

**THE PRACTICE OF ATTRACTING EXTRABUDGETARY FUNDING  
FOR HIGHER EDUCATION INSTITUTIONS**

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| ABSTRACT  | KEYWORDS  |
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| This research paper describes the content of financing of higher education institutions in Uzbekistan and foreign countries, sources of financing and the role of extra-budgetary funds in it. In addition, a comparative analysis of extra-budgetary funds, their composition and main indicators in the income of higher education institutions was conducted. During the study, an analysis was conducted using the methods of economic and statistical analysis, analysis and synthesis and corresponding conclusions were formed, as well as scientific proposals and practical recommendations for expanding the attraction of extra-budgetary funds to higher education institutions were developed. | Education, higher education, budget expenditures, extra-budgetary funds, development fund, commercialization. |

**Introduction**

The prospects of a country depend on the extent and effectiveness of the reforms that are implemented. Only comprehensively thought-out reforms, after thoroughly analyzing the areas requiring attention, will be able to alleviate people's problems, ease their burdens, improve their living standards, and find solutions to their problems. At the same time, based on the implemented measures, it is appropriate to take into account the long-term perspective, rather than being content with solving today's problems. Reforms in the education system in our country, without taking into account the trends of society development, demographic growth of the population and aspirations of young people, did not bring the expected results. In the course of it, the problems increased rather than decreased [A.Yusupbaeva, 2024].

Therefore, in our country, science was given attention at the level of state policy, and the next six years were full of great changes and renewals in the field of education. The image of educational centers has radically changed, the material and technical base has been strengthened. This, in turn, strengthened the aspiration of young people for higher education, raising the quality and level of education.

The number of higher education institutions has increased almost 2.6 times to 212, thanks to the fact that our country is creating excellent conditions for young people to obtain higher education. The enrollment rate has increased from 9 percent to 42 percent. Most importantly, a system of preferential loans for higher education has been introduced, and the practice of providing interest-free loans to women has been introduced.

Note that until 2017, the number of grant places in higher education only decreased, but in recent years, efforts have been made to increase grants. In particular, the number of state grants for higher education has been increased by 75%, and the number of state grants for women with children from low-income families has been doubled.

The basis of such reforms, of course, is a certain amount of financial resources. Therefore, practically in all countries of the world in the process of restructuring the system of socio-economic relations, effective organization of market forms in management, there were significant changes in the system of financing of higher education institutions, which, in turn, increased Financial financing of higher education institutions led to the revision of the management mechanism and changes to meet the requirements of the market.

## **Literature review:**

A number of domestic and foreign scholars have conducted research on the role of higher education institutions in the development of innovation economy of the country. In their studies I. Syladii, Y. Babaian identified a number of principles of innovative development of the country's higher education system, including humanism, variability, innovation management, democratization and international integration [Syladii, I., Babaian, Y., Kanishevskaya, L., Shakhrai, V., & Berbets, V. 2023].

H. Badriddinov and D. Gorobets focused their research on the efficiency assessment of higher education institutions and in their research they propose to divide the efficiency assessment of higher education institutions according to the following criteria:

- assessment of compliance with license and accreditation requirements;
- quality of educational services and professional skills (qualities, quality) of a graduate;
- efficiency of budget funds utilization;
- efficiency of commercialization of services of higher education institutions;
- university rating [N.Badrtdinov, D.Gorobets, 2016].

M. Suraeva and O.Andreev in their research investigated the role of investment in the development of the country, in particular, the effective organization of the education system and its efficient functioning [M.Suraeva, O.Andreev, 2019].

K. Hoareau, Jo Ritzen and J. Marconi as a result of the analysis of higher education and economic innovation in 32 European countries came to the conclusion that, according to them, more public investment in higher education (any state, be it private higher education institutions) constitutes one of the main policies of the country. Also according to the results of the study it is clear that the autonomy of higher education institutions depends on their research results, ranking indicators and employment rates of graduates [Cecile Hoareau1, Jo Ritzen and Gabriele Marcon, 2013].

## **Research Methodology**

A number of methods were used in the preparation of this article, the main ones being financial analysis, analysis and synthesis, and statistical analysis.

## **Analysis and discussion of the results**

One of the main tasks of higher education institutions' financial resources management is the search for new sources of funding, their formation and effective management. Financial resources of higher education institutions are formed at the expense of the following sources: state budget funds; students'

funds; financial resources of employers; funds from commercialization of scientific and innovative developments, sponsorship and charity funds, funds from rent of empty buildings and other property; other financial resources obtained through various grants and additional services and not prohibited by law.

