to the university in allocating quotas for targeted training in higher education institutions;

granting the authority to independently determine the value of the payment contract for the involvement of foreign students in higher education institutions.

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