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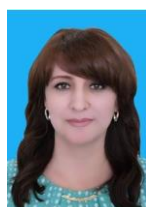
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## ISSUES OF IMPROVING THE FINANCING OF PUBLIC EDUCATION IN THE REPUBLIC OF UZBEKISTAN

**Abstract:** This article describes the legal framework for financing the public education system, which is the main stage of the education system and focuses on the issue of financing to overcome the existing problems in this system, radically improve the work of the sector.

**Key words:** public education, general secondary education, extracurricular education, sources of funding, budget funding, public education expenditures, funds, “modern school”.

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### Introduction

In our country, the issue of ensuring a thorough education of young people, their respect for national traditions and values is one of the priorities of state policy. The ultimate goals of building a free democratic civil society, achieving high economic development and ensuring the well-being of the population cannot be achieved without radically changing the education system and rebuilding it on a modern basis. It is important for the country what the state of the education system in the country is, especially the public education system, and what kind of personnel will be trained in the future.

As a result of special attention to the education system of the country, the Law "On Education" and the National Program of Personnel Training were adopted on August 29, 1997. Taking into account the reforms carried out in recent years, on September 6, 2019 at a regular session of the Legislative Chamber of the Oliy Majlis adopted a new version of the Law of the Republic of Uzbekistan "On Education". This law reflects the new norms and other concepts that provide for the expansion of the powers of public authorities in the field of education and the freedom of activity of educational institutions.

### URGENCY

The introduction of effective mechanisms for managing the public education system, which is the main link in the education system, is the most important condition for raising the spiritual, moral and intellectual development of the younger generation to a qualitatively new level. Decree of the President of the Republic of Uzbekistan No PP-3931 dated September 5, 2018 “On measures to introduce new principles of governance in the public education system” amended the main tasks and activities of the Ministry of Public Education, as well as its organizational structure, central office and the structure of the territorial divisions was updated [1].

### THEORETICAL APPROCHES

Foreign and domestic economists have conducted research on the development of mechanisms for financing the education system, including public education, and ways to improve the financing of education, and there are different views on this issue. As a result of their research, each researcher has expressed his or her views on this topic.

According to Chia-HuiLu, “Effective organization of the education system is important for economic development. In any country, primary and secondary education is supported by the state” [2].

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According to Uzbek economists Z. Sirojiddinova, B. Sugirbaev and B.Nurmuhamedova, "Education is a strategic resource of society, an important priority of state and society building, so the state plays a leading role in the management of the education system" [3].

According to Russian economist D.S.Dashiyeva, "The financial mechanism of the education system can be broadly described as a system of targeted regulation of the formation, distribution and use of financial resources of educational institutions" [4].

S.A. Belyakov acknowledged that funding for education is a payment for educational services, which is provided to the student not by himself or his family, but by the state that does not use the service [5].

The Uzbek economist H. Dostmuhammad, as a result of his research on improving the financing of public education, acknowledged that education is an investment in the formation of a well-rounded person. "Both the society and the state are interested in such investments, because improving the quality of education will ensure socio-economic growth, increase labor productivity and solve existing social problems. Therefore, the financial resources allocated to education and the measures for their effective use are of priority importance" [6].

### ANALYTICAL PART

As general secondary education is compulsory in our country, most of the expenditures are financed from the state budget. In order to determine the effectiveness of budget expenditures in the field of education, we need to analyze the situation with the planning and allocation of budget funds.

Government spending on education will have a positive impact on GDP in the future. This is because these funds are used as investments to develop the

human factor and to stimulate future production and economic growth [7].

The ratio of budget expenditures on education to GDP reflects the share of the country's national wealth spent on education.

Thus, we analyze the GDP of Uzbekistan and the share of the expenditure on education over the past 5 years. The volume of GDP in 2015 amounted to 210,183 billion soums, and by 2019 it amounted to 511,838 billion soums, an increase of 301,655 billion soums or 2.4 times over the past 5 years. Accordingly, the state budget expenditures increased by 81,532 billion soums or 3.2 times, social expenditures by 34,371 billion soums or 2.6 times, education expenditures by 15,941 billion soums or 2.2 times, and general secondary education expenditures increased by 12,451 billion soums or 2.2 times.

The share of education expenditures financed from the state budget in relation to GDP had been declining, and in 2019 decreased by 0.5% compared to 2015 and amounted to 5.6%.

The share of general education expenditures in GDP was 3.3% in 2015, and in 2019 it increased by 1.2 times compared to 2015 and amounted to 3.8%.

In 2019, the number of general secondary education institutions in the country increased by 104 to 10,551, and the total number of classes and groups in general secondary education increased to 25,497, including 24,220 classes and 1,277 groups. The change can be explained by the increase in the number of employees and the increase in the salaries of employees.

At present, the public education system includes general secondary and extracurricular education (children's music and art schools and "Barkamol Avlod" centers). At this point, we analyze the statistics on the public education system.

