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Trends of Financing Higher Education in Uzbekistan

By Dilshodjon Rakhmonov

University of World Economy and Diplomacy (UWED), Uzbekistan

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For a long time tuition fees have been introduced and its share in financing higher education is rising year by year. In turn, the amount of monthly scholarships, tuition fee and number of student influence on public expenditure insignificantly. Tuition fees might be paid by three main sources. Students pay their tuition using education loan that is given by commercial banks, however the loan has higher interest rate than assumed. Predominantly, parents share in the payment of tuition fee has highest role among the sources, in this case the income of parents is exempt from income tax.

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TRENDS OF FINANCING HIGHER EDUCATION IN UZBEKISTAN

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Obviously, private sources for financing higher education are needed to develop, as most EU countries can afford to use taxpayer's resources less and less. Even though EU countries public expenditure is higher share than private, states support students with financial aids under low interest rate.

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I. INTRODUCTION

Nowadays scientific review possibilities of financing higher education in Uzbekistan is topical. Indeed, most of expenses are covered by public budget financial resources. Actually, mostly students in the country pay tuition fees for tertiary education. But 60-90 percentages of these fees are returned as monthly scholarships for student who paid tuition fee. That, in itself, creates condition for high education expenses to be depended on public budget trends. Most states are no longer affording to finance higher education and nowadays method of financing education is developed to assimilate of taxes less and less (Barr, 2005; Chapman, 1997; Johnstone, 2004a).

Financing higher education is component of the expenses of social sector; of course this sector occupies 60 percent of public budget. To increase independence of higher education there should be more sources of financing, other than public expenditure. At

the same time, this is peculiarity of Uzbekistan, government chose social market economy that's why public finance gives more opportunity to government to manage higher education. In this case, we are going to asses trends of financing higher education in Uzbekistan and give conclusions, which are focused on improving it in the case of Uzbekistan through experience of EU countries.

Uzbek scientists tend to improve private sector's role in financing. For instance, J. Yuldashev (2012) emphasized improving non-budget source via university entrepreneurship. He separated three marks of its usefulness for graduate quality, they are: transparency of highly qualified personnel, quality of higher education, and effective usage of resources. Author paid attention to developing non-public budget resources.

Makhmudov A. (2015) researched international experiences of the financing higher education. He emphasized three models of financing higher education that is used in most European countries. He noted that most EU universities are financed by private financial sources. In that matter, private sector share is 16-37 percentages in Denmark and the Netherlands. He studied only models of financing in western countries, but he didn't give comparative analyses with Uzbekistan. That's why our work will be new one in this area.

F. Nazarova (2012) argued that the most important thing to consider is the quality of education in financing higher education. Therefore, she noted significance of the requirements of ISO (The International Organization for Standardization) in financing higher education.

In 2015, the service sector has comprised more than half of gross domestic product. Currently, its share in GDP reached 54.5 percent compared to 49 percent in 2010. This sector employs more than half of the total employed population.

The company strives to develop banking, insurance, leasing, consulting and other kinds of market services contributing to the development of the private sector and small business in the country. In this industry, there are 80.4 thousand small businesses, accounting for more than 80 percent of the total number of service industries (Karimov I.A., 2016)

Indeed, preparing highly qualified workforce for above mentioned sectors, is the responsibility of higher

education. Oftentimes, high results are dependent on outcomes of higher education in the conditions of strong competition of XXI century. In this regard, Lijing Yanga, Brian McCall (2014) argued that workers tend to get education for high qualification, as a result, demand for knowledge increased; hence, it impacts the economic growth positively.

Mingat and Tan argued that level of economic conditions significantly influence the rates of return of education. Respectively low-income states tend to get the most return by means of investing on basic education, and high income states give attention to higher educational provision, hence, middle-income states have intentions to develop secondary education (Mingat and Tan, 1996). Individuals who are highly educated and experienced have ability to contribute more to the society in the future (Oliveria et al., 2009).

In our opinion, there is more and more demand on getting experience through education under the conditions of developing highly competitive labour market. Indeed, this requires further development in higher educational system. Uzbekistan is going to get recognized as developed countries, therefore, financing opportunities are required to be expanded and perfected in perspective way. For example, the share of public budget expenditure on education in the GDP of Uzbekistan is higher in comparison with other countries, including OECD countries.

