POLICY ANALYSIS OF THE PER CAPITA FUNDING OF THE PUBLIC SCHOOLS IN KAZAKHSTAN

by

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Introduction

During the last decade, there has been a continuous debate in Kazakhstan about the necessity of reforming the funding system for public service, where the education system, and more specifically public schooling takes a central place. The advocates of reforming the system assert that the existing model does not reflect the needs of students, teachers and schools and it does not provide the public with an adequate and efficient schooling system. As a result of these arguments, the government has launched a pilot project implementing a new funding model recommended by World Bank and UNICEF. Beginning September, 2013, 50 schools in four regions of the Republic of Kazakhstan have been involved in the project (Financial centre, 2014). The focus in the offered model shifts from the guaranteed funding of the educational organizations to per-capita funding based on the student enrollment. The new model purports to benefit the main stakeholder – a diverse student body and aims to provide all students with an equal access to the public education by implementing the principle of ‘money follows the child’. Under these conditions, the public schools will be motivated to become more competitive in attracting the families and students and, through this ‘struggle for the students’, enhance their academic programs in order to provide the public with a better education.

These are the stated goals that the new mechanism is aimed to accomplish. However, there are always challenges in implementing any reforms in practice. In a post-Soviet country with a socially oriented policy, the majority of the public services are still interpreted as goods guaranteed by the government. Thereby the public perceives all changes in the policies and the decisions about funding sensitively, concerning about potential underfunding or budget cuts. Due to the lack of common understanding in a society of what is considered fair, equitable and adequate Kazakhstanian education, it is challenging for authorities to make a right political and
ethical decision about funding the educational organizations while being restricted by the existing legislation and resource limitations. Facing this problem, I believe that the research made in the area of funding educational systems would give the administrators of any level clearer ideas of how the process of policy making is constructed, how values and rationales shared within the society shape the policies offered to the public, what challenges could be expected for policy implementation and how these challenges may be addressed. Although the pilot character usually means the intention to start implementing the policy in a global, national or region-wide scale, the policy could still be adjusted to address the educational needs of the communities. For making this sort of decisions, the administrators should be aware of the very basics of policy analysis, including different approaches used in policy making and implementing policy. The main purpose of this paper therefore is to better understand the per capita financing pilot project and especially the rationale behind the offered reform, focusing on how it has been chosen, formulated and implemented in the specific context.

The paper consists of four main sections. The first section provides a background information on the formation of the formal schooling system in Kazakhstan pointing out how the socio-economic and political events in different historical epochs form a notion of national education. The second section describes the current educational and funding systems in Kazakhstan. The third part introduces a new per capita funding policy explaining how and why the offered policy of per capita funding was chosen and what it is expected to change in the current secondary education system. The last section reviews what notions of education are being institutionalized in schooling and how the chosen funding model addresses these educational aims through the lenses of efficiency, equity, equality, adequacy and accountability.
Formal schooling in Kazakhstan

Schooling in Kazakhstan developed rapidly in the 18\textsuperscript{th} and 19\textsuperscript{th} centuries with the colonization of the Kazakh Khanate by the Russian Empire (Igibayeva, 2009). However, prototypes of the modern schools emerged far earlier in Kazakhstan. Taking into account the nomadic and seminomadic lifestyle of the inhabitants, knowledge transfer was mainly accomplished through a rich oral culture that involved songs, epic poetry, legends and storytelling, later supplemented by Islamic schooling for the affluent few beginning in the 7\textsuperscript{th} century that added classical education, including writing and science.

Islamic Schooling (7\textsuperscript{th}-18\textsuperscript{th} century)

Beginning in the 7\textsuperscript{th} century, Kazakhstan became largely Islamic and inhabitants of the Kazakh prairies began to be educated at madrassahs, the Muslim schools attached to mosques. Rural madrassahs (mektebs) were scattered all over the country and mullahs taught children, mainly boys, Arabic and the basics of Islam by learning Quran, the Holy Book, by heart. According to the National Encyclopedia (2007), schooling was mainly conducted during 4-6 months each year in winter and autumn in kiiz uis (the traditional portable tents) over four years (students were 7 years of age). Schools were financed by parents’ contributions collected by the mullahs.

