



International Journal for Innovative Engineering and Management Research

A Peer Reviewed Open Access International Journal

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IJIEMR Transactions, online available on 28th Feb 2021. Link :

<https://ijiemr.org/downloads/Volume-10/Special>

DOI: 10.48047/IJIEMR/V10/I03/94

Title: BUDGETARY FINANCING OF THE PUBLIC EDUCATION SYSTEM

Volume 10, Issue 03, Pages: 397-402.

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BUDGETARY FINANCING OF THE PUBLIC EDUCATION SYSTEM

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Abstract. The article discusses the practice of financing the public education system, which is the main stage of the education system, at the expense of budget funds in the context of reforming public finances, and also analyzes the share of funds spent on this sector in the total GDP and budget expenditures. Also, attention is paid to overcoming existing problems in this system and issues of effective organization of financing.

Keywords. financing of education, sources of financing, budget financing, public education, general secondary education, expenses on public education.

I. Introduction.

One of the most important and crucial areas of social and economic reform, performed in our country, are the reforms, performed in the field of education. The state of the education system and what kind of staff is trained in the future is the essential for the social and economic life of the country. We have set ourselves the goal of joining a number of developed countries and we will be able to achieve it only through accelerated reforms, relying on science, education and innovation. Our President Sh.Mirziyoyev emphasized this: “For this, we first of all need to educate personnel of a new formation, initiating reforms, possessing a strategic vision, deep knowledge and high qualifications. That is why we began to reform all levels of education - from preschool to higher education” [1].

Speaking about the education system, special attention is paid to general secondary education, which is the main link of the system. Therefore, to determine the degree of social welfare at the international level are used including such educational indicators, as the degree of enrollment of children by school, the number of teachers, equality degree in education, public spending on education per student. Consequently, the effective organization of funding for school education,

which is the main part of lifelong education, is one of the pressing issues today.

Commentary on subject literature

So, on the issue of developing a mechanism for financing the education system, in particular the system of public education and ways to improve the financing of education, foreign and our scientists, economists conducted research, and of course, there are different opinions. At the same time, according to the results of his research, each researcher expressed his point of view on this issue. Nobel Prize Laureate in Economics G.S. Becker in his theory substantiated the need for both the public and private investments in intellectual capital. In his opinion, citizens' investments in social programs aimed at education, medicine and staff replenishment are investments in the creation of new technologies that can be of great benefit only in the future [2].

According to Chia-Hui Lu, “the effective organization of the education system is essential for the development of the economy. In any country, primary and secondary education is supported by the state” [3].

In the development of education, its provision with financial resources, that is, financing, is of particular importance. Thus, among Uzbek scientists in economy A.Ulmasov and A.Vakhobov recognize funding as the security of the economic entity's activities with monetary funds, which is

carried out by several methods, in particular, self-financing, budget financing and sponsorship [4], and according to the opinions of T.Malikov and N.Khaydarov “Financing is the provision of budgetary and extra-budgetary funds to the entities for the implementation of the measures envisaged by the plans. It is characterized by a peculiar form and methods of providing funds and is based on certain principles [5].

The sphere of education is characterized by a kind of financial mechanism. On this occasion, V.V.Cecha described that education funding - is the process of allocating funds from the budgets of various levels, the adoption and use of them, and pointed out that this process requires legal regulation, and therefore, legislative sources, providing the legal regulation of the financing of education, play an important role [6], and S.A. Belyakov interprets that the financing of education is a relationship related to the cost of educational services, and that services are provided not by the student or his family, and the state did not enjoy such a service [7].

According to the Soviet scientists economists Z.Srojiddinova, B. Sugirbaev, B.Nurmukhamedova “Funds spent on financing the education system are divided into state and non-state sources:

- state (republican and local) budget;
- state special purpose funds [8].

Analysis and results

Since general secondary education is compulsory in our country, most of the costs are financed from public budget funds. In order to determine the effectiveness of budget expenditures, it is necessary to analyze the circumstances of planning and distribution of budget funds.

State budget expenditures exerting impact on the socio-economic and political decisions, all the requirements of society. The socio-economic development of the country also affects the state budget expenditures.

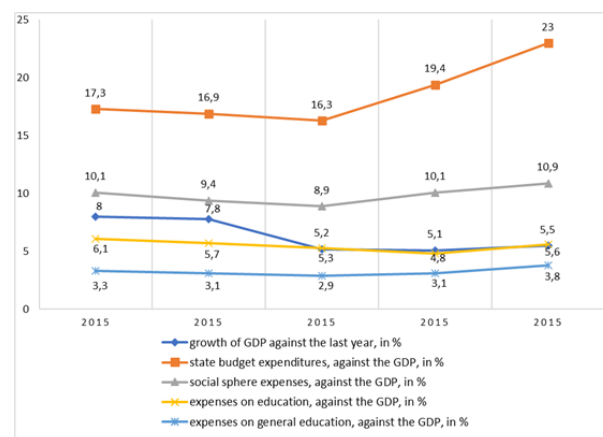
Government spending on education will have a positive impact on GDP in the

future. Since these funds are used as an investment for the development of the human factor, and the stimulation and economic growth of production in the future [11].