In this case, the incidence of students in the total population can be dependent on the level of financing of education. Particularly, according to UNICEF the coverage rate of primary school is 97 percent, while higher education is 15.

As mentioned earlier, Uzbekistan spends a lot on education but gets little results. This paper offers the ways we can assess and get scientific conclusion about financing system in the country and determines the experiences (based on EU) that are most suitable for Uzbekistan.

Bei Li, Jie Zhang (2015) analysed optimal version of financing higher education. Especially, the role of public finance was assessed for forming human capital of students. Furthermore, they argued "That efficient education subsidization involves two aspects, concerning not only how high the optimal rate of education subsidization should be but also who should pay for it intergenerationally. Intuitively, the stronger is the parental altruism towards children's welfare or education achievement, the higher is the optimal rate of education subsidies. This result holds in various models with different forms of altruism and different taxes. However, who should pay taxes to subsidize children's education are not straight forward across generations." (p. 47).

Hence, facts encourage us to study finance of higher education of and give scientific conclusions about Uzbekistan.

Above mentioned articles studied many features of financing higher education. It encourages us to investigate financing trends of higher education in Uzbekistan and experiences of EU countries. The research paper consists of five sections. Section 2 gives information about institutional background and its idiosyncrasies. Section 3 studied Financing education: public expenditure and tuition fee. Section 4 discusses the results. Section 5 concluded paper.

II. INSTITUTIONAL IDIOSYNCRASIES

Nowadays, there are 109 students per 10 thousand people of the population (Mirkurbanov N.M., Anoshkina V., Danilova-Kross Ye. 2009). Of course, through increasing the autonomy of institutions of higher education there can be more opportunities for increasing the volume of non-budget resources.

Here we can see that total number of students accepted to the higher educational establishment have changed marginally since during the years 2011-2016. There is little reflection with rising population. For instance, 0.19 percent of population becomes student¹. Indeed, the number of applicants wishing to be student is increasing. Currently, average share of students in the total population is less than one percentage (see Table 1).

In most EU countries, this indicator is higher than 3 percent, for example, 4.6 percent in the Netherlands, 3.6 in Germany, 3.9 in Great Britain, 3.4 in France and 4.1 in Czech Republic. Obviously, in these countries, non-budget resources are not higher than public fund; however the experience of utilizing this fund is of positive influence to the efficiency of the usage of funds. However, the ratio between public and private funds is relatively high: 70.5:29.5 in the Netherlands, 56.9:43.1 in Great Britain, 79.8:20.2 in France, 79.3:20.7 in Czech Republic, 66:34 in Italy and 85.9:14.1 in Germany (OECD, 2015). It should be noted that non-budget funds in financing higher education are of significant importance. As a result, these ratios and more autonomy of universities increase enrolment rates in tertiary education of EU countries.

In Germany, social expenses are covered with the deficit in the budget. Tuition fees were implemented in 7 of 16 states in the year 2005, but in the year 2007 the fees were cancelled (Kerstin Bruckmeier, Berthold U. Wigger (2014)).

¹ Calculated based on indicators of the Committee of Statistics of the Republic of Uzbekistan.

Table 1

	2011	2012	2013	2014	2015
Total population, persons	29123400	29555400	29993500	30492800	31022500
Share of bachelor's quote, %	0,19	0,19	0,19	0,19	0,19
Share of master's quote, %	0,020	0,021	0,021	0,016	0,016
Ratio of bachelors and master students	104:10	111:10	111:10	86:10	86:10

Source: calculated based on indicators in the decree of the President of Uzbekistan that quote HEI

Conclusions of many authors emphasized that macroeconomic indicators of most countries show increasing public debt. Thus, states are trying to reduce share of public funds in the expenditures of higher education (Chevallier & Eicher, 2008).

Since 2005 there has been budget profit in Uzbekistan. It is connected with the government's policy to achieve budget profit, that's why it is not common to increase budget expenditures, besides it raises tax burden. Therefore, it is required to increase the volume of non-budget funds to increase enrolment rates in the country.

In this regard, for 20 years the enrolment rates has been decreasing. Notably, it was 17 percent in 1991, it decreased 8 percentage points by 2011 (note: share of educated people in the population). In OECD high income countries this indicator is equal to 75 percent.