The urban madrassahs, unlike rural mektebs, were also the cultural centres of their regions. Here, besides the religious subjects, children also studied jurisprudence, history, logic, rhetoric, geography, philosophy, mathematics, astronomy, medicine and others. There were, however, no prescribed curricula or specifically elaborated pedagogy: the educational process depended on students’ interests and their academic performance. The urban madrassahs were usually sponsored by rich noble families for both educational and religious purposes and situated
within buildings financed by the affluent townsmen. Indeed the urban madrassahs had significant libraries. There were 84 madrassahs in the ancient Kazakh cities such as Taraz, Turkestan, Sairam, Otyrar and others, where about 5 thousand children studied\(^1\) (National Encyclopedia, 2007).

**Russian schooling (18\(^{th}\) and 19\(^{th}\) century)**

The annexation of the Kazakh Khanate into the Russian Empire at the beginning of the 18\(^{th}\) century changed the political situation in the region and social structure of the Kazakh society affecting the development of its schooling (Khozybayev, 1991). Before, in the Islamic era, children from the affluent families were educated at the madrassahs in the big cities while children of ordinary nomads mastered the basics of literacy in Muslim mektebs. This type of training (described above) reflected the way the local society was structured, its value and belief system. The tsarist administration, on the contrary, focused solely on establishing its dominance in the territories of the protected nations. Massive construction projects, mostly in the Western and Central areas of the Kazakh prairies, marked the beginning of colonization era. The new fortresses soon became large administrative and commercial centers. To exercise its domination and support these new outposts, the tsarist government needed new personnel for its administrative apparatus and as a result, at the end of 18\(^{th}\) and the beginning of the 19\(^{th}\) centuries, the first garrison schools were opened on the territory of newly established fortresses (Khozybayev, 1991; Kuzembaiuly, Abil, 1998; National Encyclopedia, 2007).

These schools were secular and admitted for studying not only Russian, but also Kazakh children from noble families. As described in the Russian decrees, the schools aimed at “bringing together Asians with Russians, instilling in Kazakhs love and faith to Russian government and delivering to the empire educated people” (Kuzembaiuly, Abil, 1998, p. 237). This initiative

\(^1\) There is no specified year for these statistical data
represented a significant change in policy: Initially the tsarist government believed that ignorant people were easier to control, but implementing tsarist policy entailed the *Russification* of the Kazakh people through schooling. The curriculum for such schools included compulsory Russian language, Russian and World history (with a focus on Europe), Russian and West-European literature, rudiments of philosophy, geography, mathematics, mineralogy, zoology, botany and forestry. Depending on type of the schools, their student population and specialization, the schools focused on teaching specific subjects. For instance, the Asian schools trained children from the local aristocracy and wealthy families for working in the Russian administrative apparatus or under *sultans*, local Kazakh rulers, and distant Russian chiefs. As a result, studying Islam, Russian and Tatar languages for compiling the commercial and administrative papers was mandatory. On the other hand, the Military schools that prepared military specialists and administrative officials, taught their students tactics, fortification, physics, geodesy, architecture, drawing, European and Asian languages.

Studying at the new secular schools lasted 7 years and was accompanied by constant assessment of academic achievements. Most of the subjects were taught by Russian teachers; however, the subjects related to the local languages, religion and culture of occupied territories were taught mostly by Tatars and Bashkirs, inhabitants of neighboring nations that had become a part of Russian Empire much earlier and were already considered as Russian citizens. The first graduates of those secular tsarist schools from Kazakh elite were ardent advocates for Russian enlightenment and culture, considering their own people ignorant and retrograde. To some extent, this was true considering that the majority of the native people did not have access to these schools. Ordinary people continued to study at *madrassahs* and *mektebs* which were carefully controlled by the tsarist government. For instance, opening new mosques, *madrassahs*
and *mektebs* required special permission from the Russian administration. Through limiting the functions of Muslim schools, the Russian government sought to control the mind and behavior of the colonized Asian nations.

All these factors established on the territory of Kazakhstan the conditions for development of the secular standardized school education in the 18\textsuperscript{th} and 19\textsuperscript{th} centuries. On the one hand, the new system increased the level of education of some local estates. On the other hand, however, it forcibly imposed the values and worldviews of the Russian society, without taking into consideration the culture and history of the nomadic Kazakh people. The goals that tsarist government had set for schools had a deep political rationale, but did not solve any of social and economic problems of the local population.

