



NON-STATE HIGHER EDUCATIONAL INSTITUTIONS FUNDING SOURCES AND FORMATION

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ABSTRACT

This article analyzes the sources of financial resources of non-state higher education institutions and their placement mechanisms. The development process of private higher education institutions in the world and in Uzbekistan, sources of financing, and their role in the economy are considered. Non-state higher education institutions in Uzbekistan have determined ways of forming their funds mainly through student payment-contract revenues, private investors' contributions, international grants and loans, state benefits, and corporate cooperation. Proposals have been made to improve the use of funds to ensure the financial stability of non-state educational institutions and increase their efficiency.

KEY WORDS

Non-state higher educational institutions, financial resources, investment, grants, placement of funds, material and technical base, education policy of Uzbekistan.

Introduction

In the world, non-state higher education institutions are an integral part of the modern education system. They are important because they create opportunities for academic independence, training of personnel who meet market requirements, development of research activities, and cooperation with the private sector. In countries such as the USA, Great Britain, Germany, South Korea, and Japan, non-state higher education institutions not only improve the quality of education but also make a significant contribution to the country's economy. For example, private universities such as Harvard, Stanford, and the Massachusetts Institute of Technology in the USA occupy leading positions in the world education rankings and participate in many international studies.

The number of non-state higher education institutions and their economic importance is also increasing in Uzbekistan. Until 2017, the number of non-state higher education institutions in the country was limited, but in recent years consistent reforms have been implemented in this field. In particular, the President's decision of July 11, 2019, "On measures for the further development of non-state higher education services," and the law "On Education," adopted in 2021, created a legal basis for the development of non-state educational institutions. Also, within the framework of the "New

Development Strategy of Uzbekistan for 2022-2026" adopted in 2023, the development of non-state educational institutions was identified as one of the important directions.

Currently, more than 100 non-state higher education institutions are operating in Uzbekistan, and their number is increasing every year. Since 2017, the number of universities established through the private sector and international cooperation has increased dramatically, which has expanded the opportunity to diversify the education system in the country and train competitive specialists. The financial resources of non-state higher education institutions are mainly formed through student payment-contract funds, funds of private entrepreneurs and investors, international grants and loans, preferential subsidies allocated by the state, and business cooperation carried out on the basis of partnership. This serves to ensure their financial stability.

The current government of Uzbekistan implements various mechanisms aimed at financial support and development of non-state higher education institutions. In particular, measures such as preferential loans, reduction of tax payments, and joint education programs in cooperation with foreign universities are being implemented. At the same time, the independence of private educational institutions and the development of their material and technical base are two of the important issues on the agenda.

From this point of view, this article analyzes in detail the financing sources of non-state higher education institutions, their formation features, and mechanisms for ensuring financial stability.

Material and Method

The formation and effective use of funds and resources of non-state higher education institutions in the world and in our country are urgent issues. The article comparatively studies international experiences on these issues and analyzes the specific features of methods for effective attraction and placement of funds. The article uses methods such as comparison, scientific and theoretical comparison, comparative economic analysis, and a logical approach.

Discussion

Foreign and local scientists and specialists have different views on the financial resources of non-state higher education institutions and their formation, and they have studied various aspects of this field. Let's take a closer look at some of them.

In particular, Philip Altbach and Jane Knight emphasize the importance of private higher education institutions in the process of internationalization [1]. According to them, the financial resources of private universities mainly consist of student fees, contributions from private donors and research grants, which is an important factor in their stability and increasing the quality of education. Daniel Levy studies the development of private higher education institutions and the factors affecting their financial resources and shows that private universities are mainly financed by student fees and private sector funds [2].

Simon Margison, a foreign economist, analyzes the global trends of private higher education institutions and emphasizes the importance of using various sources for their financial stability, including student fees, research grants, and cooperation with the private sector [3]. Joshua Goodman and Sarah Turner examine the financial models of private higher education institutions and show that their revenues are mainly generated by student fees, private donations, and research activities [4]. In contrast, John Douglas emphasizes the importance of student fees, private sector investment, and government grants in ensuring the financial sustainability of private higher education institutions [5].

