

The Financial-Economic Problems and Their Solutions of Higher Education around the World

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Abstract: This article is dedicated to prevent the challenges that are occurring in the sphere of education. And also, some effective solutions are provided.

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1. INTRODUCTION

Social environment of the world is going better day by day. However, it still has some problems in higher education. The financial condition of the universities (also institutions) usually becomes poor in the end of the academic year. Then they attempt again to get some “donation” from the government. They must solve the problem with unusual methods. So, here you can see some effective theories to prevent the problem.

New research by the Association of University Directors of Estates (AUDE) reveals, UK universities continue to tackle sector funding challenges with innovative new routes, such as commercial deals, strengthening their position as hubs of local communities.

In 2016, capital expenditure reached a record high of £2.75 billion per annum, as the sector continues to improve its estate and facilities in the knowledge that students and staff expect high quality and attractive facilities. To address this, the higher education sector has created additional income of £4.4 billion through non-traditional income sources, including a growing amount of commercial deals, over the past years to support these activities.

The research also celebrates the excellent work undertaken by university estate teams in providing world class learning spaces, despite many challenges. The figures show universities gained an increasing percentage of their revenue through ‘other’ income, with one of the main sources of this being property deals and intellectual property rights. Within the context of major changes in funding of the sector, it has been seeking alternative sources of revenue and in the last decade, commercial partnership deals with businesses such as Ocado, Regus and Santander have been completed.

The Teaching Excellence Framework, which recently introduced a scoring model with the potential to affect government investment (dependant on the university’s teaching performance), has increased this pressure, creating a more competitive market. Universities face a challenge of securing such income in order to create and sustain high quality facilities and world class institutions to attract staff

and students alike from both the domestic and international markets.

Mike Clark, AUDE chair, said: “Despite a period of policy upheaval, UK universities are continuing to deliver world-class facilities and engage with communities through innovative routes. Our mandate, to attract and retain the finest students and staff from across the UK and internationally, is more important than ever in increasingly changeable political times. Making sure we have the funds to provide these facilities is of paramount importance to the sector.”

In response to the challenge to secure a sustainable future for students, the data, gleaned from (the annual Estate Management Report), found that commercial deals, property shares, rental space and business investments are on the rise.

Estate management is continuing to add value through the different efficiencies among higher education institutions. Across the sector, the report documents examples of universities utilizing its estate in order to secure alternative funding streams outside of traditional routes. The University of Hertfordshire embarked on a strategy to boost income by securing commercial deals with businesses such as Ocado and Regus for office space, as well as commercial leases with bank Santander and the NHS which runs a GP clinic on campus. The university’s income rose to £1,477 per square meter in 2014/15, an increase of 6% from 2012/13. [[1]]

College costs have become staggering and continue to rise unabated. Since 2002 in Texas, the median household income has risen 32 percent; college costs, 147 percent--five times greater. In the past 25 years, average nationwide college tuition is up 440 percent. Student-loan debt totals \$1.3 trillion, surpassing total national credit-card debt. These escalations, by any measure, are not acceptable. Why, then, does it continue? The answer is that an understood cartel collusion directs these escalations of costs, and colleges will continue to raise prices as long as they can get away with it.

The following are areas where costs can be reduced, with commensurate savings to students.

Teaching loads. The average professor now teaches only two classes a semester. A Freedom-of-Information Act disclosure in 2011 reports that at the University of Texas at Austin 80 percent of all professors at UT teach only an average of 32 students per semester. This has become the standard throughout the country through an understood cartel.

Research. Regents and administrators should design some sort of metrics to determine the value of any research that requires reduced teaching loads, perhaps along the lines of: How does this research serve students? Or how does this research serve wider societal needs?

Some kind of qualifications should be placed on research with reduced teaching loads that “advances knowledge,” which is a defense that is undefined, vague, and arbitrary. The present notion that “anything goes” should not be cited *carte blanche* for reduced teaching loads because such anarchy is rife with potential abuse. Professors, of course, are otherwise free to conduct research and publish anything they wish on their own time.

World Shakespeare Bibliography documents that from 1980 to mid 2010, there were 39,222 scholarly articles published on Shakespeare. Class release time should not be granted for the 39,223rd article on the Bard.

The late John Silber, former dean at UT-Austin and president of Boston University, told the Texas Tribune that many products of research “aren’t worth anything.” Derek Bok, former president of Harvard for 20 years, reports: “Fewer than half of all university professors publish as much as one article per year,” yet their average teaching load is now two classes. And Harry Lewis, former dean at Harvard, reports that much research has little, if any, societal or student value and is so esoteric that it appeals only to very few. He adds, “Professors have become specialized in their interests, which are ever more distant from what ordinary citizens understand or care for. This, he continues, leads to the publishing of “nonsense.”

