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# **Theoretical Bases and Peculiarities of Financing of Pre-School Educational Institutions**

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**ABSTRACT:** The article examines the legal and economic framework for providing financial support to pre-school educational institutions. In this regard, the scientific findings of scholars have been studied and the independent approaches to them have been described. Recommendations for the coordination of public and private funds have been developed to fund pre-school education.

**KEY WORDS:** preschool education, financing, private and state education services, budgetary funds.

## **I. INTRODUCTION**

Preschool Educational Institution is an institution that ensures the pedagogical activity of an institutionalized, growing generation with the fundamental principles of the state and society. One of the rights that step-by-step with the advancement of humans is education. Under the Convention on the Rights of the Child [1], special attention is given to the following factors:

- opportunity to attend the educational institution;
- Creation of conditions for educational activities;
- Establishment of education and training aimed at promoting friendship among nations, equality of rights of women and men, tolerance, peace and free consciousness in a free society;
- mutual respect of the participants of the educational process in a worthy manner.
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## **II. LITERATURE ANALYSIS**

It is well known that the childhood is a period of health and human life. In particular, childhood' experiences provide a basis for determining the lifestyle of a person. For example, I. Karimov comments in his works: "Many years of scientific observation and research show that at the age of five a person can take 70 per cent of all information of his lifetime.

Taking into account the child's mind, especially mind' formation at the age of 5-7, it is clear that at this period the child starts to understand and feel the influence of spirituality environment in the family" [2].

Moreover, Russian scholar T. Doronova also states that the information you have received during childhood is important [3].

As it is seen from the above, the knowledge acquired in childhood has a significant and decisive feature. In our opinion, the importance of financing pre-school institutions is confirmed by these evaluations. This, in turn, will allow evaluating the effectiveness of financial performance of the institutions through the results of the formation of the educated generation.

In general, in our country there are rarely created scientific works that provide for the study of financial activity of preschool educational institutions. Despite this, research has been done to finance education institutions. In particular, prof. N. Jumaev and D. Rakhmonov paid attention to the funding of higher education at the expense of private sources, and made a scientific conclusion on the basis of a survey conducted among the students of higher education institutions, which forms the basis for the contractual fees for higher education [4].

The researcher, J. Yuldashev, also expressed his opinion on financing higher education. In particular, he provides scientific recommendations on the development of public-private partnerships in the delivery of higher education services, the application of franchising practice [5].

A. Makhmudov assesses the possibilities of using international experience in financing higher education. In particular, European countries analyze budget financing trends in higher education institutions and highlighted proposals and recommendations on how to apply them in Uzbekistan [6].

A. Sherov in his article focuses on state funding of the education system. Thereby, it focuses on financing pre-school education and higher education, as well as focusing on government programs [7].

In our study, funding for higher education institutions has highlighted the importance of financing. It is noteworthy that studies conducted in the framework of public education financing as a separate research have been conducted only by H. Dushmanhammad. Particularly, he emphasizes that the public education system has the capability of planning, finishing the facility, reducing the number of pupils in pre-school educational institutions due to the adequacy of the costs incurred by one student [8].

A number of studies have also been conducted by Russian scientists, and pre-school institutions are separately identified as research objects. N. Fedina illustrated four indicators characterizing the effectiveness of the pre-school education system [9]:

- provision of preschool education on the basis of the state guarantees taking into account population demand for preschool education services;
- conditions for the education of children and other expenses;
- human resources potential;
- Budget financing and financial and economic activities.

Also, A. Sidorova [10] carried out researches that focused on the development of indicators that determine the priorities of the education system for the national economy. In this context, focusing on identifying the priority of each stage of education using two indicators:

$$I_{pe} = \frac{EBx}{TEp * 100} (1.1)$$

$I_{pe}$ - indication of the priority of education;  $EBx$ - The share of budget expenditures on education expenditures in general education expenses;  $TEp$ - percentage of parties involved in total enrollment in education.

Using this formula, the coefficient of education prevails over 1 (one). Specifically, if this coefficient equals one, this type of education is not a priority in the country. If less than 1 is the case, the appropriate level of education will not be a priority for the country. On the contrary, if the coefficient is greater than 1, the conclusion is that the educational stage in the country is a priority. From this point of view, considering the peculiarities of the stages of education, we consider the differentiation of this coefficient to be appropriate for each stage. In the system of pre-school and school education, we think this indicator should be above 1. The reason for the budget in the field of pre-school and school education plays a key role in this stage of education budget funds may not be able to attract high.

In our opinion, the role of the budget in financing the system of pre-school education should have a negative impact on the growth of the population's income. Currently, the share of purchasing services in the population income from 2000-2017 is 13 to 20 percent, which does not indicate a high growth. Thus, the role of income in purchasing public services, including social services, is crucial. In particular, it is assumed that expenditure for the education services is 2.5% [11] of the population, which implies the priority of the budget.

Foreign scientists Mingat and Tan also have scientific findings in this regard. Particularly, the share of budget expenditures is opposite to the next stages of education, in high-income countries are paying close attention to attracting extra-budgetary funds to higher education [12].

In our opinion, although budget expenditures in pre-school education are substantial, it is important to develop indicators that determine their effectiveness.