**Table 1. Information on schools under the Ministry of Public Education of the Republic of Uzbekistan and children studying in them (April, 2019) [8]**

| №  | Indicators  | Number of institutions, units | Number of children covered, people |
|----|---|-------------------------------|------------------------------------|
| 1. | General secondary schools   | 9 691                         | 5 800 000                          |
| 2. | Non-governmental educational institutions   | 86                            | 13 8000                            |
| 3. | Clubs organized in Barkamol Avlod centers   | 5 540                         | 143 000                            |
| 4. | Specialized schools for children with physical or mental disabilities                                       | 86                            | 20 610                             |
| 5. | Specialized boarding schools for children with physical or mental disabilities                              | 21                            |                                    |
| 6. | Homes of Mercy  | 19                            | 2 577                              |
| 7. | Children's town   | 3                             |                                    |
| 8. | Specialized educational institutions for children in need of upbringing and education in special conditions | 2                             |                                    |
|    | <b>Total</b>  | <b>15 448</b>                 | <b>304187</b>                      |

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As of April 1, 2019, the Ministry of Public Education of the Republic of Uzbekistan has 9,691 secondary schools with a total number of 5.8 million students. 5,540 clubs have been established in out-of-school educational institutions, ie Barkamol Avlod centers, which provide opportunities for the development of children's creative abilities and talents, and they cover about 143,000 children.

There are 86 specialized schools and 21 boarding schools for children with physical or mental disabilities in the public education system, where 20,610 children study. Education of children in need of special upbringing and education is carried out in 2 specialized educational institutions. There are 2,577

orphans and children deprived of parental care in 19 orphanages and 3 children's towns. As general secondary education is compulsory in our country, the costs are mainly financed by the state. According to Article 31 of the Law of the Republic of Uzbekistan "On Education", the financing of public educational institutions is carried out at the expense of the national and local budgets, as well as extrabudgetary funds.

If we see the share of education costs in the structure of the state budget expenditures, the total education costs amounted to 33.8 percent in 2016, 32.4 percent in 2017, 24.8 percent in 2018, and 24.4 percent in 2019, in 2020 will be 20.6 percent, decreasing by 1.57 percent compared to previous year.

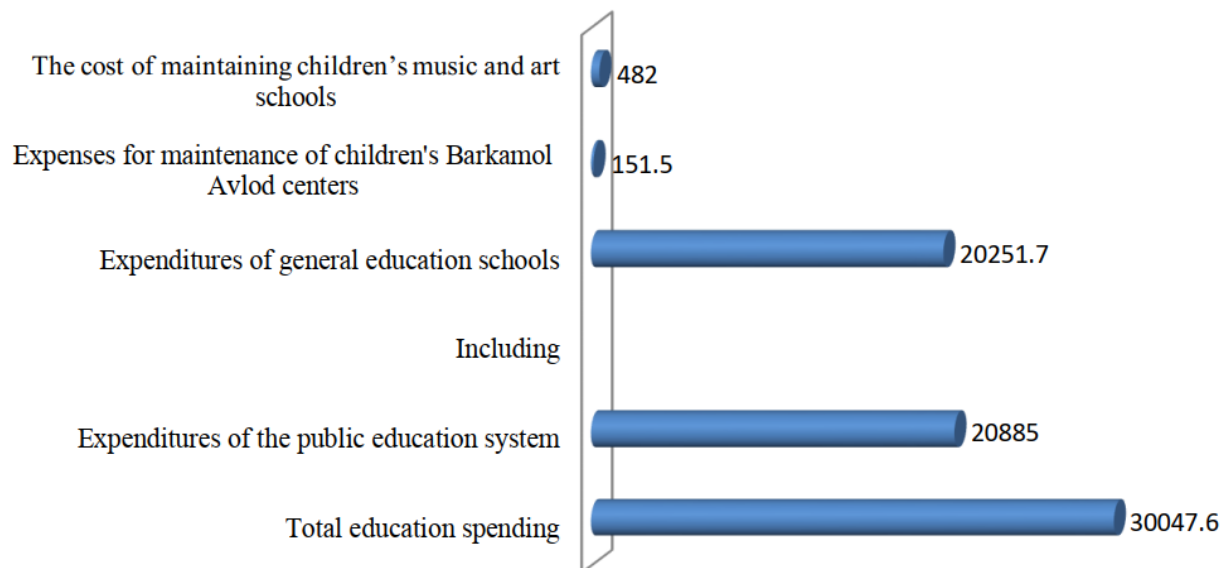
**Table 2. The share of educational expenses in the state budget expenditures [9] (million soums)**

| Indicators  | 2016  | 2017   | 2018  | 2019   | 2020    | 2021 (plan) |
|---|-------|--------|-------|--------|---------|-------------|
| State budget expenses   | 40911 | 49344  | 78978 | 117789 | 143921  | 165655      |
| Education expenses  | 13832 | 15980  | 19568 | 28707  | 29960   | 34552,7     |
| The share of education expenses in budgetary expenditures, in %         | 33,8  | 32,4   | 24,8  | 24,4   | 20,6    | 20,9        |
| General education expenses  | 7609  | 8886,6 | 12553 | 19432  | 21860,4 | 23801,1     |
| The share of general education costs in budgetary expenditures, in %    | 18,6  | 18,0   | 15,9  | 16,5   | 15,2    | 14,4        |
| The share of Secondary Education in total educational expenditure, in % | 55,0  | 55,6   | 64,1  | 67,7   | 72,9    | 68,9        |

The share of public education expenditures in total education expenditures was 55.0% in 2016, 55.6% in 2017, 64.1% in 2018, 67.7% in 2019, and in 2020 the expenditures of the education system

amounted to 30,048 billion soums, or 69.5% of this amount or 20885 billion soums will be directed to general education.

