

FINANCING OF THE SYSTEM OF HIGHER EDUCATION AS THE MAIN FACTOR OF HUMAN CAPITAL DEVELOPMENT

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Annotation:

This article discusses the priority aspects of public financing of the higher education system and analyzes the level of public funding of the higher education system in the Republic of Uzbekistan. It also studies how higher education is financed in the developed countries of the world and how it affects the potential of staff. The modernization of education is singled out in the article as one of the most urgent problems of the modern socio-economic development of Uzbekistan. Recommendations are offered to achieve the required level of funding for educational institutions: creation of a trust fund for the development of education; creation of a larger information base in this area; providing banks working in the field of education lending with tax incentives to encourage their activities in this area; providing financial assistance in the form of scholarships or other payments to student activists, excellent students, low-income students, even if they study on commercial terms; providing a discount to students in case of early payment of tuition.

Keywords: financing of education, services of higher professional education, educational credit, state guarantees.

Аннотация:

В данной статье рассматриваются приоритетные аспекты государственного финансирования системы высшего образования и анализируется уровень государственного финансирования системы высшего образования в Республике Узбекистан. Также изучается, как осуществляется финансирование высшего образования в развитых странах мира и как оно влияет на потенциал кадров. Модернизация образования выделена в статье как одна из актуальнейших проблем современного социально-экономического развития Узбекистана. Предлагаются рекомендации для достижения необходимого уровня финансирования учебных заведений: создание целевого фонда для развития образования; создание большей информационной базы в данной сфере; предоставление банкам, работающим в области кредитования образования, налоговых льгот для поощрения их деятельности в данной сфере; предоставление финансовой помощи в виде стипендии или других выплат студентам-активистам, отличникам учебы, малообеспеченным, даже если они учатся на коммерческих условиях; предоставление скидки студентам при досрочной оплате за обучение.

Ключевые слова: финансирование образования, услуги высшего профессионального образования, образовательный кредит, государственные гарантии.

The pivotal role of Higher Education (HE) for the progression of developing countries is widely acknowledged. Higher Education contributes to, among other important aspects, the generation of human capital for later incorporation into important sectors such as healthcare, agriculture, new technologies, or tourism. Important international donor agencies already acknowledge this fact, particularly within the past decade. Since the beginning of the new millennium, Higher Education has acquired a prominent position on their agendas, and a notable increase in funding has been observed.

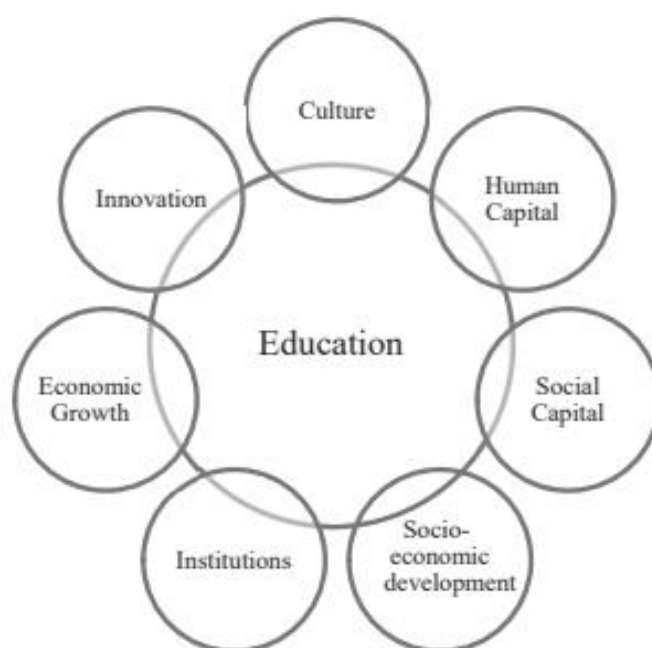


Figure 1. The impact of education on economy.

Source: own study based on Skubiak (2013, p. 197).

In the field of economic growth theory, education appeared with the emergence and development of endogenous growth models. In previous models, it was not a special feature. From the theory of neoclassical growth, it appears that the output per worker is determined by the accumulation of capital rather than intangible assets. The productivity of workers and its differentiation in the international cross section, in line with the neoclassical concept, resulted primarily from the technical equipment of labor (Jabłoński, 2012). Treating scientific and technical knowledge as a factor of exogenous economic growth in neoclassical models has contributed to research into its endogenization and thus the emergence and evolution of endogenous growth theory in which knowledge and education are key growth factors (Wojtyna, 1995). According to the Romer (1986) model, the creation of new knowledge in the enterprise creates positive externalities for the economy as a whole through the production capabilities in other companies. Knowledge as

a factor of production is characterized by growing scale benefits as a result of the penetration of knowledge.

