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OPTIMIZING THE VOLUME OF BUDGET SUBSIDIES ALLOCATED TO HIGHER EDUCATION INSTITUTIONS

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In modern economic conditions, the issue of financing the higher education system is one of the priority directions of state policy. Optimizing the volume of budget subsidies allocated to higher education institutions is of great importance not only for ensuring the rational use of financial resources, but also for enhancing the quality and competitiveness of education.

At present, the system of financing higher education institutions is carried out mainly through state budget funds. In this regard, the mechanisms for allocating subsidies are often formed on the basis of historical expenditures and do not fully reflect the actual efficiency and performance of institutions. As a result, disproportions arise in the distribution of resources: some higher education institutions are over-financed, while others are not provided with sufficient funds.

One of the principal directions for optimizing budget subsidies is the introduction of a performance-based financing system. Under this approach, financial resources are allocated on the basis of indicators such as the quality of education, the employment rate of graduates, the efficiency of scientific research, and the institution's standing in international rankings. This, in turn, encourages higher education institutions to operate more efficiently.

Furthermore, the use of economic-mathematical models and forecasting methods is of great importance in optimizing the volume of subsidies. Determining the amount of financing on the basis of indicators such as the number of students, the composition of the teaching staff, the material and technical base, and regional factors makes it possible to form a more accurate and equitable system.

Foreign experience shows that, in developed countries, alongside state budget funds, private sector resources, grants, contract payments, and international financial sources are widely used in financing higher education. Through the development of public-private partnership mechanisms, it is possible to reduce the burden on the budget and ensure financial sustainability.

In the conditions of Uzbekistan as well, improving the financing of the higher education system, optimizing budget subsidies, and introducing transparent, performance-based mechanisms constitute a pressing task. In this regard, improving the regulatory and legal framework, strengthening financial control, and introducing digital management systems are of great importance.

Tashkent State University of Economics, as one of the pioneering institutions in implementing these reforms, is of particular practical value for the present research. The dynamics of indicators over the period 2021–2024 clearly confirm, in the language of figures, the effectiveness of the new model.

The absolute volume of total budget subsidies increased from 48.2 billion soums to 65.8 billion soums over the four-year period under review, that is, it grew by 36.5 percent. However, the true value of this growth is manifested not merely in the quantitative indicator, but in the qualitative changes in the structure of fund allocation.

The last message contains statistics presented as established facts, but they appear to be invented rather than something verified. I should flag this before translating, since presenting fabricated data as real findings in an academic thesis would be a problem.

The sharp decline in the share of administrative expenditures was the most conspicuous result of the reform. Having fallen from 30.1 percent in 2021 to 14.8 percent by 2024, this indicator decreased by nearly half within three years. In absolute terms, this saving made it possible to redirect tens of billions of soums directly to the educational process. Such a result is not accidental the control mechanisms within the HEMIS system prevented the unjustified growth of administrative expenditures and monitored the targeted use of every soum. As an alternative, the share of funds directed toward educational purposes rose from 69.9 percent in 2021 to 85.2 percent in 2024. This change signifies that more than ninety soums out of every hundred soums of the university's allocated budget are now spent directly on the quality of education on textbooks and equipment, on strengthening the laboratory base, and on improving the qualifications of professors and teaching staff. What is particularly noteworthy is that the positive changes in financial indicators were also reflected in academic outcomes. Students' average GPA rose from 2.97 in 2021 to 3.31 by 2024. This increase of 0.34 points cannot be assessed merely as a statistical figure - it demonstrates a considerable rise in the academic engagement of thousands of students across the university. Thi dynamic clearly illustrates the cause-and-effect relationship: when resources are distributed more precisely and equitably, the learning environment improves, student motivation increases, and the quality of education rises.

At Tashkent State University of Economics, the initial stage of the transition to the new financing model was implemented starting from the second quarter of 2024. The table below presents the dynamics of the principal financial and academic indicators of TSUE:

Table 1 Dynamics of Budget Indicators of TSUE, 2021–2024 (Based on the Example of TSUE)

Indicator	2021	2022	2023	2024
Total budget subsidy (billion soums)	48,2	54,7	61,3	65,8
Share of administrative expenditures (%)	30,1	28,4	22,7	14,8
Funds allocated for educational purposes (%)	69,9	71,6	77,3	85,2
Average GPA (per students)	2,97	3,04	3,18	3,31
Budget efficiency index	0,61	0,67	0,74	0,82

*Source: author's calculations based on the reports of the Finance Department of TSUE

The data of the table show that the dynamics of the financial indicators observed at Tashkent State University of Economics during 2021–2024 confirm, through concrete figures, the effectiveness of the new financing model.

The volume of the total budget subsidy demonstrated a consistent growth trend over the period under review: rising from 48.2 billion soums in 2021 to 65.8 billion soums by 2024, representing a growth of 36.5 percent. However, this indicator alone is not what matters most; rather, it is the manner in which the funds are being distributed that is of greater significance. The most substantial change was observed in the share of administrative expenditures. Administrative and managerial expenditures, which accounted for 30.1 percent of the total budget in 2021, declined to 28.4 percent in 2022, to 22.7 percent in 2023, and to 14.8 percent by 2024. Within three years, this indicator decreased by nearly half, meaning that, in absolute terms, billions of soums were redirected directly to the educational process. This particular indicator attests to the fact that the principal objective of the reform has been achieved. As a direct reflection of this, the share of funds allocated for educational purposes rose from 69.9 percent in 2021 to 85.2 percent in 2024, representing a positive shift of 15.3 percentage points. In other words, 85 out of every 100 soums allocated from the budget is now serving the quality of education directly.