State financing of higher education institutions is carried out from the state budget revenues at the expense of taxpayers' funds. Financial resources formed at the expense of students and employers of higher education institutions are considered as decentralized extra-budgetary financial resources of higher education institutions. Also, the funds formed at the expense of extra-budgetary sources include private funds of higher education institutions.

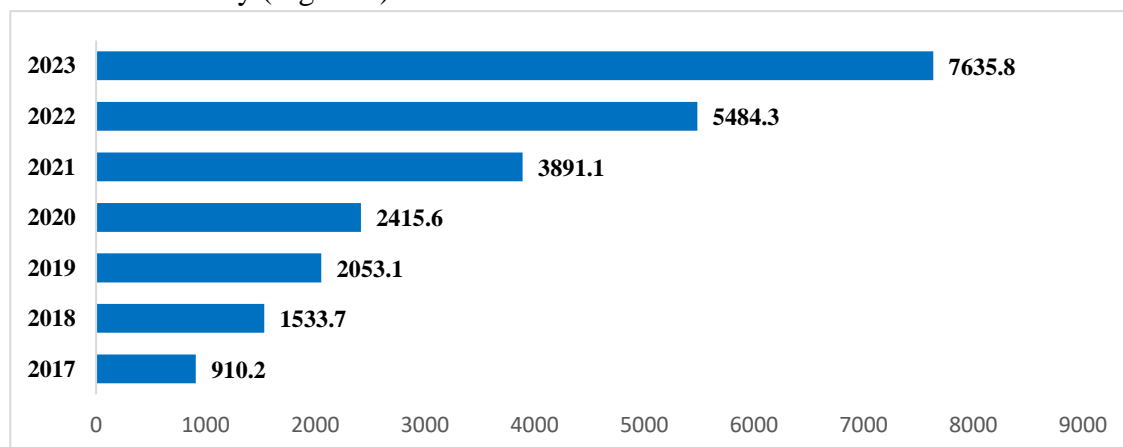
Attraction of extra-budgetary sources of financing of educational institutions is widespread in a number of countries and positively affects the formation of their financial base. For example, the share of extra-budgetary sources in the financing of higher education institutions in OECD countries (Organization for Economic Cooperation and Development) is: in the United States - 52 percent, the United Kingdom - 38 percent, Canada - 39 percent, Japan. - 57 percent" [G. Semeko, 2018].

One of the factors contributing to the rapid growth of extrabudgetary activities is the development of scientific, innovative, experimental, constructive and design activities of higher education institutions, contributing to the transformation of higher education institutions into the central part of technoparks and technopolises. The expansion of funds of higher education institutions, formed at the expense of extra-budgetary sources, is determined by the high demand of enterprises and organizations for various types of services.

Today, the number of higher education institutions in Uzbekistan has grown from 70 to 212, including 91 in Tashkent and 121 in the regions. Of these, 69 are non-state, 29 foreign and 114 state higher education institutions.

In 2022 alone, 43 new higher education institutions were opened. The level of coverage of young people with higher education is planned to reach 50% in 2026. With this in mind, the number of state grants for enrollment in higher education institutions has been doubled from 21 thousand to 40 thousand.

Despite the fact that the main part of the funds of higher education institutions in our country is formed at the expense of extra-budgetary funds, a significant part of these funds is formed at the expense of student fee contracts. The figure below shows the extra-budgetary funds of public higher education institutions in our country (Figure 1).



**Figure 1. Extrabudgetary funds of higher education institutions, billion UZS**

Figure 1 shows that the amount of extra-budgetary funds of public higher education institutions tends to increase year by year, in 2018 compared with the previous year by 68.5%, in 2019 respectively compared with the previous year. Year We can see an increase of 33.9%, 17.7% in 2020, 61.1% in 2021 and 40.9% and 39.2% in 2022 and 2023 respectively. During 2017-2020, it can be seen that despite the increase in extrabudgetary funds, the growth rate tends to decrease. By 2021, the growth rate has increased, but in 2022 and 2023, we may see the rate decrease again.

В таблице ниже мы видим объем поступлений из бюджетных средств, платежно-договорных фондов и средств, полученных из фонда развития высших учебных заведений в 2021-2024 годах.

