

Practical Ways of Innovative Optimization of Payment Contracts Contract in the Higher Education System

Karimov Muzaffar Abdumalikovich

PhD, Senior Lecturer at Andijan State University

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ABSTRACT

In this article, an innovative payment mechanism has been developed on the basis of an "innovative payment-contract agreement" with the study of payment-contract agreements concluded between higher educational institutions and students. Payment agreements contain proposals and recommendations for innovative optimization of their conditions based on the offered "cashback" for a fixed amount and terms.

In today's modern economy, it is impossible to imagine an economy without education, and education without an economy. Much attention is paid to the education system of our country, in particular the development of higher education. Along with innovations introduced into every sector of the economy, innovations, and innovation processes are continuously carried out in the higher education system. It is no secret that today our educational institutions are growing every day, capable of competing with prestigious foreign higher educational institutions, demonstrating their wide opportunities on international educational platforms.

The country ensures the continuity of measures to reform the system of higher education. In this regard, in recent years, many laws, regulations and by-laws have been adopted in our country to improve the education system. In particular, the Decree of the President of the Republic of Uzbekistan dated December 24, 2021 No. PP-61 "On measures to provide financial independence to state higher educational institutions"¹ was adopted.

Annex 1 to this resolution lists the state higher education institutions that are granted financial independence, and provides for the granting of financial independence to 36 state higher education institutions. Financially independent higher educational institutions are an opportunity to independently resolve economic and financial issues by the management of the institution. The resolution also defines numerous tasks in order to increase the effectiveness of ongoing reforms in the higher education system, ensure the financial sustainability of public higher

¹ Decree of the President of the Republic of Uzbekistan dated December 24, 2021 "On measures to provide financial independence to state higher educational institutions" // <https://lex.uz/uz/docs/5793251>

education institutions, expand opportunities for raising funds for research activities, independently address issues of strengthening the material and technical base and developing a competitive environment between higher education institutions. establishments. The resolution defines the following tasks as the most relevant for solving financial issues, in particular, payment and contract activities, and in order to solve them:

- independent determination of the cost of education on a paid-contract basis, taking into account the demand in the educational services market;
- establishment and extension of the terms of repayment of the funds of the student agreement;
- setting the cost of teaching students on a paid-contract basis by a higher educational institution based on supply and demand in the educational services market, but not more than three times the cost of the basic paid-contract cost established in state higher educational institutions of the corresponding profile;
- making a decision on establishing the parameters of admission on a paid-contract basis in the areas of education, specialties and specialties;
- the cost of education on a paid-contract basis is determined based on the average cost per student, but on the basis of the full financial self-sufficiency of a higher educational institution, long-term development and mutual competition in the educational services market;
- in the context of the specialties of undergraduate, graduate, and clinical residency, the cost of the contract for payment can be set in differentiated amounts in terms of admission.

Higher education institutions that have been granted financial independence can now independently determine all financial issues, amounts of payments under the contract, admission parameters on a contractual basis. In higher education institutions, payment-contract funds received from the contract are the main source of financing the amount of expenses of the institution. Therefore, financially independent higher education institutions should be determined based on the supply and demand for educational services, the cost per student for the training of quality personnel, as well as competition in prices for the services of private higher education institutions.

In an innovative economy, attracting innovation to all sectors of the economy, including the education system, becomes a daily goal. The formation of innovative processes in the management and financial relations of higher educational institutions, innovative management solutions - serves to ensure management efficiency. Also, higher education institutions are required to conduct research work on the terms of existing wage contracts and their adaptation to the conditions of an innovative economy.

The current agreements were signed by the Decree of the President of the Republic of Uzbekistan dated June 15, 2022, No. PP-279 “On the organization of admission to study at state higher educational institutions”, by the Decree of the Cabinet of Ministers of the Republic of Uzbekistan dated June 15, 2017, No. PP-279 “On approval of the Regulations on the procedure for admission to higher educational institutions, transfer, renewal and suspension from the education of students ”-order of the Minister of Higher and Secondary Specialized Education of the Republic of Uzbekistan dated December 28, 2012 No. 508, approved by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated June 20, 2012 No. 393- in vocational educational institutions, the contractual-payment form of education and the procedure for distributing proceeds from it are concluded between the higher educational institution and the student using educational services. Payment contracts consist mainly of 7 sections and include sections such as the subject of the contract, the cost of educational services, the term and procedure for payment, the obligations of the parties, the rights of the parties, the duration of the

contract, the final rules and procedures for resolving disputes, details and signatures of the parties.

