Straddling Market and State:

Higher Education Governance and Finance Reform in Kazakhstan

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Kazakhstan: The Context of Turbulence and Reform

Since it achieved independence upon the dissolution of the Soviet Union in 1991, Kazakhstan has been engaged in a process of nation building that has witnessed enormous economic, political, and social change. Today, the Central Asian nation, the world's ninth largest in landmass and one possessing of vast natural resources, finds itself in the throes of an uneven and undecided transition toward democracy and a market economy.

Kazakhstan's system of higher education also is undergoing historic change. Following decades of centralized state planning and hyper-regulatory control by numerous ministries of the national government, universities in the 1990s were granted new management flexibility in critical areas of tuition setting, admissions and enrollment, and academic programs. The university reforms of the 1990s represent an important and potentially far-reaching development in Kazakh higher education; universities now enjoy greater liberty than at any other time in their history. However, campuses continue to operate in a highly constrained regulatory environment. Powerful central ministries of the national government hold near monopolistic sway over many core aspects of institutional functioning, and on the whole campus leaders in Kazakhstan have far less latitude over their internal affairs than do their counterparts in the United States or in many European nations (McLendon, in press; Neave and van Vught, 1994) .

Against the backdrop of a fluid regulatory environment, universities in Kazakhstan are also confronted with new and daunting fiscal responsibilities. Now "privatized", universities are expected to competitively seek their own tuition revenue at a time in which funding from the national government is rapidly diminishing. The shift in revenue streams reflects deeper, structural difficulties in Kazakhstan's economy. The nation remains mired in an economic malaise that emerged in the mid-1980s, but became acute in the years following independence.

Successive austerity budgets of the national government, consisting of deep across-the-board budget cuts, reduced by almost two-thirds the nation's investment in education during the decade of the 1990s, when education spending as a percent of Kazakhstan's Gross Domestic Product declined from 8.1% in 1993 to slightly less than 3% in 1999 (OECD, 2002) and education expenditures as a percent of the national budget declined from 24.5% in 1990 to less than 11% in 1999 (Zhoumabekova, 2000). Thus, the management freedoms witnessed during the 1990s in Kazakh higher education may be seen, at least in part, as the practical consequence of economic crisis, rather than as an enthusiastic embrace of market mechanisms.

Higher education is a vital resource for Kazakhstan's future, serving as a supplier of human and intellectual capital, as an engine of economic development, and as a vehicle for social cohesion and the successful transition toward democracy. Whether higher education in Kazakhstan is capable of serving these multiple, complex, and crucial societal roles may depend upon the extent to which universities capitalize on their existing autonomy, and press for new freedoms, in order to foster academic innovation, acquire new sources of non-state revenue, design well functioning administrative structures, generate new interinstitutional partnerships, and promote broadened access.

This chapter describes and assesses the contemporary challenges confronting higher education in Kazakhstan, with particular emphasis on recent reform initiatives and future reform challenges. The assertions made and conclusions drawn in this chapter are the result of a technical assistance project, sponsored by the Bureau of Education and Cultural Affairs of the U. S. Department of State, that is pairing a team of researchers from Vanderbilt University[1] with

[1] I would like to extend my appreciation to Professors Stephen Heyneman and Timothy Caboni of Vanderbilt University, the two other members of the Kazakhstan research team, and to Mr. Ararat Osipian, a doctoral student at Vanderbilt University, for their critique of many of the ideas presented in this paper. My appreciation also extends to Professor Serik Abilov of East Kazakhstan State University,

representatives from several Kazakh universities over a period of three years for the purpose of studying higher education governance, management, and finance in that Central Asian nation. As part of the project's initial phase, I conducted field research[2] at three universities in Kazakhstan during the summer of 2002. Those three universities were Kazakh National Technical University, East Kazakhstan State University, and Kainar University. Each university is broadly representative of a different mode of higher education organization in Kazakhstan. This chapter draws heavily on the field research I conducted at those three universities in 2002 and on numerous reports and documents about Kazakh higher education on the whole.

In the first section of the chapter, I briefly sketch the three site institutions that are broadly representative of the higher education landscape in Kazakhstan. Next, I describe critical dimensions of Kazakh higher education, focusing on issues of organization and governance, university finance and student financial aid, and academic program development and the state curriculum standards. In the subsequent section, I describe contemporary reform challenges confronting higher education, and offer recommendations for reform in four specific areas: faculty salaries, academic labor markets, and corruption; university finance, student financial aid, and college access; state regulation of campus financial and administrative operations; and, curriculum and academic program development. The final section of the chapter places the Kazakhstan experience within a larger debate about the proper balance between "institutional

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and to the faculty and administrators of the three site institutions described in this chapter. Of course, the ideas expressed in this paper are solely those of the author and do not represent the opinions of any particular individual or institution.