The ratio of budgetary spending on education to GDP shows the share of national wealth spent by our country on education. Provided, we consider the volume of gross domestic product over the last five years and share in the formation of the state budget in its structure (Fig. 1). [11]

1 <http://www.mf.uz>- prepared by the author based on the analysis of the data of the Ministry of Finance of the Republic of Uzbekistan

Figure 1. Share of spending on education in GDP¹



In 2015, the GDP amounted to UZS 210 183 bln, by 2019 GDP amounted to UZS 511 838 bln, which means that over the past 5 years, GDP increased by UZS 301 655 bln or 2.4 times. Accordingly, state budget expenditures also increased by UZS 81,532 bln, or 3.2 times, spending on education – UZS 15,941 bln, or 2.2 times, and spending on general secondary education - by UZS 12,451 bln, or 2.2 times. Although the volume of GDP increased, the growth rate decreased slightly compared to the previous year, that is, in 2019 compared to 2015, it decreased by 2.5 percent, and amounted to 5.5 percent. But despite this, the share of expenditures of the State budget in GDP in

2019 in comparison with that of 2015 increased by 5.7 percent and amounted to 23 percent.

The share of education expenditures financed from the state budget against GDP tends to decline, that is, in 2019 compared to 2015 it decreased by 0.5 percent and amounted to 5.6 percent.

Share the costs of common secondary education of GDP in 2015 was 3.3 percent, and in 2019, an increase with respect to 2015, in 1.2 times to 3.8 percent.

This change can be explained by the fact that in 2019 the number of educational institutions in the Republic increased by 104 and amounted to 10,551 institutions, in turn, the number of classes and groups of circles in educational institutions increased by 25,497, including the number of classes - by 24,220, and the number of groups of circles - by 1 277, and of course, the wages of workers have been increased.

Meanwhile, consider the share of expenditure on general secondary education of a part of the state budget (Fig. 2).

Expenditure on general education against total expenditures on education
Expenditure on general education against total expenditures of budget

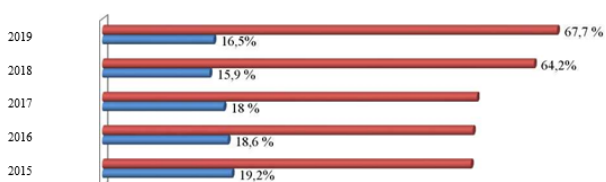


Figure 2. Share of expenditures on general secondary education as of a part of the expenditures of the state budget of the Republic of Uzbekistan [2]

Expenditures on education have an impressive share in the composition of state budget expenditures, for example, in 2015 this indicator was 35.2 percent and in 2019 this indicator is 24.4 percent, that is, in the period 2015-2019 this indicator decreased by 11 percent. Despite the increase in the amount of spending on education (by UZS 15 941 bln), the share in the budget expenditures decreased. Accordingly, the share of

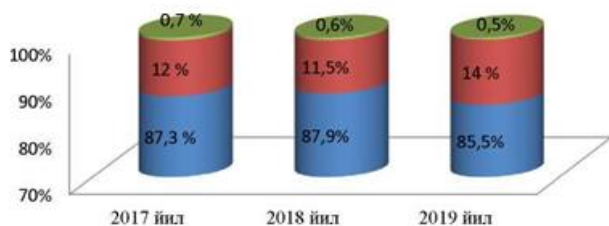
expenditures on general education in total budget expenditures also decreased over 4 years, that is, if in 2015 it was 19.2 percent, then in 2019, while increasing by 0.6 points in relation to the previous year, amounted to 16.5 percent. Although these expenditures tend to decline, spending on general education, having a tendency to increase, accounted for a significant share of total spending on education, that is, instead of 54.7 percent in 2015, it amounted to 67.7 percent in 2019. The increase in this indicator in the last 2 years can be explained by the fact that the wages of workers in this system were increased in September 2018 and January 2019 (Table 1).