For the purpose of innovative pricing, payment terms, rights and obligations of the parties for the provision of educational services established by the current payment-contract agreements, optimization of the amount of payment for both parties and further improvement of the contract, private higher education institutions that have been granted financial independence should be offered “innovative payment-contract agreement”².

The current payment and contract agreements provide that the cost of providing educational services during the period of study at an institution is calculated based on the minimum wage established in the republic. Also, users of educational services, that is, students, are offered “stipendial” and “non-stipendial” forms of the cost of educational services. Terms of payment in most contracts, the amount of payment for a student for one year of study is determined by the practice of payment by quarters of the period of study, i.e.:

- at least 25% of the established payment amount until the 1st quarter, November 15;
- the remaining 25% of the amount of the fixed payment (50% of the total amount of the fixed payment) until the 2nd quarter, February 1;
- the remaining 25% of the established payment amount (75% of the total amount of the established payment) by the 3rd quarter, April 15;
- it is established that the last 25 percent of the established payment amount (100 percent of the total payment amount) must be paid in the 4th quarter before July 1.

Today, given the tough competitive environment in each industry, the income of applicants for educational services, it is advisable to make innovative changes in the price section for educational services in order to increase solvency and create opportunities to ensure timely payment. It's no secret that, despite the deadlines set by the current payment agreements, there are cases of late payments. It is necessary to avoid these situations, create motivational opportunities that encourage timely payment of contractual payments, and develop innovative payment mechanisms. In an innovative payment mechanism, it is proposed to introduce a “cashback” system that works in their favor within the influence of timing and quantitative factors in the process of paying users of educational services for the amount stipulated by the contracts. This system provides that the earlier payers of the contract make payments, the more likely they are to receive or carry over to the next level a certain amount in relation to the corresponding part of the total amount stipulated by the Contract, by time, for the purpose of making a profit.

The total amount of payment for the year of study of a student under a contract is 1 coefficient, that is, about 8,000,000 soums in terms of the amount (1 coefficient = 8.000.000 UZS), the amount of a fixed payment by quarter is 0.25 coefficients (0.25 coefficients. = 1 coefficient. /4 quarter=8,000,000/4=2,000,000 soums). An innovative payment mechanism that serves to comply with the established payment terms by grouping the terms and amounts of payments by coefficients can be developed as follows (see Table 1).

² Innovative contract proposed by the author

Table 1. Innovative payment mechanism developed on the basis of “innovative payment agreement-contract” (Cash Back Contract)

No	The total amount of payment under the contract (annual, (sum))	Percentage (%) against total contract payment	Coefficient with respect to the total payment under the contract	The amount in relation to the total payment under the contract (sum)	Terms of payment in quarters of the period of study	15 calendar days from the deadline to the previous payment “Cash back ” in percentage (%)	Cash back (sum) from the deadline to the previous payment of 15 calendar days	The “Cash back” deducted part (sum) from the specified amount and the remaining coefficient with respect to the total amount	
Cash back to the previous payment of 15 calendar days from the deadline for the A ₁₅ period									
1	8.000.000	25	0.25	2.000.000	15-November	A ₁ = 2	40.000	1.960.000	0.245
		50	0.5	4.000.000	1-February	A ₂ = 2	40.000	1.960.000	0.49
		75	0.75	6.000.000	15-April	A ₃ = 2	40.000	1.960.000	0.735
		100	1	8.000.000	1-July	A ₄ = 2	40.000	1.960.000	0.98
	"Cash back" on a period A	100	1	8.000.000	15 calendar days before the deadline	2	160.000	7.840.000	0.98
Cash back to the previous payment of 30 calendar days from the deadline for the B ₃₀ period									
2	8.000.000	25	0.25	2.000.000	15-November	B ₁ = 3	60.000	1.940.000	0.242
		50	0.5	4.000.000	1-February	B ₂ = 3	60.000	1.940.000	0.485
		75	0.75	6.000.000	15-April	B ₃ = 3	60.000	1.940.000	0.727
		100	1	8.000.000	1-July	B ₄ = 3	60.000	1.940.000	0.97
	"Cash back" on a period	100	1	8.000.000	30 calendar days before the deadline	3	240.000	7.760.000	0.97
Cash back to the previous payment of 45 calendar days from the deadline for the S ₄₅ period									
3	8.000.000	25	0.25	2.000.000	15-	C ₁ = 4	80.000	1.920.000	0.24