[2] The chief data sources for the study included interviews and extensive archival analysis. I conducted interviews with over 60 faculty and staff at the three site institutions. The interviews, conducted with the help of translators, were with the rector, vice-rectors, faculty senate representatives, academic deans, department heads, and other key administrators at each university. Collectively, the research team gathered and analyzed extensive archival data, including institutional histories and strategic planning documents, financial documents, admissions reports, and various government documents. At every turn, my effort was one of gathering data both on the specific institution and on the nation as a whole.

autonomy" and "public accountability" in higher education, and advances the concept of the charter college as a model for achieving the necessary balance in Kazakhstan.

Overview of Site Institutions

The Kazakh National Technical University, located in Kazakhstan's largest city of Almaty, is the largest and most prestigious technical university in Kazakhstan. Boasting an enrollment of 12,000 students, the university certifies students in 67 academic specialties and offers the Master's and Ph.D. degrees. The university's six academic institutes include mining and metallurgy, information technologies, engineering, geology and oil and gas business, machine building and ecology, and natural sciences and humanities. The university employs 851 faculty members, of whom 80 hold the doctor of science degree and 311 are candidates of science.

East Kazakhstan State University, located in the city of Ust-Kamenogorsk in the northeastern region of Kazakhstan, was founded over fifty years ago as a pedagogical institute. It remained a well-regarded center for the training of teachers until 1991, when Moscow granted the institution university status months before the disintegration of the Soviet Union. A comprehensive university offering over 100 specialties and graduate degrees in the sciences, social sciences, humanities, and professions, East Kazakhstan State University is comprised of seven institutes: business and law; philology and journalism; physics and mathematics; natural sciences, ecology, and medicine; history and culture; professional skills; and continuous professional education (a two-year college with vocational programs). Total enrollment is 10,000 students, about 80% of who are undergraduates. The university employs 900 faculty members, of whom 40 hold the doctor of science degree; 200 are candidates of science.

Established in 1991, Kainar University was the first private higher education institution licensed to operate in Kazakhstan. The university is located in Almaty, Kazakhstan's largest city and former capital, and it has numerous branch campuses in Almaty and in various regions of the country. Kainar University offers 17 specialties through seven academic departments; it also offers Master's and Ph.D. degrees in a limited number of subject areas. Approximately 7,000 students are enrolled in the institution. Kainar's 260 faculty members include 54 professors and 126 assistant professors.

Higher Education-System Characteristics in Kazakhstan

During the Soviet era, higher education in Kazakhstan was as centrally planned as the nation's command economy. The animating principles of higher education organization and governance were formalization and standardization of teaching, learning, finance, and administrative processes and outcomes. Where differentiation occurred (e.g., the consolidation of science and engineering programs at what is today know as Kazakh National Technical University), it did so as result of government directive. When Kazakhstan achieved independence from the Soviet Union in 1991, control over higher education shifted from Moscow to an alphabet-soup of ministries in the new, central Kazakh government. In 1996, the Ministry of Education and Science assumed control over the vast majority of higher education institutions in Kazakhstan. Although numerous "reforms" dating to the mid-1990s have lessened the monopolistic control of the central government[3], the historical tendencies in Kazakh higher education toward formalization and standardization have left a lasting imprint on the

[3] Key legislation that diminished the regulatory power of the national government include the 1992, 1993, and 1999 higher education amendments to the *Laws of the Republic of Kazakhstan*. Additionally, a series of presidential decrees having the force of law, particularly those of 1995, 1996, and 1999, further refined and expanded certain dispensations for public universities.

contemporary structure, design, and management of higher education in the nation. Today, the Ministry of Education and Science continues to exert a powerful, if decidedly less unitary and exclusive, influence on higher education in Kazakhstan.

Organization and Governance

In 1999, the higher education landscape in Kazakhstan included 255 institutions, including 152 state owned institutions and 103 private institutions. Approximately 250,000 students were enrolled at the 152 state owned institutions; it is unclear precisely how many students were enrolled at the 103 private institutions. The 255 higher education institutions employed 21,413 instructors and professors, of which 1,269 (or about 6%) held the Ph.D. degree and 7,136 (or about 33%) held the Master's degree.