The studies of the theorists of "human capital" were dominated by a monetary approach to the analysis of the problems of the formation of human capital, comparison of cash costs and return on adoption investment decisions in education. Human capital is intelligence, health, knowledge, quality and productive work and quality of life.

In advanced economies, government spending on education is constantly on the rise. State influence on this sphere has a pronounced economic character. Education becomes an element of the economic growth strategy, creates conditions for the accumulation and development of social human capital, which is not only a source of economic opportunities, but also characterizes the activity of the economy at all levels. In addition, the state, through the education system, contributes to ensuring a high level of socio-political development and social guarantees to its citizens.

Thus, the growth of the role and importance of education, and in particular higher education, for the development of the economy is obvious. Therefore, the problems of financing higher education, strengthening cooperation between scientific institutions, the development of integration processes that contribute to the identification additional financial sources are quite relevant today and require detailed study and analysis.

In 2022, 46.9 trillion sums will be allocated to the education sector in Uzbekistan. State budget expenditures for 2022 were approved in the amount of 214.8 trillion soums, or 25.6% of GDP (for comparison: in 2021 - 188.1 trillion soums, or 25.6% of GDP). To stimulate economic growth this year, it is planned to increase spending on the implementation of sectoral development programs. This follows from the information publication of the Ministry of Finance "Budget for Citizens-2022".

According to the data, the social sphere and social protection of the population will make up the bulk of the expenses - 105,199.5 billion soums, or 49% of total expenses. In turn, as in previous years, the bulk (44.4%) of social spending will be spent on education. In 2022, it is planned to allocate 46.9 trillion soums to this area, which is 7.1 trillion soums more than was allocated in the previous year. Including preschool education - 8,607.1 billion soums, general education - 30,635.4 billion soums, secondary specialized vocational and higher education - 7,471.3 billion soums.

Expenditure on higher education is projected taking into account the main priorities in the field: increasing enrollment in higher education up to 50% in 2026 and improving its quality. Thus, it is expected to increase the number of universities from 106 in the 2020/2021 academic year to 115 in the 2022/2023 academic year, and students - from 551,431 to 708,168, respectively. At the same time, government spending will ensure the growth of grant quotas from 37,165 in the 2020/2021 academic year to the projected 56,096 in 2022/2023.

Uzbekistan needed a serious restructuring of the system focused on personnel training. New conditions have changed the requirements for the structure training of specialists with higher education, to their knowledge and skills.

To date, taking into account the branches of various universities, the number of institutions of higher education in Uzbekistan has reached 58 and 11 of their branches, of which, almost half of

the universities are located in the regions, which, it would seem, makes it possible to increase the availability of this type of education. Total number of students in universities in 2011/2012 academic year amounted to 241.9 thousand people (271.8 thousand for full-time and 26.1 thousand for part-time education).

Improving the quality of education and access to it in most countries of the world requires not only an increase in costs in this area, but also efficient use of available resources. "In Member States Organization for Economic Co-operation and Development (OECD) cost of higher education accounts for an average of 1.5 percent of GDP. At the same time, the share of the private sector is 1% of GDP, and the share of the state is 0.5% of GDP. In particular, in 2015 the share the state in funding higher education was higher in Australia, Norway and Finland, where expenditures in this area amounted to more than 1.5% of GDP. To countries with a large share of the private sector in higher education funding include the US, UK and Chile.

In these countries, the share of the private sector in spending on higher education averages 1.2–1.7% of GDP. Majority higher educational institutions of the country are budgetary, but given that budgetary funds are the funds of the people, their effective and rational usage is one of the most pressing issues today. There are currently 152 higher educational institutions in our country, including including 30 universities, 45 institutes, 3 academies, 28 branches, 1 conservatory, 27 branches of foreign universities, 18 non-state higher educational establishments. Accordingly, the quota for enrolling students in higher educational institutions.

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

Research results:

- The role of the education system, in particular the higher education system, in the development of the country's economy and providing the economy with qualified personnel is significant. The development of this sector should be considered as a key task facing the State;
- Despite the increase in the amount of funds allocated from the republican 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 high-quality educational institutions of private and public-private partnership.
- the funds allocated from the state budget to finance higher education institutions are growing, but the main reason for this can be explained by an increase in the number of higher education institutions;
- despite the fact that the state financial support for the education system in our country is much higher than in foreign countries, it has a much lower level of state funding for higher education;
- insufficient financial independence of universities in the management of funds, hinders the development of mechanisms for the effective use of available resources, etc.

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