



FINANCING MODELS FOR HIGHER EDUCATIONAL INSTITUTIONS

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Abstract

This article presents the main models used in the financing of higher education institutions, their mutual and various aspects, and also formulates scientific conclusions.

Keywords: *education, state budget, higher education, financing models, voucher, voucher financing, final financing, budget financing, sponsorships.*

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INTRODUCTION

Education is one of the most important areas of human life and ensures social development. The process of intellectualization of the social aspects of the economy and the standard of living of the population is natural today.

In general, education can be defined as a purposeful process of upbringing and education for the benefit of the individual, society and the state. As a result of this process, a person reaches the educational level established by the state.

At the present stage of development of higher education, the availability and quality of higher education is determined by the model of its financing.

There are three main models of financing higher education in the world. Firstly, the activities of higher educational institutions are financed only by the state. The second model is financed exclusively by private funds. The third involves the use of public funds as well as private funds.

MAIN DISCUSSIONS

There are several models for financing the higher education system, and one of the economists, N.A. Chekanina in his study divided these models into 3 groups, including:

1. American model;
2. Scandinavian model;
3. Japanese model.

A summary of these models can be seen in the table below.



Table 1

Advantages and disadvantages of foreign models of financing higher education

Funding Models	Advantages	Flaws
American model	Legal and financial independence of universities	decentralized governance
Scandinavian model	Funded from the budget, higher education institutions are managed by parliament	The fact that the state is the sole source of funding and that management is highly centralized
Japanese model	Bilateral funding: public and private funds	Conservatism in the management of higher education institutions (based on traditions and values)

D. Brown, A. Wagner, B. Salter, S. Kmit conventionally divided the funding models of higher education into the following three types:

1. Bureaucratic model;
2. collegial model;
3. Market model.

A number of other Russian scientists, including A. S. Zaborovskaya, T. L. Klyachko, I. B. Korolev, V. A. Chernets, A. E. Chirikova, L. S. Shilova, S. V. Shishkin, involved in higher education in their research on higher education funding, they separately identified the following 4 higher education funding models:

1. Financing on demand, budgetary funds directly from the state budget to higher education institutions. According to this model, higher education institutions that have concluded an agreement with the relevant state body undertake to train socially interested specialists at predetermined, agreed prices. The advantage of this model is that it both increases efficiency and minimizes government spending. In this model, the compliance of the training plan with the real needs of the labor market will depend on the accuracy of the relevant forecast indicators developed by the state.

2. Acquisition by the state of educational services from the university for certain purposes. This higher education funding system is market-oriented. Higher educational institutions participate in competitions for obtaining a state order for the training of specialists. The winner is the educational institution, whose educational services maximally correspond to competitive conditions (needs of society) and the price of education is reasonable. The difference from the first model is only in the competitive distribution of state tasks and the possibility of reducing public spending on education.

3. Model of funding universities based on the results of their activities. The amount of funding is determined by the performance indicators of the university, such as the number of graduates, the number of students admitted to the first year, the results of student knowledge control, the complexity of the courses taught, the number of defended dissertations.



4. Model of financing at the expense of direct consumers of educational services of higher educational institutions. This financing system uses state obligations, which are transferred to direct consumers of educational services in the form of certain coupons or certificates (vouchers). This financing system uses state obligations, which are transferred to direct consumers of educational services in the form of certain coupons or certificates (vouchers). The only significant restriction for the student is the validity period of the issued voucher. As with other higher education funding models, voucher-based funding can be supplemented by additional student fees. It is the payment that makes students demand the quality of the services provided, so this combination is the most effective.

Up to 4,000 schemes for financing universities abroad are used based on the provision of vouchers to direct consumers of educational services. They differ in the level and nature of state regulation in the field of higher education, including:

- whether the state-issued voucher covers the cost of studying at a university in full or only part of it;
- Are there benefits for children from poor or low-income families?
- In a highly competitive environment, what is an effective mechanism for selecting potential students?
- Can I transfer a government-issued voucher from one university to another?
- Does the system of voucher funding include non-state higher education institutions along with the state?
- What is the coverage rate of higher education voucher funding? (including whether vouchers are for all students, whether all universities are funded by public vouchers, etc.);
- Are higher education institutions allowed to set tuition fees above the value of the vouchers issued?

Currently, there are two main approaches to the use of voucher funding systems in higher education:

- a) liberal market approach (liberal market approach);
- b) social policy approach (socio-political approach).

The liberal market approach is based on:

- educational institutions freely determine the prices for their services, and they can be higher than the voucher (financial support) provided by the state;
- does not differ in the value of the voucher (financing);
- both public and non-public higher education institutions can use the voucher funding system under certain conditions;
- higher education institutions are completely independent in the selection of potential students.

To mitigate a number of negative consequences of the liberal market approach, it is necessary to implement a number of regulatory measures by the state:



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- to improve the quality of education, there should be competition between the market of educational services and universities. However, in order for competition in the market to be effective, the state must regulate it.
 - through government regulation, children from families belonging to national (ethnic) and racial minority groups should have access to higher education institutions and take measures to maintain gender balance.
 - At least half of the quotas in universities where demand exceeds supply must be determined on the basis of a special procedure established and controlled by the state.
 - the amount of state funding depends on how many students the university can attract, who can be funded by the state (budget). The state must commit itself to paying a predetermined amount for the education of each student.
 - In order for a university to participate in check funding from the budget, it must be accredited. Also, not only ordinary higher education institutions offering traditional forms of education, but also other universities (for example, open universities) are allowed to be accredited. This makes it easier to enter the market.
 - an unused voucher retains its true value throughout the lifetime of the holder.

CONCLUSION

Overall assessments of changes in higher education funding show that many countries are placing more emphasis on the profitability of research than on teaching. Funding for education on the basis of a direct performance ratio (learning outcomes) is carried out in only three countries: in Denmark and to a lesser extent in Sweden and the Netherlands, universities are funded on the basis of degrees awarded and positive evaluation of their performance. .

In many countries, the state charges fees for higher education. These include Australia, Austria, Brazil, China, Hungary, Kenya, New Zealand, Tanzania and the UK. In Australia, the fee system has been reintroduced as part of a package deal encouraging both the government and students to invest in higher education. In the UK, since 1998, students have been paying tuition directly, without sharing the cost with local authorities. In 1994-1995, a contractual payment system was introduced in Hungary. and was canceled again in 1998.

In some countries, the government allows universities to accept a certain percentage of students for a fee. This applies to students who were not selected for publicly funded places. In this case, it is enough to score the minimum number of points for admission to paid education. In Australia since 1998, in China since 1988, in Hungary since 1997, and in Russia since 2000 admission of students on a paid basis up to 25% is allowed.

In countries where paid education is still prohibited, students may be required to pay for certain services, such as entrance exams and course materials. Or fees may be charged for groups of students that exceed generally accepted courses (Czech Republic, Germany) or for student participation in individual programs (eg Egypt). Finally, there is a trend to charge part-time students who attend classes with full-time students.



At present, it is difficult to see any one model of higher education financing in many countries. For this reason, most countries mainly use a mixed model and implement appropriate mechanisms.

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