State supported higher education institutions in Kazakhstan do not own their own land or buildings. Indeed, questions involving property ownership and maintenance are complex ones because different government ministries exercise different jurisdictional authority. The property of all higher education institutions belongs to the central Finance Ministry, while maintenance and improvement of existing facilities falls under the jurisdiction of the Ministry of Education and Science—in effect, one ministry owns the universities, while another ministry regulates improvements to the universities. Universities may not purchase or sell property, nor may they make capital improvements without undergoing an often-lengthy review process.

By contrast with the American practice, where private universities are non-profit corporations with tax-advantaged status, private universities in Kazakhstan are considered profit-making entities and are owned by one or more individual investors. The curriculum of these institutions is subject to the same strict standards and regulatory oversight imposed upon state universities by the national government but, in many other respects, private universities in

Kazakhstan enjoy notable freedoms of operation, particularly in the areas of tuition setting, personnel, property ownership rights, interinstitutional linkages, and administrative structure. Of course, these institutions are also subject to the same tax laws as are other private businesses. The Ministry of Education and Science conducts a rigorous licensure of private universities, and oversees their periodic review and "reaccreditation".

Unlike their Western counterparts, whose diffuse, ambiguous, and overlapping internal-authority patterns have been likened to "organized anarchies" (Cohen, March, and Olsen, 1971), universities in Kazakhstan are highly centralized with clear reporting and authority structures. Appointed directly by the president of the Republic of Kazakhstan, rectors of state universities exert enormous influence over their administratively centralized institutions. Organization charts typically portray the rector atop an organizational pyramid in which several layers of governing groups and councils, including faculty and academic councils, report directly to him. Rectors at private universities, these organizations being smaller in size and constituting the real property of one or more individuals (who may also serve as the institution president), typically are even more powerful than their counterparts at state institutions, exercising direct control in virtually every sphere of campus operation.

In state institutions, faculty are hired by the chairs of academic programs in consultation with the appropriate vice rector; in private universities, typically the rector is directly involved in the hiring and firing of faculty. Faculty at state universities in Kazakhstan are paid in accordance with a universal salary schedule set centrally by finance ministry officials, although recent reforms have given rectors new flexibility with regard to salary-setting. Faculty salaries at private universities are set by the vice-rector of finance, in close consultation with the rector. There is comparatively little academic mobility in Kazakhstan, where the predominant practice is one in which universities recruit their own graduates for faculty positions. Once hired, faculty tend to remain throughout their career at the institution from which they graduated, although (as discussed below) faculty increasingly are holding appointments at multiple institutions due to the acute economic pressures now associated with the academic labor market.

University Finance and Budgeting

Historically, public universities in Kazakhstan were financed entirely by the central government, primarily through the vehicle of field-specific grants to students. Today, university finance in Kazakhstan is undergoing profound change as private tuition paid by students and their families rapidly overtakes the central government as the chief source of revenue for state universities.

Kazakhstan's complex system of student financial aid harkens to an earlier era in which government officials centrally planned the nation's economy: students may attend their institution of choice, but student choice is highly constrained in that governmental awards of financial assistance are made exclusively on the basis of merit (national exam scores) and are tied, through an annual quota system, to particular fields of study as predetermined by central ministry officials. Two forms of financial aid are available to students entering higher education in Kazakhstan: grant awards that students do not need to repay to the government and credits (i.e. loans) that must be repaid. In 2002, the central government made available 10,500 state grants and 12,500 state credits, or a total of 23,000 financial awards, as against a total population of 100,000 new students entering higher education. Every year, the Ministry of Education and Science determines the number of grant and credit awards that the government will appropriate to each of the 227 approved higher education specialties offered at universities throughout Kazakhstan. For example, in year 2000, ministry officials determined that 20 grant awards and

45 credit awards should be allocated to new matriculates pursuing the International Relations specialization. Some specialties (engineering) were allocated a higher number of awards in that year, while others (psychology) received less.

