

SPECIFIC CHARACTERISTICS OF FINANCING COSTS OF HIGHER EDUCATION INSTITUTIONS

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ANNOTATION

This study highlights the main trends in financing higher education institutions in recent years. The main purpose of the study is to present some of conclusions of researches conducted on the demand for higher education, the concept of per student costs and the trends of financing of higher education institutions from the government budget. Main attention focused on the core aspects of those analyzes that are unique to the foreign countries and Uzbekistan.

Keyconcepts: The costs of higher education institutions, the demand for higher education and participation rate, per student allocated funds, funding from government budget for financing higher education, financial austerity in higher education.

INTRODUCTION

In recent years, the demand for higher education is growing with intensity in the whole world and this case is relevant for Uzbekistan as well. Demographic changes, statistical observations and studies confirm this opinion. In economic sense, if investments in higher education lead to an increase in the income of professionals with higher education, in the social sense, it stimulates the formation of civil society and the creation of an innovative economy.

However, in the process of rapidly growing demand and the impetuous increase in the cost of higher education are putting a number of problems on the agenda of policymakers in terms of financing of higher education institutions. The urgent issue is that to attract sufficient resources for higher education sector, which in turn requires studying the characteristics of higher education costs in depth and comprehensively.

In case of Uzbekistan, several government decrees and state programs are reflected for effective financing of higher education institutions with sufficient financing sources. The active involvement of funds from sources belonging to non-government entities and effective use of these scarce resources by creating a healthy competitive environment is considered as an important issue.

LITERATURE REVIEW

Researches on financing the costs of higher education institutions has been developed widely since the second half of the 20th century.

In particular, B. S. Sanyal and D.B Johnston [6], Labanauskis R., Ginevichius R. [7], N. Bar [9], A. Hauptman [8], S. E. Savzikhanova [5], A. I. Kovalenko [4] conducted research on higher education finance and expenses.

In their studies, the following aspects are studied on a scientific basis:

- The role of higher education in bringing the institutions of civil society to a new level in terms of quality;
- The positive impact of higher education institutions to globalization;
- The influence of higher education to citizens' incomes
- And the increase of the ability to pay.

In addition, the financial burden of organizing the higher education process is gradually shifting from taxpayers to students, their parents, business entities and philanthropies.

D.D.Rustamova [1], A.B.Sherov [2] and A.Mahmudov [3] conducted research on the financing of higher education institutions in Uzbekistan and studied the costs of HEI. The authors expressed a comparative analysis with the experience of the United States, the performance of public finance levers in financing costs of HEI, and opinions on the financing of higher education institutions.

ANALYZES AND RESULTS

Based on the analysis, it is important to consider the following three aspects:

Firstly, in many countries of the globe, especially in developing countries, the demand for higher education and the participation rate are increasing dramatically. This trend is explained by the increase in the number of age groups and the increase in the level of enrolments. In particular, we can emphasize the specificity of this aspect for Uzbekistan as well.

Secondly, the amount of per student costs is increasing all over the world. This is higher than the rate of inflation in many countries and it is related to the characteristics of higher education costs ("cost disease" matter).

Thirdly, the level of dependence of funds of many higher education institutions on state budget transfers and the fact that these sources of funding are becoming unstable. Therefore, they are shrinking and out of proportion to the rate of increase in higher education costs.

Based on these cited above mentioned three aspects, we will present some analyzes for Uzbekistan.

If we look at the results of undergraduate admission statistic for the years 2011-2020, there was a sharp increase in the number of submitted applications after 2016 (see Table 1). Also, from the indicators of competition for every 100 places, it can be concluded that the demand for higher education has increased sharply. In 2020, number of applications reached to 1,820,342 and number of applications per 100 places was 1,103, respectively. Hence, it can be concluded that the first aspect is appropriate for Uzbekistan higher education institutions.

Table 1. Admission statistics for bachelor's degrees of higher education institutions for 2011-2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of applications	423796	436442	486406	549467	616253	672640	786121	813593	1157634	1820342
Admitted student numbers	58204	56969	57087	59324	58301	57705	80822	108745	128730	165021
competition, applicants/for 100 seats	580,8	766	852	926,2	1057	1165,7	972,7	748,2	899,3	1103
Demand satisfaction rate (%)	13,7	13,1	11,7	10,8	9,5	8,6	10,3	13,4	11,1	9,1

Source: Compiled by the author based on the information of the State Statistics Committee of the Republic of Uzbekistan (<https://www.stat.uz/en/official-statistics/social-protection>)

If we analyze the dynamic of resources allocated to higher education institutions through state and tuition funds with the total number of students statistic for 2016-2020 years (see Table 2), it can be noted that the per student funds has doubled in five years. In 2016, it was 5.7 mln. UZS and it reached to 10.5 mln. UZS in 2020. This increase was higher than inflation rate in the country for same period. This statistics show that the second important trend in financing higher education institutions is appropriate for Uzbekistan.

Table 2. Amount of funds allocated to higher education institutions and per student amounts in 2016-2020

Items	2016	2017	2018	2019	2020
Government budget transfers (GBT) (in trillion UZS)	0,6	0,7	0,8	1,3	1,8
Tuition funds (TF) (in trillion UZS)	1,0	1,4	1,9	3,4	4,4
Total funding (in trillion UZS)	1,6	2,1	2,7	4,7	6,2
Total student number	279 674	314 467	344 790	468 399	590 077
Per student funding (in mln. UZS)	5,7	6,7	7,8	10,0	10,5

Source: Compiled by the author based on the information from the official website of the Ministry of Higher and Secondary Special Education of the Republic of Uzbekistan (<https://www.edu.uz/uz/pages/sss>)

If we observe the proportion of allocated amounts from government budget and tuition funds for 2016-2020 years (Table 3), it can be noted that the proportion of government funds was 38 percent in 2016. This proportion declined by 29 percent in 2020. This statistic shows that the government funding becoming more unstable in recent years. We may conclude that the degree of dependence of the financing of many higher education institutions on the state budget funds and the fact that these transfers are becoming unstable, as well as their decrease and the trend that they are not proportional to the growth of higher education expenses are also characteristic of Uzbekistan's higher education institutions.

Table 3. Changes in the share of state and tuition funds allocated to higher education institutions in 2016-2020

Items	2016	2017	2018	2019	2020
Proportion of GBT (in %)	38	33	30	28	29
Proportion of TF (in %)	62	67	70	72	71

Source: Compiled by the author based on the information from the official website of the Ministry of Higher and Secondary Special Education of the Republic of Uzbekistan (<https://www.edu.uz/uz/pages/sss>)

Taking into account of analyzes on the above stated three aspects (trends), it can be concluded that the financial austerity (limitations) in the higher education financing system of Uzbekistan is valid according to recent year's statistics.

CONCLUSION

Analysis of above mentioned three aspects are important to understand the problems arising in financing of higher education institutions as the limitations and financial austerity tools can be developed. We have studied a demand for higher education, per student funding from

government budget plus tuition and dynamic of proportion of funding sources for 2016-2020 in Uzbekistan. From the analysis of statistics obtained for higher education institutions in Uzbekistan for 2016-2020, we can conclude that there is a need of developing some actions for attracting sufficient financial resources in higher education institutions.

It is very important to conduct a deeper analysis and research on above cited trends with broad database. It is necessary to implement systematic measures by higher education institutions and relevant state bodies, in order to attract sufficient resources to the sector, effective use of existing resources, and to ensure financial stability in HEI.

In conclusion, taking into account that the number of higher education institutions, the total number of students, and participation rate have been increased dramatically in recent years, measures and programs in this direction are very consequential.

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