Lijiang Yang and Brian McCall (2014) argued that there is marginal relationship between public expenditure per tertiary student and enrollment ratio, at the same time, tertiary enrollment is affected positively by share of GDP in public spending on education and its per capita. Patrinos (2000) found that higher education influences welfare directly and it creates opportunity to develop economically and socially, that's why states pay increasingly high attention to financing education.

Thus, limited funds keep low tertiary enrollment rate, which means that new sources of funds are

needed. The number of students is kept at a fixed rate and that also influences on the enrolment rate of master students, in turn we can see that ten percent of graduated bachelor students are going on in next step of tertiary education (see Table 1).

These tendencies might be related with reforms which were implemented by the Resolution (№PQ-1564) of the President of Uzbekistan in the year 2011. It caused reduction of bachelor specialties from 228 to 165 and masters from 1200 to 447.

III. FINANCING EDUCATION: PUBLIC EXPENDITURE AND TUITION FEE

a) Public expenditure

For many years government have been setting quotas for the number of students universities can accept; does it decrease or increase public expenditure?

Most governments subsidize higher education. Whereas all citizens have access to education, they take it up in different levels. "In particular, those who have a special aptitude for education and those for whom formal education makes a large contribution to market earnings are the most likely to acquire higher than average levels of higher education." (Craig Brett, John A. Weymark 2003, P. 2566-2567).

Table 2

	2010	2011	2012	2013	2014	2015
Expenses on education, billion UZ soms	4464,1	5582,9	7130,4	8803,2	10763	
Number of bachelor students (X1)		56607	56607	56607	57907	57907
Tuition fee, thousand UZ soms (pedagogical specialty) (X2)		3350	4000	4600	5050	5800
Amount of average ² monthly scholarships, UZ soms (X3)	159187,7	175107	201373,7	260733,3	299844	329662,3

In this regard, experience of Uzbekistan has its own peculiarities. Conclusions below are made based on the analyses that are related to public expenditures in

tertiary education. For this purpose, we form regression function with three indicators of table 2. Here, we use expenses on education as affected indicator. We

² Total amount of monthly scholarship is defined based on the number of students and average amount of monthly scholarship.

investigate the correlation between expenses on education and three independent variables, number of bachelor students (X1); tuition fee (pedagogical specialty) (X2); amount of average monthly scholarship (X3).

As a consequence, we have relative results that designed in the table 3. Based on R-squared, the parameters of the standard model are considered as reliable. The significance of Fisher once again confirms that it is equal to 0.00868.

Ceteris paribus, we have equation (1) as followed below:

$$F(x) = -15990,99 + 0,2714x_1 + 0,3823x_2 + 0,0296x_3 \quad (1)^3$$

But, it should be noted that based on P-Value (P-Value < 0,05 indicates strong evidence) variable indicators (x) do not have significant influence on public fund trends. This is due to the fact that all chosen indicators are determined by government; as a result trends are more or less stable.

Although budget expenses are growing on a continuous basis, the share of students in the population stays invariable (see Table 1). Noteworthy is the fact that, the enrolment rate has slight changes, in the meantime, population increases in a more rapid

way. Thus, percentages of changing trends of public expenditures are predominantly similar. Ceteris paribus, financing of higher education is changing, together with three variables, in parallel. Based on aforementioned conclusion, the natural question that arises is: "do tuition fees influence on this trend as non-budget funds do?"

In this regard Lijing Yang and Brian McCall (2014) emphasized that most developing and some developed countries in Asia have introduced policy of public financial austerity in financing higher education by means of implementing tuition fees and student loans.

Between Ministries of Finance and Higher and Secondary Specialized Education of the Republic of Uzbekistan memorandum, regarding tuition fees for the academic year 2015/2016 was signed on 18th August, 2015. According to this memorandum tuition fees are 5800 thousand⁴ UZ soms for pedagogical specialty. Here if we consider the highest amount of monthly scholarship, which is 439772 UZ soms, it can be seen that during a year student of this specialty get 91 percentages of his/her tuition fee as a monthly scholarship. At the same conditions with the specialties that have highest tuition fee, students will get 62 percentages of the tuition fees they pay.