¹ <http://www.mf.uz> - prepared by the author based on the analysis of the data of the Ministry of Finance of the Republic of Uzbekistan

Table 1
Information about the basic tariff rate employees of secondary educational institutions (in UZS thou)[3]

Position	Until September 1, 2018			From September 1, 2018			From January 1, 2019			Amount	Percent			
	Basic tariff rate	Extra charge	Monthly salary, together with extra charge	Basic tariff rate	Extra charge	Monthly salary, together with extra charge	Basic tariff rate	Extra charge	Monthly salary, together with extra charge					
1 Primary school teacher														
1 st category	1471,6	870,8	2042,4	1627,6	1018,8	2646,4	2213,3	1436,6	3649,9	2704,7	2380,6	408,7	10%	
2 nd category	1387,2	833,9	1941,1	1536,6	925,9	2462,5	2017,7	1366,6	3384,3	3473,8	2176,9	306,2	20%	
No category	1209,0	766,3	1825,3	1402,2	825,9	2228,1	1825,9	1043,3	2869,2	3164,4	1978,6	214,4	10%	
2 High school teacher														
Higher category	1514,8	917,4	2432,2	1618,8	1063,3	2682,1	2213,3	1436,6	3649,9	401,2	2784,7	2380,6	40,7	20%
1 st category	1228,7	812,2	2040,9	1418,8	925,9	2344,7	2017,7	1366,6	3384,3	442,7	2473,8	2176,9	30,2	20%
2 nd category	1180,8	806,6	1987,4	1347,8	825,9	2173,7	1825,9	1043,3	2869,2	406,3	2462,5	2144,4	15%	
No category	1074,9	693,4	1768,3	1279,9	766,3	2046,2	1472,6	825,9	2298,5	2037,9	1793,6	133,4	10%	
3 School Principal														
Group 1 (1401 and more students)	2012,6	0,0	2012,6	1606,6	2313,7	0,0	2313,7	1606,6	2455,3	-	2455,3	2142,9	231,4	10%
Group 2 (from 881 to 1400 students)	1902,2	0,0	1902,2	1529,2	2092,7	0,0	2092,7	1529,2	2302,9	-	2302,9	2023,7	209,2	10%
4 Deputy Principal	1794,1	0,0	1794,1	1416,6	2075,6	0,0	2075,6	1416,6	2178,9	-	2178,9	1938,6	237,4	10%
5 Psychologist	716,1	0,0	716,1	636,9	1200,9	0,0	1200,9	636,9	1321,0	-	1321,0	1142,5	126,1	10%
6 Librarian	756,3	146,3	902,6	784,9	799,0	146,3	799,0	784,9	879,9	178,8	1054,7	928,1	79,9	10%

Over the past 3 years, special attention has been paid to further deepening reforms in the education system, improving educational standards and programs aimed at improving the level and quality of the educational process, as well as continuing to strengthen the material and technical base of secondary schools, vocational colleges, academic lyceums and higher educational institutions.



Equipment costs , with respect to total costs, in %

Figure: 3. Information on the composition of funds allocated from the state budget for general secondary education in 2017-2019. ⁴

As can be seen from the data, in the composition of expenses for general secondary education, expenses on wages of employees have a significant weight (taking into account the unified social payment), if in 2017-2018 accounted for more than 87 percent of total expenses, then in 2019 these expenses amounted to 85.5 percent.

Despite the fact that the wages of workers working in this area are increasing, the decrease in wage costs in total expenses for education was due to an increase in the share of other expenses, more precisely, an increase in expenses for repairs, new construction, reconstruction, and major repairs. If the cost of repairs, new construction, reconstruction, capital repairs in 2018 decreased by 0.5 percent compared to the previous year, in 2019, having increased by 2 percent, amounted to 14 percent. This can be explained by the fact that the number of schools where repair and restoration work was carried out, from 486 schools in 2017

And equipment costs decreased by 0.1 percent annually, and in 2019 they accounted for 0.5 percent of total costs. Although the share of spending on equipment has decreased, their amount increased by 20 percent compared to previous years (Fig. 4).

For the construction, reconstruction, overhaul and maintenance of educational institutions in 2017-2019 only UZS 5 464.0 bln were allocated from the state budget . Of which , in 2017, allocated - UZS 1 196.2 bln, in 2018 –UZS 1 . 529.1 bln, and in 2019 –

UZS 2 738.9 bln or 2.29 times more. in relation to 2017 (table 2) .