The dual schooling system led to an unexpected development: The second generation and the main backbone of the Kazakh intelligentsia, educated at the Russian schools, began paying attention to imperfection of the existed Russian schooling system (Khozybayev, 1991; Kuzembaiuly, Abil, 1998; National Encyclopedia, 2007). As Kazakhs, they started lobbying for teaching the students in native languages, establishing the girls’ schools, developing public education for the masses, opening vocational educational organizations (teachers’ seminaries, agricultural and nursing schools), etc. Consequentially, the end of the 19\textsuperscript{th} – beginning of the 20\textsuperscript{th} centuries were characterized by an increase of the state funding from the tsarist government for the school maintenance in Kazakhstan; the use of textbooks and teaching aids in Kazakh language, elaborated and taught by Kazakh enlighteners; the mass opening of the public boarding schools, girls’ gymnasiums, teachers’ seminaries and vocational schools (but no higher educational institutions). Indeed, the second half of the 19\textsuperscript{th} century and first decades of 20\textsuperscript{th} century saw the emergence of schooling institutions of various types, content and orientation,
which later on became a basis for the further development of the educational system in Kazakhstan (Igibayeva, 2009).

*Soviet schooling (1920-1991)*

In spite of marked improvement in the educational level of certain segments of the local society, socio-political tensions at the end of the 19th and beginning of the 20th centuries caused significant changes in the structure and contextual part of the schooling system. After the Russian Bolsheviks had overthrown the tsarist government claiming power for the working class and peasants, the new Soviet government concentrated its attention on accessibility and availability of education for all groups of the population. It confirmed the principles of free, collaborative learning for boys and girls, elimination of the theological disciplines from the curriculum, the abolition of all forms of punishment, and school autonomy (Kuzembaiuly, Abil, 1998; Prohorov, Baibakov, Blagonravov, 1969-1978). This time period could be called as a stage of formation of the schooling system inherited by modern Kazakhstan. It is necessary to mention that the Soviet government built its educational model on the basis of the existed schools: The Muslim madrassahs, mektebs and Russian-Kazakh secular schools were transformed into Soviet public schools and the private schools were suppressed (Kuzembaiuly, Abil, 1998). However, this annexation could not accommodate the new enrollment demands. In order to successfully implement the policy of providing the educational services for all, it was necessary to open additional schools across the country. In 1923, for example, there were 2,025 functioning schools with 128,000 students, but by 1925 the number of schools and students increased to 2,713 and 160,924 respectively. Also, there was a significant increase in the number of boarding schools. The growth of the schools coupled with enormous economic difficulties resulted in the decline of
quality of education. For instance, most of the new schools operated in unadapted premises: 99 percent of Kazakh schools did not have their own buildings and lacked curricula and textbooks.

Despite these conditions, the new government initiated enormous new schooling initiatives related to literacy (Kuzembaiuly, Abil, 1998). In 1925, the public schools in Soviet Kazakhstan started working according to the new rules and the structure of the schools was reorganized. There was an established, unified standard for the diplomas and school certificates, a five-scaled assessment system, a unified term for the academic year. In order to support the schools methodologically, higher educational institutions were opened across the newly established Kazakh Republic, which graduated the novice teachers for working in the region of Central Asia and Kazakhstan (National Encyclopedia, 2007). At the beginning of the 1930s, compulsory seven-year and optional ten-year schooling was introduced. By the beginning of the 1940s, the intense work on literacy started producing results. According to the general census of the population of 1939, 76.3 percent of the people in Kazakhstan were literate. In 1940, Kazakhstan had 5,289 elementary, 1,770 seven-year and 698 secondary schools serving 1,138,187 students.

Despite these initiatives and significant progress, there still were enormous challenges. Coverage of the native population with the schooling education was processing slowly. By 1935, only one third of the Kazakh children were attending the seven-year basic and ten-year secondary schools. Indeed, in 1930s, there were no Kazakh secondary schools at all. In fact, the Soviet authorities in many respects continued the Russification policy of the Asian republics. For example, Arabic script, prevailing among most native citizens, allowed Kazakhs read Turkic publications. But because this was considered as politically dangerous, the new government began a transition of the Kazakh language from Arabic script to Latin, and later to the Cyrillic
alphabet (Kuzembaiuly, Abil, 1998; National Encyclopedia, 2007). This abrupt change negatively affected Kazakhs. Hundreds of thousands of them, who could read in Kazakh based on Arabic script, become suddenly illiterate and had to learn a new alphabet.