CONCLUSION OUTCOME

The regression statistics	
multiple R	0,997097256
R-squared	0,994202939
Normalized R-squared	0,985507347
standard error	339,0602658
Observations	6

variance analysis

	df	SS	MS	The significance of	
				F	F
Regression	3	39432193,53	13144064,51	114,3341285	0,008682978
the balance	2	229923,7277	114961,8639		
in total	5	39662117,26			

	Coefficients	standard error	t-statistics	P-Value	The lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Y-intersection	-15990,99006	11832,81948	1,351409956	0,309128779	-66903,50311	34921,52299	-66903,50311	34921,52299
Variable X1	0,271428861	0,230455136	1,1777948	0,360045386	-0,72013956	1,262997283	-0,72013956	1,262997283
Variable X2	0,382374123	0,958914301	0,398757347	0,72861763	-3,743501111	4,508249357	-3,743501111	4,508249357
Variable X3	0,029609218	0,013227476	2,238463274	0,154587374	-0,027304016	0,086522453	-0,027304016	0,086522453

Indeed, students who pay tuition fees, receive their monthly scholarship not from public budget sources, but from their own tuition fee. In this regard, given the students receive back a significant portion of the money paid as a fee, the non-budget sources of universities need to be further increased.

On the other hand, as mentioned, tuition fees of tertiary education are determined by government. For example, in 2015/2016 academic year tuition fees of

economics and business specialties are equal to 7650 thousands UZ soms.

Although there are differences in scientific level of teachers, facilities between HEI, the amount of tuition fees in the relevant specialties are equal. Daniela Glockner, Johanna Storck (2014) analyzed 75 different educational fields, in particular, their risk and return properties. The results show that financial performance of different educations varies across and within levels of

³ See variables in table 2.

⁴ It was for academic year 2015/2016, then it can be increased



qualification. Indeed, qualification level influences noticeably on financial performance.

In Europe, tuition fees are defined based on the peculiarities of the specialty. In this regard, Walker & Zhu, (2011) argued that social sciences (business, law and medical subjects) are more attractive field for investment in terms of monetary returns, as opposed to humanities and arts.

Most HEIs in Uzbekistan prepare Bachelor degree students in Economics and Business spheres, and the same standard of education is used for these sphere in all HEIs.

In comparative study of teachers HEIs (of Tashkent and regions) that have scientific levels. We found that the number of teacher's with scientific level is higher in HEIs of Tashkent than in regional HEIs. The students of the same bachelor specialties are taught by different levels of teachers, while receiving seemingly identical standards of education and paying the same tuition fees. It can be concluded that HEIs with high rank receive the same tuition fees as HEIs with lower ranks for corresponding specialties.

In general, based on aforementioned opinions we come to conclusions related to the trend of public expenditure:

Firstly, tuition fees defined by government do not create opportunity to take into consideration possibilities and achievements of HEI.

Secondly, it is necessary to develop connection between ranking of HEIs and tuition fee in defining the amount of tuition fees.

Thirdly, it is required to form the competitive environment among HEIs when it comes to determining fees.

Table 3 : Quotas for accepting students to HEIs in Uzbekistan

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Bachelors, total	56607	56607	56607	57907	57907
State scholarship (grant)	19560	19340	19120	19120	19120
Fee paying students	37047	37267	37487	38787	38787
Masters, total	5880	6300	6300	5000	5000
State scholarship (grant)	1566	1566	1548	1548	1548
Fee paying students	4314	4734	4752	3452	3452

Source: calculated based on indicators of the decrees of the President of Uzbekistan about quotas of HEI

Giuseppe Migali (2012) researched an income contingent loan (ICL) for financing higher education in Great Britain and argued that graduates would pay more to switch from mortgage loan to ICL. He emphasized that graduates, especially male graduates, have more willingness to pay for an ICL, compared to females. The reason for their preference is that males tend to be employed by private sector.

It should be noted that, Costas Christou, Michael Haliassos (2006) argued that repayable financial aid for paying tertiary fees influences on students loan or working possibilities in studying period.

Fourthly, there is strong relationship between public expenditures and students who receive state scholarships.

Fifthly, mostly public expenditures are spent for the maintenance of HEIs and salaries of staff members.

Lastly, there is no correlation between tuition fees and salaries of HEI teachers.

b) Tuition fee

It should be noted that the share of students who pay tuition fees is raising year by year, this share increased from 62 percent in 2011/2012 to 67 percent in 2015/2016 academic year. In this regard, we can say that students' number who pays tuition fees is increasing insignificantly (see Table 3). This, in turn, not only creates opportunity to raise amount of non-budget funds, but also large part of paid tuition fees by students are returned to them as a monthly scholarship.