Grant and credit awards are made to students on the basis of students' scores on a national exam, the Complex Testing Examination. Upon completion of their secondary education, students sit for the national exam, which consists of three obligatory subjects (Kazakh or Russian language, history of Kazakhstan, and mathematics) and a fourth subject elected by the student. The elective subject corresponds to one of the 227 approved specialties a student may pursue at universities in Kazakhstan. The number of state grants and credits and the distribution of awards across specialties is announced in advance of the annual exam, and publicized widely through the media. Students are assigned "points" based upon their examination scores. Students with the highest scores in each specialization are awarded grants; those scoring somewhat less high are awarded credits[4]. Family income is not taken into account for the awarding of either grants or credits. Because information about the distribution of financial awards is publicized in advance of the national exam, and students are eligible for financial assistance only for the specialization in which the examination is taken, students are said to engage in a "gaming" scenario whereby they calculate the probability of their obtaining a grant or credit by weighing their academic strengths against the number of awards and the likely competition in a given field, ultimately electing to sit for the particular exam for which the student believes he or she has the best "odds" of receiving a government grant.

The acute fiscal and budget crisis of the 1990s produced a shift in educational costs from the central government to students and their families. The cumulative effect has been a precipitous decline in the proportion of students entering universities as "state students"—a

[4]The maximum test score is 120. The minimum score accepted at a state university is 40.

reduction of well over 50%, nationally. Indeed, at several major universities during the period of 1996-1999, the decline was in excess of 60% (World Bank, 1999). By contrast, the number of so-called "self-pay" students—that is, students whose families pay tuition costs out-of-pocket—increased dramatically during the 1990s. At East Kazakhstan State University, for example, the number of privately financed students enrolled at the university had climbed, by year 2000, to nearly 70% of total institutional enrollment, while tuition revenue as a proportion of the institution's budget increased from approximately 40% in 1996 to 65% in 2000. Thus, tuition revenues are rapidly replacing traditional forms of state subsidy as the single most important source of revenue available to universities.

There are two main budget categories that fund higher education institutions in Kazakhstan. The first includes state budget lines for faculty, student financial aid, and maintenance of facilities. These budgets are determined and administered centrally by the relevant ministry; local campuses have no control over these budgets. For example, faculty-pay is set centrally and paychecks are issued to faculty from of a state account. The second kind of budget is the so-called "off-budget" account over which institutions exercise direct control. Student tuition is by far the largest source of funding in off-budget accounts. A reform initiated in 1996, and supplemented by additional ministry regulations since, allows campus managers to direct these off-budget funds to support various institutional functions or initiatives, such as augmenting salaries of faculty and staff or leasing property. Of course, numerous ministry guidelines govern the use of off-budget funds.

Curriculum and "State Standards"

Until very recently, government officials in the Ministry of Education and Science centrally planned the higher education curriculum in Kazakhstan down to the minute detail of design. At the core of the nation's uniform curriculum is a set of rigidly prescriptive guidelines known as the State Standards of Higher Education. State Standards exist for all 226 approved specialties offered at public and private higher education institutions in Kazakhstan. For each specialization, the State Standards specify, in quite precise terms, the respective learning objectives, the number of courses required for certification, the substantive content of all courses, textbooks that are to be used, the sequence in which courses are to be taken, the distribution of courses across four curriculum "blocks"[5], the number of classroom contact hours, the number of hours students should expect to study each week, and maximum course load. Importantly, because each specialization is tied to a particular occupational classification in the nation's economy[6], State Standards indicate to students the jobs for which they will be prepared in the workforce and specify to employers the knowledge and skills they may expect graduates to demonstrate upon their hiring. Curriculum standards are established by a committee staffed by officials in the Ministry of Education and Science. Upon announcing a Standards competition in a particular field, the committee will invite teams of specialists from universities throughout Kazakhstan to submit curriculum proposals, from which the committee will select a design template that other higher education providers in the country must follow. Universities are allowed to offer specialties only in those areas formally approved by the Ministry.

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[5] The four blocks include a first block of social science and humanities courses, a second block consisting of science courses, a third block of so-called "fundamental" courses specific to each specialization (e.g., the specialization of Public Administration requires courses in World Economics, Money, Banking, Finance, and Marketing), and a final block of "special subjects" courses in the specialization area (e.g., continuing with the example of Public Administration, such courses include Management Audit, Social and Economic Statistics, and Municipal Government).

[6] Every higher education institution in Kazakhstan makes available to students the so-called "List of Professions", which classifies over 300 occupations in Kazakhstan into 47 groups. The document provides information about the qualifications of the specialist, the required pattern of course taking, the knowledge and skills they should possess, length of study, where they could find a job upon graduation, and prospects for further academic study.

