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BUDGET ESTIMATE PREPARATION IN FINANCIALLY AUTONOMOUS HIGHER EDUCATION INSTITUTIONS: ALIGNING FORMULA-BASED FUNDING WITH THE ACADEMIC CALENDAR

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Abstract.
This paper compares the practice of preparing budget estimates in financially autonomous public higher education institutions with the formula-based funding mechanism and the academic calendar. Using tuition-fee budget estimates of Tashkent University of Information Technologies named after Muhammad al-Khwarizmi, the study identifies systematic overstatement of planned amounts and a timing mismatch between quarterly expenditures and revenues. A budgeting procedure beginning with forecasts of student enrolment and revenue, together with a tuition-fee collection coefficient, is proposed.

Keywords: budget estimate, formula-based funding, financial autonomy, tuition fees, collection coefficient, academic calendar.

Introduction

Since 2022, public higher education institutions granted financial autonomy have received budget funds not as expenditure-item limits but as a standard amount calculated per student [1]. This allocation is recorded under a single "Other expenditures" item in the expenditure estimate and transferred to the institution's extrabudgetary account. Consequently, the revenue and expenditure estimate has become the central document in institutional financial planning. The Budget Code provides that the estimate preparation process begins with a budget request and permits reallocations between expenditure items during the year, provided that the approved aggregate amount is maintained [2]. The process is also changing: the temporary

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budget estimate procedure was abolished from 2026 [3], the principal estimate must be approved by 20 December [4], and, since 2025, funds must first be allocated to expenditure Groups I and II, with the remainder directed to Groups III and IV [5]. These changes heighten the need for accurate estimates. This paper examines the extent to which that requirement is met in practice.

Research Methodology

The study examines registered tuition-fee budget estimates and statements of fund movements for two personal treasury accounts of Tashkent University of Information Technologies named after Muhammad al-Khwarizmi (TUIT) for 2021–2025. Planned amounts were compared with actual cash receipts and cash expenditures. Planning accuracy was interpreted using the aggregate expenditure outturn and revenue outturn criteria of the Public Expenditure and Financial Accountability (PEFA) methodology [6]. The 2025 estimate was analysed by quarter and expenditure group. The findings were compared with the formula-based calculation framework established by Resolution No. 419 [1].

Analysis and Results

For the main tuition-fee account, actual receipts amounted to 74.7–88.9% of the budgeted amounts in 2021–2024. On average, planned revenue exceeded actual receipts by 16.7%. Under the PEFA scale, this corresponds to the lowest rating in each of the four years [6]. Only in 2025 did receipts match the plan. The picture is even more pronounced for the second account (Figure 1). In 2021–2022, actual receipts exceeded the plan severalfold and then declined sharply; nevertheless, estimates continued to be prepared using earlier years' levels rather than actual revenue dynamics. In 2025, only UZS 1.2 billion was received against a plan of UZS 8.0 billion.

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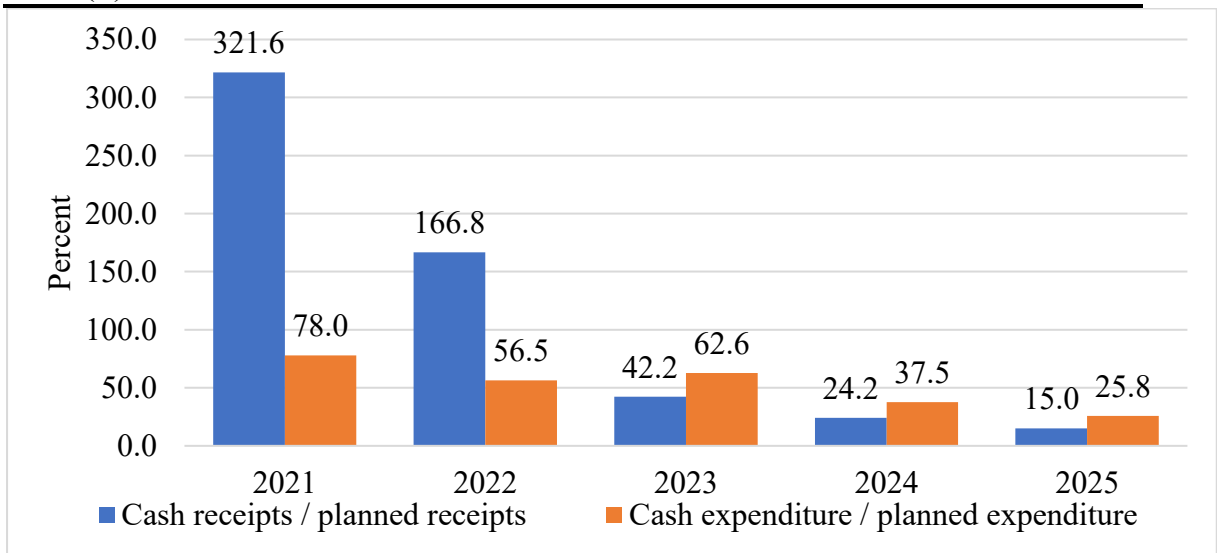