At the end of the 1950s and at the beginning of the 1960s, there were more changes in the schooling system. In the postwar period, the biggest goal for many countries was the rehabilitation of the economy and the accompanying demand for the schools to train the workforce for all sectors of the economy. For Kazakhstan, these years were notable by the campaign of New Lands Development. Trained workers were needed immediately: Thousands of Russians, Ukrainians, Byelorussians and others moved to Kazakhstan to master the virgin lands changing the population of Kazakhstan significantly. The Act “On Strengthening the Connection between School and Life”, approved in 1959, introduced a compulsory eight-year schooling that should have replaced the existing seven-year and ten-year secondary education (Kuzembaiuly, Abil, 1998). After the completion of the eight-year program, the school graduates were required to work for three years in factories or agriculture, combining work with study, or study in secondary polytechnic schools. Admission to higher educational institutions was then based on the work experience, not the theoretical knowledge of the applicants, a policy reform with unanticipated effects: The turnover in the workplace caused an increase in number of the workers "in transition" to colleges; the prestige of higher education fell; academics and intellectuals were used on manual labor to the detriment of their professional activities.

This policy needed to be reformed (Kuzembaiuly, Abil, 1998). One response was to return to the previous structure of schooling system by adding two years to the eight year required schooling. In consequence, according to the school regulations of 1970, secondary school consisted of three educational levels: elementary (up to three years), an eight-year
education and secondary (10 years). Graduates of eight-year schools could continue their education in secondary schools (completing all 10 years) or transit to trade schools and then had the right to enter the higher educational organizations. Practically, this structure of the school system has remained to this day with slight changes in the terms of training at each level.

Simultaneously with these structural transformations in schooling in 1950-1960s, the authorities kept building new schools on regular basis – but only certain kinds of new schools. The number of schools and students in 1966 reached 10,728 schools of general education system with more than 2,852,000 of students studying there (Kuzembaiuly, Abil, 1998). This growth was dictated by demographic changes in the structure of the population due to both the natural growth of native population as well as immigration. Responding to the latter, the number of schools teaching in the Russian language increased while the number of schools teaching in the Kazakh language decreased. The decrease in students’ numbers by the end of 1970s was accommodated by the disproportionate closure of many Kazakh schools: In 1976, there were 9,604 schools with 3,346,400 students while in 1979, the number of schools decreased to 8,910 schools serving 3,257,200 students. As a result, many Kazakh children had to attain Russian schools. The number of newspapers, magazines and books in the Kazakh language was reduced as well. Indeed, higher education was only offered in Russian. All together, these factors had weakened the status of the Kazakh language, a trend that is only beginning to shift slowly now.

However, this was not the only problem that Soviet educational system in Kazakhstan experienced in 1970-1980s. The ineffective regulation of the economy by the Soviet government coupled with the huge burden of social safeguards for its citizens led to economic and political crisis. The inflated administrative apparatus did not give the schools the promised autonomy; school management was implemented in a style of democratic centralism, that is a combination
of central governance with a wide latitude given to local authorities and the public (Prohorov, Baibakov, Blagonravov, 1969-1978). In fact, funded 100 percent by the government, the public schools –regardless of their type and orientation –were accountable not to the public, but local departments of education comprised of representatives of the ruling party. The curricula were based on uniform educational standards and study plans that had to be approved by the governing bodies. On the one hand, this assured the rights of the citizens to equal access to the same information and knowledge, but on the other hand, the nature of decision making became highly politicized prescribing for the schools and teachers what and how to teach the students without the autonomy, for example, in select textbooks. Funded by the State, the schools focused on attaining the objectives defined by the local and central authorities, but not on improving the quality of education for the benefits of the students or on listening to parents. Therefore, the funding of schools did not reflect needs of diverse groups of students and their parents, but rather equalized everyone and kept the existing school network functioning from year to year. All the above factors were exacerbated when the central anchor –the Soviet regime –collapsed.