Current Reform Challenges in Kazakh Higher Education

Significant, indeed historic, reforms have taken place in the decade since Kazakhstan's independence. Many of these reforms are of such recent nature, that it is premature to assess their affect upon institutional functioning. Nevertheless, some tentative observations can be made, both about the potential implications of recent reform activity and additional areas of needed reform.

Faculty Salaries, Academic Labor Markets, and Corruption

In the former Soviet era, university faculty in Kazakhstan enjoyed a high degree of social prestige, amenable working conditions, and respectable pay. Scientists, in particular, many of who received their training at Russia's most prestigious universities and worked in the vital Soviet space and defense industries that were concentrated in Kazakhstan, held prominent positions in society. The dissolution of the Soviet Union and the economic decline of the 1990s, however, have affected the academic labor market in quite significant and problematic ways.

Faculty hired under the so-called "contract system", the traditional form of faculty employment in Kazakhstan, may be signed by universities to either one- or three-year employment contracts. According to the universal salary schedule set centrally by ministry officials, faculty pay is determined by length of service and level of educational attainment (i.e., holders of the doctor of science degree earn more than those who hold the candidate of science degree). Pay does not vary according to field or discipline. Strict provisions govern the number of hours faculty work per week. According to national law, citizens of Kazakhstan are guaranteed the right to work for multiple employers at the same time, so there also are central ministry guidelines stipulating the terms of faculty part-time employment.

The average faculty member at a state supported university earns approximately $150 a month, although many faculty (assistant professors, lecturers, and young academicians) make less than $100 per month. Faculty at state universities are entitled, under collective bargaining agreements, to numerous "social guarantees"[7] reminiscent of Kazakhstan's Socialist past, but most faculty consider these benefits as insufficiently generous to compensate for their low and stagnant salaries. Numerous problems stemming from low faculty pay have arisen in Kazakh higher education. One consequence is that many academics have left the university for better paying jobs elsewhere in the economy[8]. Because salaries are so low, many faculty simultaneously hold teaching positions at multiple universities. It is widely believed among higher educators in Kazakhstan that the practice of multiple teaching assignments diminishes the quality of education students receive. The conditions of low pay also have created problems involving intellectual property rights, as it is unclear which university, among the several for which a faculty member may work, owns the intellectual products deriving from the faculty member's scholarship. Low pay also has diminished the number of young graduates pursuing academic careers. Indeed, at the Kazakh National Technical University, the average age of faculty who hold the doctor of science degree is 62, and over one-half of the faculty are of pensionable age[9]. Throughout Kazakhstan the problem is particularly acute in the sciences, where the production of new faculty has declined, in part, due to high student demand for emerging fields such as law, foreign languages, and international relations. The dearth of supply

[7] Among the benefits provided in faculty collective bargaining agreements with universities are holiday and vacation leave, paid leave for disability and death, limited financial support for faculty who head single-parent families, holiday and birthday gifts for children of faculty and staff, so-called "leisure" privileges at state-owned recreation facilities, and housing subsidies for senior faculty.

[8] When asked why they remain in a profession whose status and material reward has been so diminished over the last decade, faculty interviewed for this study uniformly replied that their enthusiasm for teaching and the intellectual energy associated with their work is the source of their continued interest in the professoriate.

[9] Men may qualify for state pensions at age 63; women are pensionable at age 58.

in young academicians has left universities with few alternatives but to hire pensioners that are returning to the workforce because of the lessened purchasing power of their state pensions. Indeed, at the universities our team visited, it is commonplace to find leading candidates for faculty positions in their 70s, or older.

An especially troublesome consequence of low faculty pay in Kazakhstan is the environment for education corruption that it has fostered. Although corruption in education is a worldwide phenomenon that takes numerous forms (Heyneman, forthcoming), its presence can be particularly problematic for those nations transitioning to democracy and market economies. Although there is no systematic and comprehensive data available on the issue, bribery appears to be the most pervasive form of professional misconduct in Kazakhstan's higher education system. It is not uncommon to hear accounts, both first- and second-hand, about faculty and staff accepting material gifts from students in exchange for favorable grading, academic assessments, selection or admission to university, and even the awarding of academic degrees. The national government recently has taken steps to curb corruption in higher education through its reforming of the national university entrance examination. Previously an oral exam whose administration by a single testing agent made the process particularly susceptible to impropriety, the new test format is computer based, thus eliminating one source of potential bias. While other forms of corruption also exist in Kazakhstan, misconduct involving the classroom and teaching and learning processes are the most insidious because they touch directly at the heart of the academic enterprise, and may have the most lasting effect upon public confidence in the integrity of the nation's higher education system.

