



## FUNDING MODELS FOR UNIVERSITIES

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### ABSTRACT

This article analyzes international models of financing higher education institutions, the possibilities of their use in the country.

**KEYWORDS:** Higher education, state budget, investments, budget expenditures, public administration, financial independence.

### INTRODUCTION

Education is one of the most important spheres of human life and ensures social development. The process of intellectualization of 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 education institutions are financed only by the state. The second model is financed exclusively by private funds. The third involves the use of public and private funds. There are several models of financing the higher education system, and one of the economists N.A. Chekanina in his study divided these models into 3 groups, including:

- American model;
- Scandinavian model;
- Japanese model.

Brief information about these models can be seen in the table below (table 1).

D. Brown, A. Wagner, B. Salter, S. Kmitlar conditionally divided the models of financing higher education institutions into the following three types: Bureaucratic model; Collegial model; Market model.

**Table 1**  
**Advantages and disadvantages of foreign models of financing higher education**



| Financing Models   | Advantages  | Disadvantages   |
|--------------------|---|---|
| American Model     | Legal and financial independence of universities  | Decentralized governance  |
| Scandinavian Model | It is financed from the budget, and higher education institutions are under the jurisdiction of parliament. | The only source of government funding, strict centralization of management.     |
| Japanese Model     | Bilateral funding: public and private funds   | Conservatism in the management of universities (based on traditions and values) |

A number of other Russian scientists, including A.S. Zaborovskaya, T.L. Klyachko, I.B. Korolev, V.A. Chernets, A.E. Chirikova, L.S. follow 4 models of financing universities:

1. Financing on the basis of need - budgetary funds are allocated directly from the state budget to the institutions of higher education. According to this model, higher education institutions, which have signed a contract with the relevant state body, undertake to train socially interested professionals at predetermined, agreed prices. The advantage of this model is that it simultaneously increases efficiency and minimises state costs. In this model, the conformity of the personnel training plan with the real needs of the labour market depends on the accuracy of the relevant forecasting indicators developed by the state.
2. Purchase of educational services of the university for specific purposes by the state. This system of financing higher education is market-oriented. Higher education institutions participate in competitions for state orders for training specialists. The winner is the educational institution whose educational services best meet competitive conditions (the needs of society), and the price of education is acceptable. The difference from the first model is only in the competitive order of distribution of state tasks and the possibility of reducing state expenditure on education.
3. A model of funding universities based on their performance. The amount of funding is determined by the university's performance indicators, such as the number of graduates, the number of students accepted to the first year, the results of student knowledge assessment, the complexity of the courses taught, and the number of defended dissertations.
4. A model financed by direct consumers of educational services of higher education institutions. This financing system uses state obligations that are transferred to direct consumers of educational services in the form of certain coupons or certificates (vouchers). This financing system uses state obligations that are transferred to direct consumers of educational services in the form of certain coupons or certificates (vouchers). The only significant limitation for the student is the validity period of the issued voucher. As in the case of other models of financing higher education, voucher financing can be supplemented by additional student fees. It is the fee that makes students demand the quality of the services provided, so this combination is the most effective.

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