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# University Sustainability in Relation to Higher Education Funding Model in Kazakhstan in the Context of Transition Period

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## Executive summary<sup>1</sup>

For the past four years, the international team of Nazarbayev University Graduate School of Education's researchers and faculty members has jointly worked with local policy makers, practitioners and stakeholders on the diagnostic analysis of priority areas of the current educational reforms in Kazakhstan. With the official title of Development of Strategic Directions for Education Reforms in Kazakhstan for 2015–2020, the Project has been informally recognized as the Roadmap group. The research project has aimed to provide analytical support for the development and implementation of national policies across different sectors of education.

In 2016, based on the discussions held with policy makers, education leaders, practitioners and other stakeholders, the project team has focused on the two main priority directions of the country's education system – 1) implementation of inclusive education in the education system of Kazakhstan and 2) university sustainability in respect of the current higher education funding model in Kazakhstan. Guided by the strategic policy documents “The President's National Plan ‘100 Concrete Steps’, State Programme for the Development of Education 2011–2020, State Programme for the Development of Education and Science 2016–2019, the work on the Project included data collection and analysis via arranging meetings with practitioners, visits to mainstream secondary schools, colleges and universities across the country to receive evidence of the current progress of the educational reforms as well as identify their strengths and weaknesses for the further modernization of the education sector in the country. The project team also met with leading international analysts that provided their expertise in the priority themes of the Project.

The research project has availed itself of the comprehensive review and analysis of Kazakhstan's past and present policies and practices that have accumulated local best practices (Diagnostic Report, 2014). There is a solid foundation underpinning its schools and universities; historically high levels of literacy, near universal participation in schooling, a depth of expertise in physics and mathematics, gender equality in school completion and participation in post-secondary learning.

This executive summary focuses on a research-informed discussion of facilitating sustainability of higher education institutions in the context of financial model.

Over the last years the Ministry of Education and Science of the Republic of Kazakhstan has started to apply new approaches to higher education funding. New trends of higher education funding models are closely intertwined with per-capita funding mechanisms. The coverage of the students' tuition fees rather than allocating a specific budget for an academic institution has become part of the common practice. Moreover, the Ministry is now developing a legislative framework which is supposed to facilitate processes and conditions for granting institutional autonomy to local higher education institutions in Kazakhstan. The financial mechanism of higher educational institutions is based on the multichannel system of financing. In other words, higher education institutions benefit from the funding allocation from different sources: per-capita funding through different types of scholarships including merit-based basic scholarships and need-based scholarships as known as ‘quotas’, tuition fees, and research grants. In these conditions, not only the sufficiency of financial resources but also the optimum combination of various sources of financing, their influence, both on the development of a higher educational institution and the quality of specialists training is important.

To increase the level of its competitiveness, a higher educational institution has to adhere to an efficient strategy of development, optimum financial policy and actual management in the implementation of its own activity. In modern market conditions, there is a public awareness about the objective need in increasing the productivity of budgetary funds allocated for financing of expenses on higher education. Models of financing should be notable for flexibility, responsiveness

<sup>1</sup> The full report can be found at <https://nur.nu.edu.kz/handle/123456789/3337>

to market initiatives, and using lifelong education opportunities. Resources should be aimed not for support but for efficient development of Kazakhstan's educational system taking into account international experience and national features.

On the whole, initial research-informed proposals of the Report are intended to stimulate public debate and discussions among stakeholders of education services about current developments in the field of higher education financing for the sake of policy implications and enhancement of the academic system. The concerns are to reduce inequities in educational outcomes and inefficiencies in the distribution of resources and to raise the quality of educational achievement for all. The Report is advocating policies which will ensure that strategic reforms and innovations are successfully implemented in a purposeful and timely manner and which build on the best of current and past practice in Kazakhstan. Some of these policies include: 1) Strengthening the quality and performance of teaching; 2) Providing highly trained graduates relevant for the labour market; 3) Strengthening scientific research and its societal impact; and 4) Strengthening the management and monitoring of higher education and science.

The following recommendations regarding funding arrangements are provided to be able to meet advocating policies:

- To provide a basis for high quality teaching and research in Kazakhstan's higher education, there is a need for increased financial resources. At the moment, there appears to be a situation of underfunding.
- To align Kazakhstan's higher education system with the national strategic objectives, public funds could be best targeted directly at higher education institutions. The current State Grants may increase competition (for the best students), but the system is already to a large extent driven by competition due to the heavy reliance on tuition fees.
- To promote stability, quality and performance, Kazakhstan's higher education system could benefit from a funding approach that includes a mix of stability and performance incentives. Stability funding could go to institutions and programmes that are regarded of national importance and that cannot survive in the full-tuition model. Performance orientation, such as a funding formula including performances in terms of passed credits, degrees awarded and employability of graduates, can be used to distribute funding among programmes recognised as "high quality", e.g. on the basis of strict accreditation requirements.
- One could consider whether it is possible to expand the number of students publicly subsidised. This could create a more equal "level playing field" for different higher education institutions by equalising to some extent the funding situation and competitive positions between the national universities, state universities and JSC institutions. This can be achieved by increasing public spending, which under the current conditions could lead to more students with State Grants.
- The above-mentioned situation can also be achieved by introducing tuition fees for all students. Under the current conditions, the best scoring UNT students consume all public subsidies, while it is known that many of them come from family backgrounds that socially and financially enable them to pay (part of) the costs of higher education. Both from an equity of access perspective as well as efficiency considerations, this appears to be a missed opportunity to generate more revenues for higher education while also stimulating equity of access as this would allow to spend part of the public resources on promising students that need financial help. For example, making current State Granted students paying half of the tuition costs, would enable to have 50% of all students being state subsidised students.
- Another way to promote high quality education (and research) is to create opportunities to develop and experiment with teaching innovations funded by a (small) innovation fund. One can think of subsidising some initiatives to implement new didactical approaches to include ICT innovations (e.g. flipped-classroom), or learning methods that stimulate new types of skills for graduates, such as entrepreneurship, creativeness, collaboration etc.
- As students and their families hardly use the instruments that are provided to stimulate equity of access, such as student loans and the family savings plans (SEAS), one may consider making student loans more attractive by relaxing the borrowing and repayment conditions. Such a mechanism may not only attract more students into higher education would be willing to invest in higher education, it could also accompany a mechanism of more general tuition fees if that would be socially and politically acceptable.