

## **Background**

The financing of higher education in Kazakhstan, as with other parts of the former Soviet Union, has been affected by two important events. First has been a radical decline in public expenditures in essence reducing the real expenditures by about 70% between 1992 and 2002. The second has been a demand for alternative sources of financing to make up for the losses from public sources. Typically these new sources have come from selling products and services, property rental, private commercial ventures, and new tuition and fees. But unlike other parts of the former Soviet Union, higher education financing in Kazakhstan has been affected by a third, and equally important event. Changes in the public regulatory environment that, in theory at least, have placed institutions on a competitive footing with respect to public expenditures. Though public finance has declined in real value, nevertheless its distribution is important. The distribution of public finance has been shifted from programs to individual scholarships and fellowships, essentially constituting vouchers (through loans) portable across wide diversity of public and private institutions. It is possible for individuals to use their loan-based stipends at many different higher education programs, and hence, programs are openly competing for access to new students.

This paper will discuss the challenges faced by three Kazakh higher education institutions, and by extension to the entire system of higher education in Kazakhstan. Data collection was completed in June and July 2002 during a visit to each of these three institutions. Selected universities include a private university, a state technical university and a state university. During each site visit, interviews were conducted with an array of

administrators, faculty and students. Additionally, primary source documents including admissions brochures, curriculum plans, financial aid information, course schedules were collected and translated by each institution.

## Setting

### 3 Universities

#### Student Demographics

#### Administration and Faculty

#### Curriculum

#### Admissions and Recruitment

#### Institution Finances

How have these three events specifically affected higher education institutions? Have universities in Kazakhstan developed new markets? Have they pioneered new institutional partnerships? Have they inaugurated new curricula and new programs? To what extent have their budgets been genuinely diversified? Have private universities been able to more quickly respond to these market forces than public universities? Have general universities been more flexible than technical universities? What does a university budget look like today as a result of these three events? And how will that budget be expected to change over the course of the next few years?

### **Three most important points**

- Different kinds of universities have adjusted differently to the changes in the regulatory environment
- Some universities prosper by being able to manipulate public accreditation and licensing mechanisms
- The quality of higher education in Kazakhstan will depend on further changes in funding mechanisms, including changes in tax structures and land ownership

### Strengths

Individuals employed at each of the visited institutions are committed to their organizations and the education of enrolled students. With a group of staff members and faculty who care about the mission of their universities, great change is possible.

Within the curricular system prescribed by the ministry of central education, each institution is attempting some form of curricular innovation.

Each institution is employing basic recruitment techniques to attract students.

## Challenges and Opportunities

*Each university is almost entirely tuition dependent. This singular revenue stream limits the ability of each organization to leverage its finances for growth and improvement. However, several opportunities exist to diversify institutional income streams.*

First, while relationships which might be fruitful for voluntary support are being developed, there are no tax incentives for these individuals to make gifts to support and endow scholarships and academic programs. An organized effort to influence the central government to change existing tax laws to provide potential donors with tax incentives to support these institutions would be invaluable. This tax code revision might also include not-for-profit status which would be granted to universities, freeing them from paying taxes on income. This newly available revenue could be redirected to other areas of institutional importance.

Second, by increasing the number of self-pay students, each university could increase the total income realized from tuition. Opportunities which currently exist for expansion in this area include: targeted recruitment strategies for populations of students with the ability to pay for higher education; focusing on the development of new specializations for and marketing existing specializations to non-traditional students (including individuals who are interested in mid-career advancement or study in the evenings, on a part-time basis, or via distance learning).

Third, an opportunity exists to systematically target organizations and individuals who have a vested interest in the success of each university for voluntary support. While opportunities for financial support would be greatly aided by revisions in the tax code (see above), most of these constituencies have not been cultivated to a degree which would allow for solicitation of gifts.

*Each institution is in a position to maximize the effectiveness of its existing relationships with external constituencies.*

While soliciting fiscal support from each institution's various constituencies may be many years away, these groups are a valuable resource which might be tapped for other purposes. Opportunities exist to engage alumni, corporations and community leaders in the life of each university.

Alumni who are well placed in local and national industry could be asked to assist in the placement of graduating students in their respective fields. Additionally an alumni network could be organized to support the admissions process. Graduates are a valuable source of potential applicants (their children, children of friends and co-workers) which could be utilized to increase interest in each institution.

Individuals who are placed at high levels in regional companies could be invited to participate in a "business partners" program. By giving a small gift, each company would be entitled to special invitations to guest lectures organized by the universities,

breakfast or lunch meetings organized around discussion of particular topics of interest, or special receptions with graduating students who would be potential new employees.

Additionally, an “executives-in-residence” program could be established in which corporate executives are invited during one week per year to address classes or special meetings for students to discuss their particular areas of expertise. Such a program would allow for the development of relationships with both companies and individuals who might in the future be able to provide voluntary financial support.

Finally, leaders in the local community (government, business, etc.) could be carefully selected for limited terms on an institutional “visiting committee” to provide counsel and advice to the leadership of each institution. Many criteria could be used to select these committee members including: the ability to advocate for the institution at a government level; knowledge of what businesses seek in potential new hires; or involvement in the secondary education system which could provide additional students for recruitment.

*An opportunity exists to develop a system for the systematic collection and storage of information about prospective student, current students and graduates of each institution.*

Many separate departments collect data on prospective students, students and graduates. However, this data is not stored electronically in a central location with access distributed to individuals across the organizational structure.

Information which could be collected and stored electronically in a database system includes (but is not limited to): address and telephone information, work contact information, names of parents and children, graduation date and specialization, academic performance data, etc. These data could be used for maintaining relationships with individuals after graduation via direct mailings, targeting potential students for information about the institution, and countless other applications.

Distributed access to this information would also be critical. By centralizing data collection and giving access to individuals across the organizational structure, data driven decision making could become pervasive at all levels of organizational functioning.

This type of system would require an institutional commitment to investing in internal technology infrastructure including a central server and high-speed intra-institutional connections.