00			00	Novemb er			00	
	50	0.5	4.000.0 00	1- Februar y	$C_2 = 4$	80.000	1.920.0 00	0.48
	75	0.75	6.000.0 00	15-April	$C_3 = 4$	80.000	1.920.0 00	0.72
	100	1	8.000.0 00	1-July	$C_4 = 4$	80.000	1.920.0 00	0.96
"Cash back" on a period S	100	1	8.000.0 00	45 calendar days before the deadline	4	320.000	7.680.0 00	0.96

In an innovative payment mechanism (Cash Back Contract) developed on the basis of the “innovative payment contract”, payments are divided into 4 quarters of the academic year using this period as a criterion. It was proposed to divide the “cash back” into 3 periods, i.e. period a , period B, period c, compared with upfront payments at ratios to the total amount. For each period, cashback interest was offered in proportion to the term and amount. These periods serve as motivational periods for users of higher education services, that is, for payers. This means that the sooner contract payers make payments, the more “cashback” they will have.

The payment mechanism based on the “innovative payment-contract agreement” is an effective contract for both higher education institutions and students. As a result of this practice, early receipt of payment-contract amounts to the accounts of higher education institutions on time or according to the proposed periods is ensured. receive "cashback" for the respective periods if they make payments before the due dates. It is also possible to carry over the deductible from the total amount to the next payment period based on the "cashback" provided.

The following mathematical formula can be used as a criterion for calculating, by periods, the offered “cashbacks” in favor of students in the payment mechanism based on “innovative payment-contract-contract”:

$$C_{A1/sum} = (K_{y.u.m}/4) * C_{A1./\%}$$

In that:

$C_{A1/sum} - A_1$. cashback amount for the period (corresponding part of the payment period);

$K_{y.u.m}$ - the total annual amount of the contract;

$C_{A1./\%} - A_1 - A_1$. proposed percentage of money back for the period;

Based on this formula, we calculate how much “cashback” a student can receive if he makes a payment within the proposed period a, that is, in A_1 .

$$C_{A1./sum} = (K_{y.u.m}/4) * C_{A./\%} \Rightarrow (8.000.000/4) * 0.02 = 40.000 \text{ soum}$$

If the student makes payments 15 calendar days ahead of schedule in installments by quarters of the study period, the total amount of the annual “cashback” is determined as:

$$C_{y.A15} = C_{A1} + C_{A2} + C_{A3} + C_{A4} \text{ yoki } C_{y.A15} = K_{y.u.m} * A_{d./\%}$$

In that:

$C_{y.A15} - A_{15}$. the total amount of "cashback" for the period;

$C_{A1}, C_{A2}, C_{A3}, C_{A4}$ cashback amounts for the corresponding periods of period a ;

$K_{y.u.m}$ - the total annual amount of the contract;

$Ad./\%$ - A - This is the percentage of "cashback" for the period.

Thus, the total "cashback" for payment 15 calendar days before the deadline in installments for a quarter of the training period is $C_{y.s45} = 8,000,000 * 0.02 = 160,000$ soums.

If the student pays for the study period 45 calendar days before the established payment deadlines in installments for a quarter of the study period, that is, for one period of period S_1 , the amount of "cashback" for period S_1 is:

$$C_{s1./sum} = (K_{y.u.m}/4) * C_{s/\%} \Rightarrow (8.000.000/4) * 0.04 = 80.000 \text{ soum}$$

If the student makes payments 45 calendar days ahead of schedule, that is, in period S , in installments by quarters of the study period, the total annual amount of "cashback" for this period is determined as:

$$C_{y.s45} = C_{s1} + C_{s2} + C_{s3} + C_{s4} \text{ yoki } C_{y.s45} = K_{y.u.m} * S_{d./\%}$$

In that:

$C_{y.s45} - S_{45}$. total cashback amount for the period;

$C_{s1}, C_{s2}, C_{s3}, C_{s4} - S_{45}$. "cashback" amounts for the respective periods;

$K_{y.u.m}$ - the total annual amount of the contract;

$S_{d./\%} - S_{45}$. percentage of "cashback" for the period.

That is: S_{45} . if payments are made 45 calendar days ahead of schedule. the total annual amount of "cashback" for the period is:

$$C_{y.S45} = 8.000.000 * 0.04 = 320.000 \text{ soum}$$

This means that the sooner the student makes the payment, the greater the amount of "cash back" they can receive. This means that students have motivational options that allow them to make contract payments ahead of schedule.