Kazakhstani schooling (1991 – now)

After the collapse of the Soviet Union, Kazakhstan was in a state of deep economic crisis that paralyzed all sectors of economy. The transition from socialist model to market economy was enormously challenging, and the beginning of the 1990s was characterized by stagnation in the national economy, particularly in the industrial and agrarian sectors, which led to immediate staff reductions, mass unemployment and unpaid wages across the country. On the one hand, the new government had to urgently resolve these vital problems with the redemption of guaranteed social commitments: pensions, social allowances and benefits for people with disabilities or for underprivileged people, wages for employees working in the budgetary fields. On the other hand,
however, it needed to build an entirely new model for economic stabilization and growth. The schooling system was particularly vulnerable: student enrollment was in decline due to demographics and emigration. As a result, the whole network of the state educational organizations (kindergartens, schools, vocational and training schools, institutes, higher schools, etc.) had to be reduced. State expenditures on education across the republic in 1991-1994 decreased twice, from 6 to 3 percent of GDP with the further modest growth in following years (see Table 1).

Table 1.
State Expenditures for Education²

<table>
<thead>
<tr>
<th>Year</th>
<th>State Expenditures for Education (million tenge)³</th>
<th>GDP (billion tenge)</th>
<th>Percentage to GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>11</td>
<td>0.172</td>
<td>6.40</td>
</tr>
<tr>
<td>1992</td>
<td>94</td>
<td>2.2</td>
<td>4.27</td>
</tr>
<tr>
<td>1993</td>
<td>1,228</td>
<td>29.4</td>
<td>4.18</td>
</tr>
<tr>
<td>1994</td>
<td>13,545</td>
<td>423.4</td>
<td>3.19</td>
</tr>
<tr>
<td>1995</td>
<td>42,053</td>
<td>1,014.2</td>
<td>4.19</td>
</tr>
<tr>
<td>1996</td>
<td>50,946</td>
<td>1,415.8</td>
<td>3.60</td>
</tr>
<tr>
<td>1997</td>
<td>73,375</td>
<td>1,672.1</td>
<td>4.39</td>
</tr>
<tr>
<td>1998</td>
<td>70,592</td>
<td>1,733.3</td>
<td>4.07</td>
</tr>
<tr>
<td>1999</td>
<td>78,491</td>
<td>2,016.4</td>
<td>3.89</td>
</tr>
<tr>
<td>2000</td>
<td>84,668</td>
<td>2,599.9</td>
<td>3.26</td>
</tr>
<tr>
<td>2001</td>
<td>106,419</td>
<td>3,250.6</td>
<td>3.27</td>
</tr>
<tr>
<td>2002</td>
<td>121,145</td>
<td>3,776.3</td>
<td>3.21</td>
</tr>
<tr>
<td>2003</td>
<td>148,989</td>
<td>4,612.0</td>
<td>3.23</td>
</tr>
<tr>
<td>2004</td>
<td>190,748</td>
<td>5,870.0</td>
<td>3.33</td>
</tr>
<tr>
<td>2005</td>
<td>256,935</td>
<td>7,590.6</td>
<td>3.25</td>
</tr>
<tr>
<td>2006</td>
<td>327,291</td>
<td>10,213.7</td>
<td>3.21</td>
</tr>
<tr>
<td>2007</td>
<td>455,430</td>
<td>12,849.8</td>
<td>3.54</td>
</tr>
<tr>
<td>2008</td>
<td>572,403</td>
<td>16,052.9</td>
<td>3.57</td>
</tr>
<tr>
<td>2009</td>
<td>660,917</td>
<td>17,007.6</td>
<td>3.89</td>
</tr>
<tr>
<td>2010</td>
<td>755,295</td>
<td>21,815.5</td>
<td>3.46</td>
</tr>
<tr>
<td>2011</td>
<td>986,773</td>
<td>27,571.9</td>
<td>3.58</td>
</tr>
<tr>
<td>2012</td>
<td>1,210,115</td>
<td>30,347.0</td>
<td>3.99</td>
</tr>
<tr>
<td>2013</td>
<td>1,237,421</td>
<td>33,521.2</td>
<td>3.70</td>
</tr>
</tbody>
</table>

² Data taken from Statistical Bulletin of Ministry of Finance of the Republic of Kazakhstan.
³ Tenge is the national currency of the Republic of Kazakhstan. 1 US Dollar costs around 182 tenge.
Generally, the recovery from this crisis in the educational system in sovereign Kazakhstan has involved three phases to date (Saitimova, 2010): The formation of the legislative and regulatory framework (1992-1999); upgrading secondary education and updating the educational curriculum (2000-2004); and strategic development (2005-2010). However, this classification should not be read literally. It gives an exemplary understanding of what processes the national educational system went through, and approximately what times. Most of the changes in secondary education were progressing simultaneously, transforming when meeting the new circumstances.