One important reform in the area of faculty pay, initiated in year 2000, allows universities to augment, with their off-budget funds, a faculty member's salary, up to 100% of the state-approved schedule. This flexibility is intended to enable campuses to compete better in the national labor market so as to more effectively attract and retain outstanding faculty. It is yet too early to assess how this particular form of management flexibility may affect faculty hiring or compensation patterns, or even what criteria will be used in determining which faculty are selected to receive salary augmentations. However, the keys to effective utilization of this management flexibility are at least twofold. First, the system should appropriately align the faculty hiring and compensation decisions of universities with the current needs of the nation's higher education system; i.e., the emphasis should be on rewarding faculty who can help build the nation's research infrastructure, who have interest and facility in bridging international relationships, and/or whose academic training include Western experiences so as to diversify the intellectual and pedagogical perspectives of the Kazakh professorate. Second, such a system should have indicators and measures that are transparent, that rely on data, and that are formulated in consultation with faculty leaders so as to avoid the appearance of impropriety or cronyism in faculty hiring or in the allocation of salary supplements.

While the recent legislation allowing universities to supplement the salaries of their faculty is an important step in the right direction, Kazakh higher education would be still better served were the central government to abolish its rigid salary schedule for university faculty, thus pegging faculty pay to broader forces in the nation's labor market and infusing the academic labor market with newfound competition for the services of outstanding teachers and researchers.

University Finance, Student Financial Aid, and College Access

One of the strengths of the Soviet educational system was a commitment to educational access, particularly for students from low-income families. This legacy of broad access in Kazakhstan appears now to be in full retreat. While access to university education is increasingly accessible to students of financial means, the substantial decline over the past decade in the number of state grant and credit awards has made college affordability increasingly problematic for students from poor backgrounds. To compound matters, university tuition rates have risen rapidly over the past decade, making private borrowing from commercial lenders for the purpose of paying for university education quite infeasible. Although national figures are not available, the experience of the Kazakh National Technical University is instructive: from 1995-2000, tuition at that large and comprehensive institution climbed by 60%. Together, diminished public financing of higher education and rapid tuition increases pose daunting challenges for postsecondary finance and access in Kazakhstan. Trend data on the distribution of entering students by economic background does not exist in Kazakhstan, but many university officials express private concerns that participation in their nation's higher education system is becoming increasingly restricted to those of financial means.

Without question, the increased reliance of universities on private sector financing has fostered new ways of thinking about higher education pedagogy, management, and finance in Kazakhstan. Increased competition among higher education institutions and between higher education sectors (public and private) for much needed tuition revenue has had positive effects. For instance, universities are giving more consideration than ever before to the kinds of curricular choices they offer students. In their search for revenue, universities are attempting to move into new academic niches, and they have begun pressing ministry officials for the authority to offer specialties not previously permitted at their institutions. In recognition of the growing importance of tuition dollars, ministry officials have granted a few institutions new flexibility in the area of curriculum design (see the following section of the paper). Another outgrowth of heightened competition for tuition dollars is the increased consideration universities are giving to admissions, marketing, and campus publications (Caboni, 2002). Additionally, universities are devoting more attention to student services and to students' psychosocial development. There is growing interest in the development of the extracurriculum, particularly in the areas of athletics and student organizations. Competition for tuition revenue also has spurred the growth of the private higher education sector. Rapid tuition increases at state institutions has made private universities more economically attractive for some students. Private institutions, moreover, are developing creative marketing strategies and innovative tuition schemes. For example, Kainar University recently became the first university in the nation to award institution-based financial aid on the basis of national exam scores. In 2000, only fifty students applied for the 17 grant and credit awards set aside by the university; in 2001, 400 students applied. Additionally, families that enroll a second child at Kainar receive a 20% discount in the second child's tuition.

Despite these positive signs, the cumulative impact of reduced state funding for higher education, rapid tuition increases, and diminished access for students of lower income backgrounds necessitates reform of the university financing and student-aid systems in Kazakhstan. Specifically, the challenge is that of retaining the merit component of the current system, while enhancing student choice and ensuring broad access for students from middle and, particularly, lower income families. One such "blended" approach could include two primary components. First, a large proportion, perhaps 30%, of the slots in universities would be reserved for students that score highest on the national compulsory examination. All such students would receive government grants, with one-half of those grants allocated regardless of family income and one-half on the basis of means testing. The second component of a reformed student aid system would involve creation of a universal loan program open to students of all economic backgrounds. The central government could provide a powerful incentive for institutional efforts to expand student access by augmenting institutional aid packages for bright students of low-income backgrounds who fail to qualify for government grants.