Steven Bednar and Dora Gicheva (2013) found that students between the ages 24-30 prefer to pay tuition fees by themselves. In the meantime, students between 18-23 years old tend to get financial support of parents, interestingly; this trend is increasing in prevalence. They found that if the tuition reimbursement tax exemption is given in a particular year for 24-30 year-old employed college graduates, then fulltime graduate enrollment in public institutions, for students in that age group and in that year, increases by about 8%. Though there are some tax privileges in Uzbekistan, when it comes to paying tuition fees, it doesn't significantly increase the number of students, because the number of students for enrollment is defined by the government.

firm that aims to recruit student can cover expenses of students for the tuition fee. That support of the firm not only gives financial aid to students, but also guarantees employment of students after graduation.

Although there are three sources of financing tuition fees, these sources cannot raise the amount of non-budget funds. This is due to the fact that the bulk of fees will be given back to students in the form of monthly paid scholarships.

On 26th of July, 2001, Government of Uzbekistan accepted resolution about educational loans that are given by banks. According to resolution educational loans can be given to students with Refinancing rate of Central Bank of Uzbekistan. HEI students enrolled in bachelor degree receive loans for a period of 10 years, meanwhile master's degree students are supposed to pay the loan back within 5-year period. All graduates must commence reimbursing the three months after their graduation.

However, the use of educational loans provided by commercial banks, is in the interest of banks rather than students, since the interest rate for the loan is high. Refinancing rate of Central Bank of Uzbekistan is equal to 9 percent, which makes already difficult situation for students, i.e. repayment of the after three months from graduation, even more complex. Finding a job in short period is not an easy task. Alan M. Saks and Blake E. Ashforth (2000) analyzed job searching processes of graduates of 121 universities, the results showed that getting a job in 4 months was a good result. Indeed, start of reimbursement period in Uzbekistan should be prolonged.

Lorraine Dearden, EmlaFitzsimons, GillWyness (2014) studied sources of financial aids to student and their role in getting higher education. Specifically, they considered reforms that were implemented during the years 2004-2007. Reform that set a tuition fee as 3000 pound sterling /year was accepted in Higher Education Act in the year 2004 and implemented from the academic year 2006/2007. Their research shows that if tuition fee is decreased to 2000 pound sterlings, the rate of participation in education rises 3.95 percents. Students whose parents had income below 22500 pound sterling a year, could pay 1050 pound sterling as a maximal fee.

Educational loans are one of the sources of tuition fees that are common in international practice. Oftentimes, government has a responsibility to give financial aids to disabled children. For example, there are some privileges for disabled or the orphan: when half of loan is paid by students and the latter part of loan is paid by State Fund for Employment of the Republic of Uzbekistan under the Ministry of Finance.

In some EU countries there is support for disabled people, namely in Austria, Czech Republic, Ireland, Spain. Gottfried Biewer, Tobias Buchner,

Michael Shevlin and others (2015) classified disabled students in three categories they are: residence, type of impairment and current employment status. In Austria, federal states support physical and visual impairments.

In Germany, state pays comprehensive attention to the disabled. Disabled students who have children are exempt from paying their tuition fee (this was the case during the years 2005-2007 when tuition fees were temporary introduced). In 2008 interest-free educational loans were introduced in Hamburg (Walker & Zhu, 2011).

Following conclusions can be made based on the studies of researches:

Firstly, the bulk of tuition fees are paid by students (or parents) directly.

Secondly, tuition fees that are based on educational loans of banks refunded with interest rates. In other words, three months after graduation, graduates have to reimburse the loan with 9 percent (2016) interest rate – refinancing rate of Central Bank of Uzbekistan. If the delay was introduced for the reimbursement of educational loan, total costs of students could be lower.

Thirdly, educational loans create opportunity to pay tuition fees for students who are in difficult financial situation.

Fourthly, parents who cover tuition fee for education of their children, from their salary, are given financial support as tax privileges.

Fifthly, disabled students in Uzbekistan have advantages when it comes to reimbursing the educational loan.

IV. DISCUSSION: EXPERIENCE OF EU COUNTRIES

In EU, financing and governance of higher education has its own peculiarities. Notably, universities in EU have financial independence, which boosts sources of non-budget resources. Below is the study of these cases.