Believing that the development of human capital leads to improvement of the well-being of citizens, the improvement of the educational system is recognized by the State as an important priority in state policy. Strategic documents, such as “Kazakhstan 2030” (1997), Conception of Education Development for 2015 (2004), or the State Program of Education Development for 2020 (2010), emphasize that investments in educating the citizenry, starting from very early ages to adult years, promote significant returns to the economy and to society. According to Shaimukhanova et al (2012), education could be understood as economic and social investment, not solely as expenditures for social needs and such investments promote an innovative and productive workforce, able to adapt to a fast-changing world. Besides economic efficiency, however, education creates other social benefits, forming a society with a civic participation, high social solidarity and integration and low levels of criminality. Therefore, national policy offers a vision of Kazakhstan in 2020 as an educated country with smart economy and highly qualified workforce. Hence, the development of schooling is essential to the economic, political and socio-cultural prosperity of the country. In order to achieve the stated goals, nurturing a highly educated, competitive, intelligent nation, the Ministry of Education and Science of the
Republic of Kazakhstan in its Strategic Plan for 2011-2015 (2011) has formulated its mission as the formation and implementation of the state policy in the fields of education and science that provides competitiveness and sustainable socio-economic growth. Based on the aforementioned assumption, it follows that the basic purpose of the educational system in general and schooling in particular is the preparation of citizens united by common cultural and moral values, to be able to compete in a global market.

With the gradual recovery from the economic depression, the State started implementing reforms to modernize the national educational system. Even so, most of the state reforms actively focused on undergraduate, graduate and, later on, vocational and post-graduate education without attending to the elementary and secondary schooling systems. In consequence, the Kazakhstan’s schooling system did not abandon many practices and traditions of the Soviet school model. This fact could be interpreted from both positive and negative viewpoints. From one side, this stability assures the rigid adherence to the constitutional rights of the citizens on receiving free secondary education in state educational establishments (the Constitution of the Republic of Kazakhstan; 1995) and does not allow any alterations of the reforms that could negatively affect the welfare of the citizenry, specifically its socially and economically underprivileged segments. All citizens are guaranteed educational services up to grade 11, which is especially important for families with moderate or unsteady levels of income. From the other side, however, rapidly changing economic environments demand accompanying changes in schooling, yet the fear of negative social responses prevents implementing significant reforms in the schooling system in accordance with the new social and economical environment.

Notwithstanding the slow transformation of public schooling system, one significant change undertaken by the State at the very beginning of independence—the movement toward a
market economy—has had substantial impact: The reestablishment of private schools, which had been banned in the Soviet Union. In comparison with the public schools, the new private schools offer students and their parents newer buildings, bigger spaces, smaller classes, the latest textbooks and teaching materials, more focus on the in-class activities that parents and students were interested in, etc. At the outset, however, the private educational sector shared some of the hardships as public schools: staff incompetence, personnel turnover, funding issues such as paying higher salaries and building maintenance that together led to school closures. In fact, the cost of studying in private schools was extremely high and few parents in the 1990s and the beginning of the 2000s could afford to place their children in private kindergartens and schools. Despite this legislative support, the private sector of secondary education covers only about 1.5 percent of the total demand (ZAKON.KZ, 2012).

In such conditions, the public schools remain the dominant provider of educational service to the public and despite attempts of the state to improve education—through systemic content renewal and curriculum development, changing the assessment systems, granting the schools autonomy, proclaiming the parental and community participation in the school management along with the continual adjustments in technical, financial, personnel norms and standards (Strategic Plan of Ministry of Education and Science; 2011)—real change in schools has been progressing much slower than in other educational fields. Supposedly, this has happened due to the mismatch between the educational values that the schooling system tries to embody and the way the system is actually structured. In order to implement the ambitious plans of fostering a new generation of citizenry with strong sense of self-identification with the knowledge and skills to comprise a competitive workforce able to adapt to the new economic circumstances, the organizational structure of the secondary education system needs to change as
well. Retaining the same hierarchal power relationships between stakeholders from the previous political order and the same pattern of resource allocation explains why most of the reforms in the schooling system have not been successful. The following sections will discuss how the current secondary education (schooling) system, including the funding mechanisms, was designed and what transformations the new state policy tries to initiate.