Figure 1. Execution of the budget estimate for TUIT's second tuition-fee account, %

Source: Author's calculations based on TUIT's registered estimates and statements of tuition-fee fund movements for its second personal treasury account, 2021–2025.

The practice of preparing budget estimates on the basis of the previous year's figures is well established in budgeting theory. A. Wildavsky described it as the incremental nature of the budget process and demonstrated that, without analysis of outturns, plans tend to reproduce themselves [7]. Our observations indicate that the repeated inclusion of unexecuted capital purchases in the following year's estimate reflects the same logic. Such repetition artificially inflates planned amounts.

The second planning problem concerns timing. Table 1 presents the quarterly allocation of the main tuition-fee expenditure estimate for 2025.

Table 1 Quarterly allocation of TUIT's main tuition-fee budget estimate in 2025, UZS billion

Expenditure items	Q1	Q2	Q3	Q4	Year
Group I (salaries and scholarships)	21.40	20.85	21.95	21.08	85.28
Group II	–	0.04	–	–	0.04
Group IV	7.40	12.66	6.51	4.62	31.20
including: capital expenditure	1.48	5.25	2.85	0.40	9.98
Total	28.80	33.55	28.46	25.70	116.52
Share of annual estimate, %	24.7	28.8	24.4	22.1	100.0

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Source: Author's calculations based on TUIT's registered 2025 expenditure estimate (first personal treasury account).

The table shows that salaries are distributed almost evenly across quarters, consistent with faculty remuneration arrangements. However, 67.4% of capital expenditure is scheduled for the first half of the year, and the largest expenditure burden falls in the second quarter (28.8%). Yet tuition fees are collected in four instalments, and payments from newly enrolled students are received primarily in autumn. If spring receipts fall short of the plan, the priority order established by Resolution No. 325 requires funds to be spent on salaries first, postponing capital expenditure [5]. In 2025, execution of Groups III–IV remained at 53.9%, whereas Group I reached 102.8%, reflecting this process.

Notably, the formula-based funding mechanism already accounts for timing. Average annual enrolment is determined using $N = Tyb + Tq/3 - Tb/2$: one-third of new admissions reflects their study period from September to December, while half of graduating students reflects their attendance until June [1]. For example, an institution beginning the year with 5,000 students, admitting 1,500 and graduating 1,200, has average enrolment of $5,000 + 500 - 600 = 4,900$ students. This logic, already used to calculate public funding, has not yet been incorporated into the preparation of revenue and expenditure estimates or into revenue recognition.

Based on these findings, we propose that estimate preparation should begin with forecasts of student enrolment and receipts rather than with expenditure requirements. A collection coefficient should be applied when planning tuition-fee receipts. It is calculated as the ratio of actual cash receipts over the preceding three years to the tuition fees assessed for the same period and consolidates payment discipline, changes in student loan policies, and student withdrawals into a single indicator. Expected receipts should be allocated across months according to the fee payment schedule. Major capital purchases should be scheduled after autumn receipts or financed from prior-year balances, while unexecuted acquisitions should be disclosed separately in the explanatory notes to the estimate. Attaching an allocation of formula-based funds by expenditure group to the revenue and expenditure estimate would enable financial assessment of the implementation of the government-funded education agreement [8].

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Conclusion

In financially autonomous higher education institutions, the estimate has ceased to function merely as a document imposing expenditure limits and has become an institutional financial plan; however, the underlying preparation method continues to follow its earlier logic. The TUIT case reveals recurrent overstatement of tuition-fee estimates and a mismatch between the quarterly distribution of expenditures and receipts. Extending the academic-calendar logic already reflected in the formula-based funding calculation to estimates and accounting, introducing a collection coefficient, and assessing annual planning accuracy against PEFA criteria would contribute to achieving the objectives set out in the public financial management strategy [3].

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