Greenaway D. and Haynes M. (2003) argued that majority of universities of Europe have higher financial dependence on tuition fees of students, rather than public funds. Hence, most universities are independent in managing their finance. The benefits of this, in different stages of education, are abundant. For example, public financing of primary schools raises literacy level of all groups of population. The poor, compared to the rich, have higher results of return from primary education than from higher education. Although, restricted allocation of public funds for primary education exist. The author's research suggested the introduction of user charges within universitylevel (Psacharopoulos, 1994).

In the last decade of XX century, public funds of some European (e.g., Germany, Denmark, Greece and Luxembourg) countries were under pressure of "free-of-

charge" higher education. From the start of current century, privatization and cost sharing occurred. (Stamoulas, 2005). In Italy, for instance, tuition fees increased with the ratification of Act of Parliament (537/93). This Act influenced on the policies of some states. Firstly, this act decreased the volume of public fund resources of HEIs. Decreasing contribution of public budget, in turn, reduces the amount of taxes to be paid. Secondly, newly accepted Act supported universities to introduce tuition fees independently (G. Di Pietro, 2003).

Of course, HEIs rank and specialties available increase the level of their financial independence when define the level of tuition fee. In turn, that will not only rise enrolment rate, but also decreases the demand for public expenditure.

Low rate of enrollment rate in Uzbekistan can be explained by fixed number of student quotas. Naturally, there is very high competition among applicants who want to acquire the diploma of tertiary education, that in itself, increases competition for the entrance exams of the following year. Thus, getting enrolment for a university becomes increasingly arduous task. That means additional number of quotas would be needed in future.

Similar situation can be observed in Greece. For example, unsuccessful applicants' families spend money for tutors that equals to 46.1 percent of public expenses on education (Costas Kanellopoulos and George Psacharopoulos, 1997). As a result, it influences on increasing number of young men and women with high potential to go abroad in search of tertiary education. Costas Kanellopoulos and George Psacharopoulos (1997) came up with two reasons for spending so much resources on tutors of Greek families: (i) benefits of education in society are highly related to the level of individual's attendance; also (ii) restricted public funds do not create opportunity to get the level and type of education that Greek families seek. Along with this, 17 percent of students in Italy cover their tuition fees by means of financial aid. Work-study programs were very popular among all aid programs, 12% of students were involved in aid programs. On the other hand, guaranteed studentloans are used by merely 0.2 percent of students to finance their studies (G. Di Pietro, 2003).

For instance, "Student Finance England" service was especially organized to give financial support for students in Great Britain. The interest rate of tuition loans are linked to the rate of inflation, as well as to the Retail Prices Index. There is no specific requirement for the period of repaying the loan, conversely, it is set based on the income of graduates. Graduates have to repay when they begin to earn more than £15,000 annually (GDP per capita was \$23,000, 2006 year estimate). It requires students to pay 9 percent of their income per year.

Graduates will be exempt from repaying tuition fees until reaching financial independence, this is considered to be one of the positive aspects of the policy.

According to Sweden's experience graduates need to repay the loan they take till the age of 60. Graduates need to pay 5 percent of their income for reimbursement of their loan for tuition; volume of payment must rise at least 2 percent annually.

Many peculiarities of EU experience in repayment tuition loan could be seen above. In this regard, introduction of conveniences in the provision of educational loans in Uzbekistan is important. As was pointed out earlier, educational loan in Uzbekistan should be repaid in five year period, and started paying three month after graduation. Many discrepancies can be observed when the experience educational loans of Sweden and Uzbekistan. Many advantageous aspects of the experience of Great Britain could be applied in Uzbekistan as well. Indeed, positive results could be achieved in providing educational loan for students, if Uzbekistan exploited some features of foreign experience.

V. CONCLUSION

Public expenses play pivotal role in financing tertiary education. These expenses have higher share of GDP in comparison with other countries, which shows that social market economy in the country is well-developed. Although public fund covers tuition fees of 20 percent of students, the remaining 80 percent of the students pay tuition fees by themselves, simultaneously receiving monthly allowances which compensate the bulk part of the fees they pay.

Parents are exempt from paying income tax when they pay tuition fees of their offspring. It once again proves Uzbekistan's attention for social market economy.

By way of conclusion, tuition fees and scholarships have marginal influence on planning public expenditure in education. Enrolment rate is low because of little financial support, which in turn requires developing financial activity of HEIs. This development of financial activities will not only increase competitive environment among HEIs, but also creates opportunity to develop private sources financing.

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