**The Current Educational Funding System: Its Objectives and Challenges**

In 22 years of independence, the Republic of Kazakhstan moved a long way from a planned socialist economy to a market economy system. At the beginning of sovereignty, in the early 1990s, the economic depression compelled the central authorities to cut expenditures for education, health care and other sections of publicly provided services. This influenced the reforms in the educational system as well. In 1995, the Constitution of the Republic of Kazakhstan declared that citizens shall be guaranteed free compulsory secondary education in state educational establishments. They also shall have the right to receive, on a competitive basis, higher education. The higher and later on vocational, education levels were the first sections that shifted toward the per student funding; however, the public school funding mechanisms have not changed significantly, though some adjustments were made within the funding generating formula.

The current model of the school system is based on the Constitution, the Education Act and other legal documents that regulate education and determine basic principles and aspects of the state public policy in the field. Article 30 of the Constitution (1995), for example, establishes the obligatory nature of secondary schooling, as well as unity of educational standards. As mentioned previously, the structure of the educational process has not changed dramatically since the Soviet era. Students start attending school at age of 6-7 and work through three
educational levels completing primary (4 years), basic secondary (9 years) and general secondary education (11 years). Comparing this structure to the North American schooling model, the primary level is similar to elementary school; the basic secondary education covers the curricula of both elementary and middle schools; and general secondary education includes the programs of elementary, middle and high schools. For better understanding the current educational model, see the Scheme 1.

Scheme 1.

Structure of the National Educational Model by the Educational Levels

This scheme illustrates the intention of the state to promote the principle of life-long learning consistent with a market economy. While general secondary education remains free for every citizen, education beyond general secondary is free only for those who show superior academic results: Uniform national testing aims at both the assessment of all student academic performance and the sorting of candidates for state scholarships, a process whereby the state determines the potential employees for the professions highly demanded for economic and
cultural development. The schooling system, in essence, aims both to educate all citizens and select some people for additional schooling so that they can lead economic growth. In other words, the principle of equal access to schooling for everyone competes with the newly introduced market driven notions of education forcing the state to balance between conflicting priorities and political pressures (Alonso, Sanchez; 2011).

Secondary education in Kazakhstan is provided by various types of public and private schools, though the former exceed the latter in quantity. Most public schools are represented by the general comprehensive secondary schools that cover all three educational schooling levels. Alternatively, students interested in specific subjects can attend specialized schools such as gymnasia, lycées, military or sport boarding schools and others. Usually these schools cover the programs of middle and high schools more intensively focusing on specific subjects such as art, languages, humanities or science subjects. Some districts with low density support small schools (malokomplectnaya shkola). In the 2010-2011 academic year, small schools in both rural and urban areas made up 56 percent of the total number of secondary schools with 397,538 of a total of 2,486,449 school age children (Ministry of Education and Science, 2011) (see Table 2).

The majority of the state schools in Kazakhstan are municipal schools, meaning that they were established and financed by the local authorities; however, there are some national and republican schools founded by and accountable to the central government (see Table 2). The main feature distinguishing municipal from republican schools is that the latter are expected to introduce innovative methodological and pedagogical techniques in teaching specific subject areas.
Table 2.

Number of Public Schools, Students and Teaching Personnel in 2010-2011 Academic Year

<table>
<thead>
<tr>
<th></th>
<th>Total number of schools</th>
<th>Total number of students</th>
<th>including</th>
<th>Total number of teachers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Initial schools</td>
<td>students there</td>
</tr>
<tr>
<td>Local schools</td>
<td>7,504</td>
<td>2,479,650</td>
<td>1,027</td>
<td>27,350</td>
</tr>
<tr>
<td>including small school</td>
<td>4,225</td>
<td>397,538</td>
<td>912</td>
<td>11,026</td>
</tr>
<tr>
<td>Republic establishments</td>
<td>6</td>
<td>3,069</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Nazarbayev Intellectual Schools</td>
<td>6</td>
<td>3,730</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>7,516</td>
<td>2,486,449</td>
<td>1,027</td>
<td>27,350</td>
</tr>
</tbody>
</table>