For payments made 30 calendar days before the due date for the $B30$ period, the amount of "cashback" is also processed in the proper manner using the formula above. That is: $C_{y.b35} = K_{y.u.m} * B_{d./\%} = 8.000.000 * 0.03 = 240.000$ soum.

The definition of the deductible part of the amount of "cashback" from the total annual amount of the student's payment in the context of the periods offered in the appropriate order is determined as follows:

$$K_{c.ch.m} = K_{y.u.m} - C_{y.S45} \text{ yoki } K_{c.ch.m} = K_{y.u.m} * K_{koef}$$

$K_{c.ch.m}$ – franchise "cashback" from the amount of the contract;;

$K_{y.u.m}$ - the total annual amount of the contract;

$C_{y.S45}$ - the corresponding period for "cashback";

K_{koef} - coefficient of the balance in relation to the total amount.

$$K_{c.ch.m} = 8.000.000 - 320.000 = 7.680.000 \text{ or}$$

$$K_{c.ch.m} = 8.000.000 * 0.96 = 7.680.000$$

According to the formula, if the student makes payments 45 calendar days earlier than the specified deadlines, 320,000 soums will be deducted from the provided "Cash back" account, and instead of 8,000,000 soums specified in the Agreement, 7,680,000 soums will be paid.

In the opposite case, i.e. if the student does not make payments on time for the quarters of the academic year, it is proposed that the “cashback” that can be provided for periods A₁₅, B₃₀, C₄₅ should make additional payments based on feedback in the amount of 50 (%) percent in the context of the relevant periods.

In the sections “prices and terms of payment for educational services” of the new order “Innovative payment contract”, it is advisable to include the innovative payment mechanism (Cash Back Contract), developed on the basis of the “innovative payment contract” proposed in Table 1, and recognize it as the main part of the terms of the agreement. When making contractual payments for the purpose of “returning funds”, timely write-off of amounts under the payment contract at the expense of higher education institutions is ensured, in the opposite cases, funds are credited to the account of the institution in excess of the annual payment amount specified in the contract. Both cases serve to ensure the interests of higher education institutions and students in accordance with their actions.

Offers:

- ✓ It is necessary to adapt the clauses of the sections of the cost, terms and procedure for paying for educational services of existing contracts to innovative changes;
- ✓ Change of payment and contract agreements to “innovative payment and contract agreement”;
- ✓ Formation of understanding between higher education institutions and users of educational services of the conditions of table 1 “agreement on innovative payment-contract”;
- ✓ Conclude from the 2023-2024 academic year an “innovative remuneration agreement” in certain areas on a competitive basis of individual higher education institutions and private higher education institutions that have gained financial independence;
- ✓ Include the proposed table 1 in the sections price, term, and procedure for paying for educational services “innovative payment-contract agreement”.

Conclusion:

- ✓ Prevention of delays in the receipt of amounts of payment-contractual amounts at the expense of higher educational institutions;
- ✓ The likelihood of disputes related to payment between higher education institutions and users of educational services is reduced;
- ✓ Ensuring the receipt of payments to the account of the educational institution on time or ahead of schedule;
- ✓ Reduced disputes related to late payments under the contract, and eliminated disputes related to the learning process;
- ✓ Offered and provided cashback serve as an incentive to compete in ensuring the frequency of payments between students.

References:

1. Decree of the President of the Republic of Uzbekistan dated December 24, 2021 No. PP-61 “On measures to provide financial independence to state higher educational institutions”;
2. Decree of the President of the Republic of Uzbekistan dated June 15, 2022, No. PP-279 “On the organization of admission to study at state higher educational institutions”;
3. Decree of the Cabinet of Ministers of the Republic of Uzbekistan dated June 20, 2017 No. 393 “About approval of the Regulations on the procedure for admission, transfer of reinstatement, removal from a study in higher education institutions”.

4. Order of the Minister of Higher and Secondary Specialized Education of December 28, 2012, N 508 "On approval of the Regulations on the paid-contract form of education in higher and secondary specialized, professional educational institutions of the Republic of Uzbekistan and the procedure for spending the funds received" (Registered by the Ministry of Justice on February 26, 2013, N: 2431)
5. Existing payment contracts have been studied;
6. Lex.uz website.