Campus Fiscal and Administrative Regulations

In addition to the government regulation of curriculum, faculty, and financing discussed elsewhere in this paper, universities in Kazakhstan are plagued by a dated and dizzying array of intrusive fiscal and administrative controls by numerous central ministries. These heavy-handed regulations appear to have diminished the capacity of institutions to respond to changing market conditions, served as a barrier to institutional innovation and reform, and produced inefficiencies throughout the national system. For example, while there are no central government provisions governing the size of campus enrollments, per se, a complex set of ministry regulations involving space utilization effectively retards campus growth and, by extension, inhibits the acquisition of tuition revenues critical to the improved quality of campuses. Ministry regulations stipulate that a public campus must have nine square-meters of space for every student enrolled on the campus, so there exists an upward limit on the number of students a university may accommodate with its current facilities. However, because universities do not own their own property or lands, any attempt at construction of new facilities to accommodate student growth must navigate a labyrinthine administrative review by central ministries. In effect, universities are presented with a "catch-22" situation. In an era of declining state financial assistance, tuition revenues represent the single most critical resource for campus improvement. However, universities whose admissions strategies and curricular offerings prove successful in attracting new students (and by extension new revenues) are likely to find themselves constrained by an indirect admissions quota due to insufficient physical space, yet lacking independent authority to expand their facilities. This interrelated set of conditions involving facilities, property ownership (or lack thereof), and excessive state regulation has seriously hampered the ability of some institutions to adequately compete in the increasingly competitive student marketplace. This climate of over-regulation in extends far beyond issues of growth and expansion. Indeed, painting a classroom, expanding a hallway, constructing a walkway, or in any way altering the nature or appearance of existing facilities requires a review from central ministry officials.

As a testament to creative management, some campuses have found ways to circumvent these onerous regulations. Increasingly, universities are striking agreements with their local governments, or oblasts, to lease buildings owned by regional authorities for use as classroom and student residence facilities. Although the emergence of "off-budget" accounts (i.e., non-state revenues that institutions may spend in certain discretionary ways) is a very positive development for university finance and budgeting, institutional managers need the flexibility to employ these funds for the physical improvement and expansion of their campuses, particularly for the purpose of facilitating growth-related expansion.

Curriculum Reform

The central government's monopolistic control of the higher education curriculum in Kazakhstan is undergoing comparatively modest, but significant, change. A recent experiment allows universities to petition the government to substitute other courses for those required in a given specialty, up to 30% of the total specialty requirement. These substitutions, which must be approved in writing by the Ministry of Education and Science, provide universities a measure of flexibility in designing academic concentrations that speak to the emerging interests and demands of both students and employers.

Despite this initial progress, it seems clear that further loosening of strict regulatory control of the higher education curriculum in Kazakhstan is needed. Universities should have the independent authority to establish curricula that are more closely aligned with the labor market. Universities need the flexibility to innovate, to respond more quickly to student demand, to develop curricula that open niches in Kazakhstan's emerging academic marketplace, and to develop interinstitutional partnerships (especially with higher education providers outside of Kazakhstan) that bring fresh ideas into the nation. No less important, faculty need to assume the responsibilities that are implied by their status as members of a profession. Many faculty in Kazakhstan function as mere clerks or government bureaucrats, rather than as members of an academic profession whose expertise entitles them to a large measure of autonomy in making decisions about academic matters. Instead of checking student attendance, monitoring student compliance with government regulations regarding numbers of hours studied and sequence of courses taken, and following strict ministry guidelines about course content, university faculty should have the independent authority to identify learning objectives and set expectations for the intellectual development of students.