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**Figure 1. The structure of expenditures allocated from the state budget in 2020 to finance the public education system, in billions of soums [10]**

In 2020, the total state budget expenditures will amount to 131,104.5 billion soums. It is expected that 30,047.6 billion soums or 22.9% will be directed to education. 20,885.2 billion soums or 70% of the total cost of general education were allocated from the state budget to finance general education and out-of-school institutions. 482.0 billion soums will be spent for the maintenance of children's music and art schools and 151.5 billion soums for the maintenance of children's "Barkamol Avlod" centers.

In order to determine the priorities of systemic reform of general secondary and extracurricular education in the Republic of Uzbekistan, to raise the spiritual, moral and intellectual development of the younger generation to a qualitatively new level, to introduce innovative forms and methods of education in the educational process Decree of the President of the Republic of Uzbekistan No:PF-5712 "On approval of the Concept of development of public education in the Republic of Uzbekistan until 2030" was signed.

In this decree, the following problems in the area of financing of public education system were noted:

- In the financing of the public education system requires the allocation and use of funds on the basis of an efficient and transparent system;
- the main part of the state budget allocated to public educational institutions is spent on wages, and insufficient funds are allocated for the renovation of school equipment and materials, repair of school buildings.

In order to overcome these problems, a number of innovations were introduced in 2020 to finance the public education system. In particular, in accordance with Article 21 of the Law of the Republic of Uzbekistan "On the State Budget of the Republic of Uzbekistan for 2020" No. URK-589 dated December

9, 2019, the costs of secondary schools, ie the first and second groups were transferred from the national budget while it was left to local budgets. Also, as a pilot project, capital investments for the design, construction (reconstruction), overhaul and equipping of secondary schools in Tashkent were financed from the city budget of Tashkent.

Expenditures of the public education system will be covered by the Ministry of Public Education in order to ensure the efficient allocation and use of funds in the financing of the public education system from next year on the basis of an efficient and transparent system.

In this regard, we consider the expenditures financed from the republican budget of the Republic of Uzbekistan through the Ministry of Public Education. Expenditures of the republican budget in 2020 will amount to 100,830.57 billion soums, of which 18,616.65 billion soums or 18.46% will be accounted for by the Ministry of Public Education. Including 17,267.18 billion soums (92.7%) for current expenditures, 1,283.27 billion soums (6.9%) for design, construction (reconstruction), equipment and capital investments, 66.21 billion soums (0.4%) are planned to be transferred to the Republican Book Fund. In the decree of the president of the Republic of Uzbekistan № PF-5538 "on additional measures to improve the management system of Public Education" dated September 5, 2018, it was noted that there are a number of problems and shortcomings in financing in the organization of management of the system of public education, practical coordination of activities of state general secondary educational institutions, measures to improve their material and technical condition. In order to financially support the public education system, taking into account inadequacy of

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budget funds to address these problems, from November 1, 2018, the Republican Extra-budgetary Book Fund under the Ministry of Finance of the Republic of Uzbekistan was transferred to the Ministry of Public Education. In addition, the Fund for Support of Reforms in Public Education without the status of a legal entity and the Fund for the Development of Public Education with the status of a legal entity were established on January 1, 2019, and the sources of income and expenditures of the funds were identified [11].

Decree of the president of the Republic of Uzbekistan “on measures to organize “modern schools” was signed on November 26, 2019 in order to restore new types of secondary education institutions corresponding to modern requirements and to bring General secondary education to a new level by applying modern pedagogical technologies in the educational process, ensuring free competition in the training of personnel. This decree envisages the construction and equipment of “modern schools” on the basis of advanced architectural solutions and energy-saving technologies suitable to the world standards, and on the basis of this project it is planned that funds in the amount of 4,05 trln soums are planned to be directed to the construction, reconstruction, repair and equipment of secondary schools in 2020-2022.

## CONCLUSION

In conclusion, on the way to radical reform of financial management in the public education system of the country, strengthening the material and technical base at all levels of general education, providing modern equipment, teaching and laboratory equipment, improving state educational standards, creating new textbooks, most importantly, further improvement of the practice of financing the public education system to improve professional skills and competencies remain one of the urgent tasks of today.

In our country, the cost of public education is mainly financed from the budget, and a significant share of these costs falls on the cost of wages. Over the past two years, the increase in salaries of employees working in this system has led to an increase in budget expenditures. There are not enough local budgets to finance social expenditures, especially education, financed from district and city budgets. Therefore, from January 1, 2020, the transition to the financing of salaries and single social payments from secondary schools will be aimed at the effective organization of the financing of the public education system.

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