**Table 1 Revenues of higher education institutions, billion UZS**

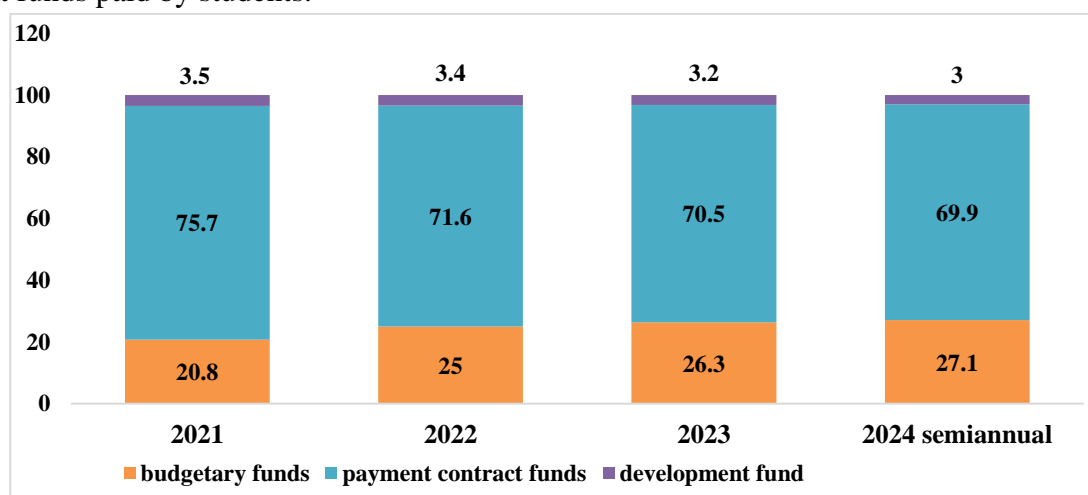
| Indicators *                                      | 2021          | 2022          | 2023           | 2024<br>(semiannual) |
|---|---------------|---------------|----------------|----------------------|
| Budgetary funds                                   | 1442,7        | 2189,4        | 2729,1         | 1887,3               |
| Income from payment contract funds (total income) | 5241          | 6279,3        | 7306,3         | 4869,4               |
| Income from development funds (total income)      | 243,3         | 302           | 329,5          | 211,9                |
| <b>Total income</b>                               | <b>6927,1</b> | <b>8770,7</b> | <b>10364,9</b> | <b>6969,1</b>        |

\* **Note:** When calculating the analysis data, 62 HEIs are obtained in 2021, 69 in 2022, and 72 in 2023-2024.

From the data of this table we can see that the share of budgetary funds in the financing of higher education institutions in the analyzed periods increases, and the funds falling on the settlement and contract account and the development fund decrease. . we can see.

To more fully analyze the data in this table, the percentage of each income is shown in the figure below (Figure 2).

In modern conditions, one of the peculiarities of the current state of financial provision of higher educational institutions of our country is that a significant part of it is financed at the expense of paid-contract funds paid by students.



**Figure 2: Distribution of total income of higher education institutions of the Ministry of Higher Education, Science and Innovation, in percentages**

From this chart, we see that in 2021, in the total revenues of higher education institutions of the Ministry of Higher Education, Science and Innovation (formerly GS'MTB), funds derived from payment and contractual funds account for 75, Was 7 percent, and by 2022, the figure will be 71.6 percent. In 2023, these funds represent 70.5 percent of total funds. At the same time, the share of budgetary funds in the funds of higher education institutions has been increasing in recent years. For example, by 2023, we may see a 5.5 percent increase over 2021, while the pay-as-you-go and development funds are trending downward.

If we take into account that we took public higher education institutions as the object of the study and the indicators of the analysis are also related to public higher education institutions, the positive situation is that 70 percent of the revenues of higher education institutions are formed at the expense of the payment contract, we cannot assess this. The reason is that if we look at the experience of developed countries of the world, we will see that the share of the state in the financing of public higher education institutions is much higher. In particular, 94% of revenues of higher education institutions in Austria, 92% in Finland, 84% in Sweden, 83% in Germany and 82% in Belgium are distributed by the state. Even if we turn to the experience of the United States, where there is the largest number of for-profit higher education institutions, here on average 40-45 percent of the revenues of public higher education institutions are distributed to different levels of the state budget. If we look at the experience of South Korea and Australia, the average level of state funding here is 35-40 percent. Funds formed on the basis of payment contracts in these countries are on average 45-46 percent.

## Conclusions and Recommendations

In conclusion, it can be said that the main part of higher education institutions in our country is formed at the expense of settlement and contractual funds of students, which in turn creates dependence on student funds. The volume of funds allocated by the state budget is on average 20-25 percent. When financing higher education institutions from the state budget, it is advisable to take into account the scientific potential of higher education institutions, local and international rating indicators, and the location of higher education institutions. We believe that it is necessary to take into account such factors when determining the amount of payment under the contract. At the same time, in order not to fall into dependence on payment-contract funds, it is necessary to organize diversification of sources of extra-budgetary funds, including commercialization of scientific and innovative developments prepared by HEIs, educational literature, training of professors. paid lectures of teachers, develop PR-projects and gradually introduce the "University 4.0" system.

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