The local economist-scientist Shamsiddin Valiev, in his article entitled "The main features of the financing of higher education institutions during the massification of higher education in Uzbekistan," emphasizes the need to reform the system of financing higher education institutions in the country and reduce dependence on the state budget [6]. In his opinion, expanding extra-budgetary resources is important to ensure the financial stability of higher education institutions in Uzbekistan. Student fees are the main financial source in this regard because the number of students is increasing every year, and this brings additional income to universities. In addition, receiving international and local grants and earning income from scientific research activities are also noted as important factors for ensuring financial stability. Funds from scientific research serve not only the development of universities but also increase their independence. Also, cooperation with the private sector, implementation of joint projects with companies, and the use of their financial assistance are also considered important sources of income for universities. The author emphasizes that higher education institutions can be financially strengthened by studying various ways of financing and implementing them in practice. According to his analysis, limiting direct financial assistance from the state and expanding the opportunities for universities to earn independent income play an important role in the effective development of the education system.

Also, F. Ibrohimov and M. Khurramov, in their study "Assessing the quality of education in non-state higher education institutions: theory, foreign and national practice," deeply analyze the financial sources of non-state higher education institutions and the factors influencing their formation [7]. The authors emphasize that by improving the quality of education, the number of students can be increased, which in turn will help increase the income of universities. They say that the use of modern methods in the educational process, the introduction of programs in accordance with international standards, and the improvement of teacher qualifications will serve to increase the prestige of private universities. According to the authors, universities can expand the possibilities of attracting students by improving the quality of education, which directly affects financial stability. They point out that the introduction of preferential financing programs for students, increasing their educational opportunities and improving the financial assistance system should play an important role in the development strategy of non-state higher education institutions. The authors emphasize the need for universities to strengthen their material and technical base and pay great attention to scientific research by using innovative approaches in the educational process. International grants and strategic partnership programs are especially important in this regard.

The order of the President of the Republic of Uzbekistan No. PF-5847 of October 8, 2019, establishes the task of attracting direct foreign investments to organize the activities of non-state higher educational institutions [8]. This is an important step aimed at expanding the financial resources of non-state higher education institutions. The document specifies measures to create a favorable environment for the private sector to enter the field of education, to provide various benefits from the state, and to implement joint projects with foreign universities. Based on this decree, the number of non-state higher education institutions in the country increased, attention was paid to their financial independence, and the process of attracting private investments in the field of education was accelerated. Also, the document envisages a number of measures, such as allocating plots of land for non-state universities, giving tax benefits, and encouraging their scientific research activities. The President's decree recommended the implementation of investment projects in order to improve the material and technical base of higher education institutions, adapt educational standards to international standards, and

diversify their sources of income. Therefore, the financial capabilities of non-state higher education institutions in the country are expanding, and important reforms are being implemented to strengthen their material and scientific resources.

P.M. In his monograph "Quality of higher education in foreign countries: benchmarking, tuning, and diagnostics," Lutfullaev deeply analyzes the financing systems of higher education institutions. He studies foreign experiences and mainly considers three directions in financing higher education [9]. The first direction is financing at the expense of state subsidies, and this model is often widely used in European countries. According to it, educational institutions will be financed by the state, and educational opportunities for students will be free of charge or at a low cost. The main advantage of this system is that it provides an opportunity for education to a wide range of people. But at the same time, due to dependence on budget funds, educational institutions do not have financial independence, and in some cases, they may face restrictions in introducing innovations.

The second direction is private sector investments, and this model is widespread in countries such as the United States and Great Britain. In this system, private universities cooperate with business and industrial companies, and contract payments from students are also of great importance. The author considers this model to be one of the most effective forms of financing aimed at improving innovation and the quality of education, as the private sector encourages the development of the material and technical base of universities and scientific research. However, this model also causes some problems, for example, the increase in the cost of education and the lack of equal opportunities for all levels.

The third direction is financing from student fees, in which case universities finance their activities mainly through the funds received from students. According to the author, this system can ensure the financial stability of universities, but due to the high price of education, the educational opportunities for the children of low-income families may be limited. Therefore, he emphasizes that in order for this model to be effective, there should be preferential loans, grants, and scholarship programs for students. According to Lutfullaev's general conclusion, to ensure the financial stability of educational institutions, it is important to diversify the sources of financing, that is, to find a balance between the state, private sector, and student payments.

A. Makhmudov studied the international operation of financing and management of higher education institutions and distinguished three main models [10]. The first model is a financing model oriented to the free market, in which case universities are self-supporting. Universities cover their costs through student fees, private sector investments, grants, and income from research activities. This model is especially widespread in countries such as the USA, Great Britain, and Canada. Its advantage is that universities operate in accordance with economic requirements and can adapt to market conditions and introduce new educational programs. However, at the same time, education is very expensive for students, and opportunities for education are limited for low-income groups.