Table 2
Information on the composition of funds allocated from the state budget for general secondary education in 2017-2019 ⁵

bln UZS

	Types of expenses	2017	2018	2019	In 2019 to 2018	In 2019 to 2017
	General secondary education, total expenses	10279.4	13693.1	19951.2	145%	194%
1	Salary.*	8721.8	11668.8	16685.7	142%	191%
2	Renovation, new construction, refurbishment and capital repairs	1196	1529.1	2738.9	179%	229%
3	The number of schools where repair, restoration work was carried out	486	360	762	212%	157%
4	Number of new schools built	12	21	51	243%	425%
6	Equipment costs	69	83	100	120%	145%

As a result, repair and construction work was accelerated, if in 2017 repair and construction work was carried out in 486 secondary schools, of which 12 schools were re-built, in 2019 there were 762 such schools, of which 51 were re-built. , that is, we can say that in relation to 2017, repair and construction work increased 1.6 times , and new construction - 4.2 times. As a result of the work carried out in the last three years , new construction for 28 304 places for students and additionally reconstructed educational buildings for 148 228 places for students were put into operation , moreover, 392 sports halls were built.

During the previous years, a large proportion of expenditure on education, particularly public education spending accounted for on the local budget. In order to radically strengthen the income base of local budgets, reduce dependence on deductions from higher budgets and increase responsibility, from July 1, 2017 to December 31, 2017, as an experiment in terms of the expenditures of local budgets of the city of Tashkent and districts , changes were made related to the costs of public education [12].

Firstly, the costs of wages of employees of general education schools financed from the territorial budgets, and the

costs of a single social payment, are carried out at the expense of a targeted interbudgetary transfer allocated from the budgetary funds of Tashkent City.

Secondly, the costs of strengthening the material and technical base of educational institutions are financed from the budgetary funds of the city of Tashkent.

Thirdly, the costs of providing special schools, boarding schools and specialized boarding schools were transferred to the budget of Tashkent City.

Regardless of which budget funds are allocated to finance public education, they should be used rationally, only in this case the goal will be achieved.

Thus, as a result of control measures carried out by the Department of State Financial Control of the Ministry of Finance and its territorial offices in 2019, a number of cases of illegal use of budgetary funds in the system of public administration were revealed (Table 2).

this, in turn, contributes to the achievement of the goals of the education system.

Summing up, we can say that the financing of the expenditures of the public education system in our country is mainly carried out at the expense of budgetary funds, and a significant share of these expenditures falls on wages. The increase in the wages of workers in this system in the last 2 years has led to an increase in expenditures carried out at the expense of budgetary funds. The local budget funds are insufficient to finance social expenditures from the budgetary funds of the region and the city, in particular, expenditures on education. So, translated from 1 January 2020 financing salary costs of employees comprehensive and unified social payment schools in the national budget, is directed at the effect in hydrochloric organization of financing the public education system. But, as can be seen from the above situation, it is the funds allocated from the budget for wages and payments equated to it that have been spent in different years in illegal ways, in particular, it has been revealed:

- admitting a shortage of cash;
- unjustified transfer of funds to plastic cards;
- expenditure of funds in the name of actually unemployed citizens (i.e. “dead”).

In order to ensure distribution and the use of funding s funds on the basis of an efficient and transparent schemes, with the current year expenditure systems s public education will be implemented through the Ministry of Public Education. Targeted use of budgetary funds is subject to constant monitoring not only the financial regulatory authorities, but also the heads of educational institutions and special offices of the Ministry, respectively , is appropriate to place the responsibility for their use is, on both sides, i.e. on both institutions.

Considering the above, when exercising control over the process of spending

Table 2

Results of control activities carried out By the Ministry of Finance in the public education system in 2019 ⁶

	Budgetary organizations subject to control		Budgetary organizations in which deficiencies are established		Amount of identified financial deficiencies		Recovered amount of identified financial deficiencies	
	Qty	Qty	IN %	mln UZS	mln UZS	in %		
Total	8 074	6 616	81.9	142,592	129 139	90.5		
In the system of the Ministry of Public Education	1 301	1 112	85.5	29821	25,228.6	84.6		
In relation to "total"	16.1	16.8	x	20.9	19.5	x		

⁶ <http://www.mf.uz>- prepared by the author based on the analysis of the data of the Ministry of Finance of the Republic of Uzbekistan

71.3 per cent of the amounts illegally wasted at different times, or UZS 21 258.5 are the funds allocated for wages and similar payments to the organizations in the Ministry.

Conclusions and offers

Only effectively organized system of public education funding mechanism provides the efficiency of the education system. And

budget funds in the public education system, it is advisable to carry out the following work:

First, public scrutiny should be strengthened. At the same time require that the heads of secondary schools on the spending of budget funds report not only to the Ministry of Finance, but also to the public or the parents (taxpayers). That is, at present, when attention is paid to the development of the digital economy, it is possible to post monthly reports on the use of funds on electronic boards.

Secondly, you should pay more attention to proper planning costs and ensure timely informing on the results of inspections. And the significance of this in determining the effectiveness and efficiency of the results of the checks carried out is great.

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