Conclusion: Autonomy, Accountability, and the Charter College Concept

The future of higher education in Kazakhstan is unclear, but appears headed in the direction of increased competition (both within the nation and from without), lessened state financial support, heightened demands for access and affordability, and an acute need for innovation and modernization throughout the system. The underlying tension in Kazakh higher education, as it is in many other nations around the globe, is how best to balance the competing demands of public accountability and institutional autonomy. The former involves the need in democratic society for mechanisms that help ensure the responsiveness of public institutions of higher education to the "public good". The latter notion involves the need of institutions for operating freedom sufficient to function effectively and efficiently in an increasingly competitive marketplace—in effect, the freedom of universities to chart their own course. Moreover, "autonomy" has special meaning for universities in democratic societies, where the cherished ideal of academic freedom requires insulation from external political pressures and where the right to self-regulation helps preserve the university's roles as change-agent and social critic. Because neither complete accountability of the campus to the state nor absolute autonomy of the campus from the state is likely feasible, the fundamental question for policymakers is where, precisely, the line should be drawn between campus and state (McLendon, in press). Historically, the twin tensions of accountability and autonomy in Kazakh higher education were weighted in favor of "accountability", that being achieved through heavy government regulation and intervention to ensure campus compliance with ministry fiat. Accountability of higher education to the public clearly remains a vital public policy consideration[10] in Kazakhstan and the government should remain a vigilant guardian of the public trust, setting broad policy goals for the larger higher education system, allocating resources commensurate with those goals, galvanizing public attention to important problems or emerging opportunities, and establishing mechanisms to reduce <u>excessive</u> interinstitutional competition and academic program duplication[11]. However, at Kazakhstan's current stage of development, the balance now demands a tilting in favor of <u>increased university autonomy</u>. In so doing, Kazakhstan stands the

[10] It is precisely at this time of transition toward market forces in Kazakh higher education that accountability becomes so manifestly important. The recent pattern of corruption, for example, serves as a caution against giving institutional managers unchecked dominion over critical financial resources. The point, however, is that other forms of oversight, such as private accreditation, offer effective accountability without the accompanying drawbacks of rigid governmental intervention.

[11] Even in the most "deregulated" system of higher education, governmental authorities require authority to monitor and, occasionally, intervene when institutional "turf" battles threaten to balkanize the system or when academic programs become misaligned with market realities and threaten the effective or efficient use of public resources. In this context, the national or local governments may be seen to play a coordinating or, "state steering", role, rather than a governing role; governance is a function best left to local institutions operating within a larger system framework.

surest chance of strengthening and revitalizing its universities and, also, of achieving other important national goals such as increased quality, productivity, access, and efficiency. Moreover, and this is the crucial point, institutional autonomy can serve the larger purposes of "public accountability" insomuch as responsive, adaptive institutions are likely to contribute to increased quality, productivity, access, and efficiency throughout the higher educational system, to an extent greater than that seen under conditions of rigid regulation by central government authority.

The university reforms of the 1990s represent an important, initial step in this direction. However, what is needed in Kazakhstan is systemic reform of curriculum, personnel, financing and student aid, and institutional management. In principle, such systemic reform should be designed so as to shift the focus from input measures and compliance monitoring to output indicators and performance assessment. Rather than excessive focus on routinization and standardization of process as means to achieving important system goals, Kazakhstan should focus on the systematic assessment and rewarding of high student performance, faculty performance, and institutional performance. A nongovernmental, private accreditation system that promotes external, peer-institution review to scrutinize universities for quality assurance and quality improvement would be one means by which Kazakhstan might lessen the role of central ministry officials, while ensuring the nation's commitment to high standards. Additionally, Kazakhstan might borrow and adapt, as appropriate for its own history and needs, models of governance and finance reform with which other nations recently have experimented. One particular reform model with potential application to Kazakhstan's contemporary conditions and challenges is the charter university concept (Berdahl and MacTaggart, 2000) that has been tested in certain American states (e.g., Massachusetts, Colorado, Maryland). The charter university concept borrows from the charter school movement in American K-12 education in that it envisions a mutually-negotiated trade-off between campus and state: in exchange for being granted its own governing board and greater autonomy over budget, personnel, and academic programs, a charter university agrees to meet certain performance goals (e.g., targeted scores on student "exit" exams, graduation rates, number or proportion of economically disadvantaged students enrolled, etc…) and to accept a fixed amount of state appropriation over a set number of years. In the United States, as in other parts of the globe, as well, the movement over the past two decades has been in this direction of regulatory reform, one that couples management decentralization with stronger performance-based accountability systems.

In the decade since its independence, Kazakhstan has embarked on several important higher education governance and finance reforms. Numerous and profound reform challenges yet remain. The questions confronting policymakers in that nation are twofold. First, at what pace should reform proceed? Should, should reform be piecemeal in fashion and only loosely tethered to the nascent market realities of Kazakhstan's economy and society, or systemic in nature and tightly linked with newer conceptions of accountability that stress institutional autonomy, competitive excellence, and performance appraisal?

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