The second model is the model of full financing by the state, which is often used in Scandinavian countries, Germany, and France. Universities are mainly financed from the state budget, which makes education cheap and easily accessible to the general public. However, in this case, universities are financially dependent on the government, and there may be restrictions on private initiatives and innovations in the field of education. Also, if the state budget is reduced, educational institutions may also face financial problems.

The third model is a mixed financing model, in which universities are financed by the state, the private sector, and students. In this case, educational institutions will have the opportunity to cover their

expenses using various sources. In his opinion, this model is one of the most effective systems in world operations, and has shown good results in countries such as Finland, India, South Korea and Japan. Because in this system, universities will have the opportunity to operate independently, and at the same time, they will have the opportunity to use educational programs financed by the state. Therefore, he emphasizes that each country should choose its own education financing model based on its economic and social conditions.

From the analysis of these two scientists, it can be concluded that in order to ensure the financial stability of higher education institutions, each country should choose a financing model in accordance with its needs and the current economic situation. Although self-supporting universities are focused on innovation, the price of education for students can be high. Although state-funded universities are available to the general public, they may face limitations due to their complete dependence on the state budget. Therefore, the use of a mixed model and diversification of financing sources are important in making the education system stable and effective.

The studies of these scientists and specialists reflect different approaches to the financial resources of non-state higher education institutions and their formation. They emphasize that it is possible to ensure the stable development of non-state higher education institutions by increasing the quality of education, diversifying funding sources, and strengthening cooperation with the private sector. Also, the financial resources of private universities are shaped differently in the world experience and differ according to the economic and social situation of each country. However, as a general approach, private sector funds, student fees, and government aid are seen as some of the main sources.

Results

Based on the analysis of the financial resources of non-state higher education institutions and their formation, the following results can be given. World experience shows that private higher education institutions are considered an integral part of the education system in developed countries, and they use various sources to ensure their financial stability. According to foreign scientists, private universities form their funds mainly through student fees, private sector investments, state subsidies, and revenues from scientific research. They emphasize the need to diversify funding sources to achieve financial stability.

The views of Uzbek and Russian scientists also show that non-state higher education institutions need to effectively use extra-budgetary funds to achieve financial stability. Decrees and decisions adopted by the President of Uzbekistan created a number of privileges for non-state universities and expanded their independent financing opportunities. In Russia, private universities are financed through student contracts and research activities, but insufficient state participation in this process is considered a problem.

In the USA, Germany, Japan, China, and Kazakhstan, private higher education institutions operate on the basis of different financial models. In the USA, they are financed according to the free market model, and the main sources are student fees, private capital, and grants. In Germany and Japan, a mixed financing model is used, where state subsidies and private sector funds are used together. In China, private universities carry out financing in cooperation with the state and use budget funds within the framework of strategic programs. In Kazakhstan, private educational institutions are mainly financed by student fees and corporate capital.

The lack of statistical data prevents a clear assessment of the impact of non-state higher education

institutions on the economy. Based on the currently available data, it is known that the financial share of private higher education institutions in the USA is 1.2% - 1.7% of the GDP, but there are no clear indicators for other countries in open sources. This shows the need to expand the database in assessing the role of non-state higher education institutions in the world economy.

Conclusions

Based on the analysis of the financial resources of non-state higher education institutions and their formation, the following conclusions and proposals are put forward.

First, non-governmental higher education institutions are an integral part of the education system in global operations, and their financial stability consists of state aid, private sector investments, student fees, and income from scientific research. In Uzbekistan, legal foundations have been created for the development of these institutions, but their financing sources have not yet been fully formed. Therefore, it is necessary to further expand the participation of the private sector in the field of education.

Second, private higher education institutions can ensure financial stability by diversifying their funds. Thirdly, by improving the quality of education, non-state higher education institutions can increase their demand and achieve financial stability. The experience of Germany, Finland, and South Korea shows that universities can increase their prestige by introducing international education programs, attracting influential teachers, and developing scientific research.

Fourth, the transparency and analysis of statistical data should be improved to accurately assess the impact of non-state higher education institutions on the economy.

In conclusion, in order to ensure the financial sustainability of non-state higher education institutions and increase their contribution to the country's economy, it is necessary to strengthen public-private sector cooperation, diversify financial sources, improve the quality of education, and make official statistical data more transparent.

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