A national understood cartel now governs universities throughout the country on such kind of research. That cartel pummels any critic for even daring to bring the matter up.

Tenure. Abolish tenure for new hires, but not for those already on it, subject to attrition. Replace tenure with multi-year contracts. Tenure codifies permanent job security that for many professors enables expensive indolence with impunity. The national cartel here, too, protects this abuse.

Tuition increases are also protected by the cartel. How is it that many, if not most, universities raise tuition each year by roughly the same percentage? If all of them raise tuition, then each of them feels safe. [[3]]

University desires. Derek Bok hit the nail on the head when he observed: “Universities are like riverboat gamblers and exiled royalty: their desires are never satisfied.” Their thirst for more buildings, for more student amenities and luxuries are never quenched.

Raymund Paredes, Commissioner and head of the Texas Higher Education Coordinating Board, has warned against such boundless appetites: “One of our [the Coordinating Board’s] primary responsibilities is to avoid unnecessary duplication of programs and unnecessary services.” Paredes’ broader concern is the continual expansion of the state’s higher education enterprise in a time of tight budgets. He says, “I’m concerned that universities are expanding their resources and programs beyond the state’s capacity to fund them.”

Symbiosis with community colleges. One ameliorating solution to high college expenses would be for legislators to implement a plan codified in the state of Virginia. This legislature established a symbiotic relationship between residential colleges and community colleges. Students can attend community colleges for two years, fulfilling introductory requirements, and then transfer automatically without further road blocks to residential universities for courses in their majors.

Use of huge endowment funds to reduce student cost. Texas can uniquely lower college costs to students, since literally tens of billions of dollars sit in vast endowment funds at the University of Texas and Texas A&M. If a healthy proportion of those funds were dedicated to providing low cost or even free tuition for students, we believe very low cost (tuition fees of \$5,000 or less per year) could be provided for more than 100,000 Texans attending these flagship state universities. Nationally, research that Justin Strehle and Richard Vedder have done suggests that on balance every one dollar per student in endowment income leads schools to lower tuition fees by only 15 or at most 20 cents—most endowment income goes to support academic bureaucracies, pay higher salaries, lower teaching loads, etc.—not make college more affordable. God and the Texas Constitution gave the universities the financial benefit of vast oil and gas resources—let them use it to help students that the endowment should be serving

Reduce administrative costs. Benjamin Ginsberg’s 2011 book, *The Fall of the Faculty: The Rise of the All-Administrative University and Why It Matters*, came as a thunderclap to the world of higher education. Forty years ago, reports Ginsberg, “U. S. colleges employed more faculty than administrators. But today, teachers make up less than half of college employees.” Adjusting for inflation, from 1947 to 1995, “overall university spending increased 148 percent. Administrative spending, though, increased by a whopping 235 percent.”

Randal B. Smith, a professor at the University of St. Thomas in Houston, Texas, reports that in the period “between 2002 and 2006, while the average tuition at public research universities increased by nearly 27 percent, spending on each student only went up by one percent. . . . Tuition hikes have resulted in little if any new spending on classroom instruction.”

The foreboding bottom line is this: “America’s universities now have more full-time employees devoted to

administration than to instruction, research and service combined.”

The solution to administrative bloat in public universities is less a challenge to the intellect than to the political will and courage of university trustees, chancellors, presidents, and state legislators. [[2]]

As economist Herb Stein once observed: “What can’t go on forever, won’t.” Now is the time for legislatures to do something about rising college costs because universities won’t if they can get away with it. [[4]]

Now it’s time to talk about the universities in Asia. They are comfortable and contemporary. Some of them are high-ranked though not all of them has normal economic condition. Here I’m considering the universities that located particularly in Central Asia. Universities in Central Asia have not strong-knowledge teacher, have not latest equipment and other. So, why do not they have them? Because they cannot cover all the expenses that they spend to mount satisfied studying condition (modern classroom, grass on the ground etc.).For instance, Andijan State University can receive about 2500 students each year and earns around \$2000000. Yes, this sum looks very enormous. However, the university spends \$2500000-\$2300000 for them every year. In 2017 the Government found an optimal prevention for the problem above. From that year, the university started receiving students for correspondence courses. Because the university pays teachers and other workers exact salary (it does not matter how many students study there). Precisely for this, nowadays the financial condition of the ASU is getting stabilized. Short summary is that: To get more revenue and to reduce expenses universities should accept more students that can pay a tuition free. [[5]]

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