### III. ANALYSIS AND RESULTS

Preservation of budgetary funds in pre-school institutions requires the implementation of the criteria for funding this institution. In many countries of the world preschool education is characterized by a significant share of budget financing. It is well-known that the education spending in the country has the largest share of state budget expenditures. For example, in the Russian Federation, the role of budgetary funds in pre-school education was full until 2006, and in recent years, the share of off-budget resources has also increased. In particular, L. Ivanovna finds that she is financed from the full budget except for preschool and general education and higher education [13]. Further studies



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have shown that changes have been made to increase the share of off-budget sources. It is possible that the Russian Federation spends 80-82% of the total expenditure on the state budget for education purposes [14].

It can be noted from the research that pre-school funding can be modified in terms of time and space, that is, the sources of financing of preschool education institutions can be divided into the following:

- Fully financed from the budget;
- Partially financed from the budget;
- Funds from private sources.

G. Backer, who first introduced human capital, also explains investment opportunities with the opportunity to learn from education, manufacturing experiences, healthcare, regional mobility and information. Taking into account the fact that education and health in primary education institutions are the primary source of spiritual abilities, it can be seen that attention is always on top of the agenda. Therefore, a number of organizational and legal reforms have been implemented in our country. In particular, according to the Resolution of the President of the Republic of Uzbekistan from September 9, 2017 "On measures to radically improve the system of pre-school education" PQ-3261 provides conditions for the development of the sector.

It is noteworthy that public-private partnerships provide the opportunity to build pre-school educational institutions, thereby increasing the coverage of children with quality services.

In our opinion, the following can be achieved through the introduction of public-private partnerships:

- Increase the functionality of modern management principles through the participation of private sector representatives in the system of pre-school education management;
- Attracting investment in pre-school education, optimizing the demand for budgetary funds;
- Enhance the capacity of preschool educational institutions in accordance with population growth in the country;
- Pre-school educational institutions have the right to pay for work based on principles of innovation management.

Moreover, on September 30, 2017, the President of the Republic of Uzbekistan adopted the Decree No. PF-5198 "On measures to radically improve the system of pre-school education management" on macroeconomic issues in the sector. In particular, it has been critically analyzed that over the past 20 years the number of public pre-school institutions has dropped by 45% and the coverage of children by 30%. This document was created by the Ministry of Public Education - the Pre-school Education Department. In our opinion, the establishment of this body will enable the pre-school educational institution to become the primary institution of education, which is an important institutional structure that shapes the important part of society.

This Decree envisages the development of non-state pre-school educational institutions. This creates a basis for financial activity based on the principles of private financing under market conditions.

It should be noted that the most important aspect of the pre-school education institution is the prevention of macroeconomic inefficient inefficiency through full coverage of children. Having a parent or guardian at home for pre-school age children can increase the proportion of family income. It is also difficult to achieve family income savings and investment stages. Therefore, it is desirable to emphasize the formation of an institution that is funded on a non-governmental or public-private partnership basis, taking into account the social features of these services. In this case, the principle of the state's being a reformer should be reflected in measures to prevent pre-school education from becoming commercial.

Paying attention to the experiences of developed countries, we can see that there is a lack of financing from household funds. In particular, financing of pre-school education activities by budget means is 70 in France, 70-85 in Germany, 80 in Sweden, and 40 in the USA [15].

## IV. CONCLUSION

Parents have to pay for the optimization of budget funding and reducing the financial burden on pre-school institutions. These payments will be used to cover certain expenses of preschool educational institutions. However, the fact that these payments are not intended and the lack of transparency in their use reduces the effectiveness of these funds. This is primarily due to the fact that the budget and parents do not have a clear pay line.

In our opinion, in order to ensure transparency of parental remuneration in partially-funded pre-school educational institutions, the services provided by this institution should be clearly defined by the state and which should be paid for. For this purpose, the competent state authorities should be appraised by measuring the relevant legal-normative services.

In this context, budgetary funding may include proposals that focus on the following factors:



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- establishment of the actual size of public services in the pre-school educational institution;
- grouping of general and individual pre-school education services;
- availability of indicators of efficiency of budgetary funds directed to the state educational services;
- establishment of the volume of addressable services;
- intermediate and final outcome criteria;
- ensuring freedom of financial management in pre-school educational institutions.

It is assumed that efficiency indicators can be provided not only for budgetary funds, but also for the use of parental remuneration if all the measures envisaged at the expense of state budget funds are available.

Addressable costs are not available for the low-income population, and they are clearly defined in a single institution, for example, 8 or 12 per cent of the funding amount.

It is also necessary to ensure that the pre-school education institutions carry out financial activities based on the following principles:

- provision of legal bases for providing preschool education services;
- adequacy and reliability of the volume of financial provision of preschool educational services based on state standards;
- efficiency of use of means of financial provision of preschool educational services;
- timely implementation of pre-school educational services;
- availability of funding mechanisms for pre-school educational institutions.

In general, the principles of funding are important, along with factors that need to be taken into account when budgeting pre-school services from state funds. In our opinion, school education services should be carried out through the government or from the private source, based on the principles outlined above. Sufficient, reasonable and timely provision of not only budgetary funds, but also private pre-school education services creates conditions for the quality of services.

In summary, it is important that pre-school education institutions have a social function, rather than commercialization, by setting the boundaries between budget and private funds in pre-school education services as well as the criteria for their privatization.

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