As seen in the Scheme 2, the current educational model has inherited from Soviet education the multilevel managerial system that affects budget planning and resources allocation processes. One of the reasons such a structure persists is that each level retains its own jurisdiction (the Education Act, 2007). For example, the Ministry of Education and Science—besides its responsibility for overall policy making, policy implementation and intersectoral policy coordination in the field of education—creates and supervises the higher education organisations that offer undergraduate and graduate programs. The provinces provide the public with vocational and postsecondary education, as well as specialized and special programs for gifted students and students with special needs respectively. The rayon and city authorities are in charge of providing the initial, basic and general levels of secondary education, including boarding schools. The town and rayon districts and auls (villages) are responsible for the preschool education and small schools, situated in their catchment areas. This separation of duties between the governing bodies was intended to eliminate double accountability that existed.

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4 No special and inclusive educational organisations are included.
in the Soviet model. However, to some point, it did not change the nature of power relationships between the schools and their founders in terms of how budgets were negotiated and distributed. For years, the schools, especially at the lower hierarchical levels (rayon and district schools in comparison to the republican or specialized provincial), faced problems of accessing only “leftover” funds. Notwithstanding the seeming discrete and detailed division of authority in administrating the educational organizations (and funding), this system preserves the higher managerial role of the central government that approves the educational and other standards for all educational organizations and provincial governing bodies that are responsible for allocating revenues in their jurisdictions.

Scheme 2.
Decentralized Authority Devison in Management of Educational System in Kazakhstan

Funding the public schools in Kazakhstan is based on requirements of the compulsory educational standards for each educational level and on norms, determined by legislation of the
Republic of Kazakhstan (the Education Act, 2007; IBS, 2011). It is worth mentioning that previously public schools, founded in a form of state establishments, were restricted by law from generating additional revenues. This restriction intended to prevent any financial speculations in educational service provision that could negatively affect the principle of equal access to schooling guaranteed by the Constitution. In 2007, the new Education Act introduced some adjustments that allowed public schools to generate extra revenues from activities not related to or beyond their main function. This meant that schools could offer to potential consumers additional educational programs or activities beyond the standardized curricula as well as leasing their physical space. This amendment did not fundamentally change the financial conditions of the schools, which remained dependent on state funding.

Generally, funding the schools is based on the principle of estimated funding, which also could be called input based normative funding. This means that public schools estimate their needs for the successive budget year based on the determined norms and standards “for calculating how many teachers were required to teach a given number of students in a grade as determined by regulations regarding the number of lessons per subject per grade in the national curriculum” (Alonzo, Sanchez; 2011; p. 37). The schools send their detailed estimates to the respective authorities, and the latter review these budget requests against resource availability. The previous year’s budget is the default basis for the discussions over the resource allocation. Usually, schools get less funds than they request, but usually more than the inflation rate. Most of these expenses are determined as fixed, and all costs beyond the fixed costs are considered as expenses for new initiatives: e.g., teacher salary increases promoted by the government, changes in FTE student enrollment against the previous year, newly introduced educational standards,
operational expenses for building renovation, new policy implementation, school buildings’ constructions, etc. Such expenses are the main target for negotiations.

Lately, the central government has begun adopting the principles of strategic planning focusing on results-based budgeting (Government resolution #1297, 2007). This transition aims to connect funding to actual results and to make the resource allocation more efficient, transparent and clear to the service recipients and taxpayers. All governing bodies are required to elaborate strategic plans that include sections with budget programs which should explain what estimated objectives and measures this money is going to supply. However, in practice, it looks a little confusing for the novice planners because the budget is designed by budget items, not by the measures or objectives.

According to the budget legislation, the educational expenses are classified as operational expenditures and investment outlays (the Budget Code, 2008). The operational expenditures consist of expenses for the remuneration of the school staff and teachers, academic expenses, expenses for utilities, expenses for students’ meal provision, expenses for material, equipment and/or furniture acquisition, and expenses for school buildings’ maintenance and renovation. The investment outlays are directed to implement the budget capital investment projects related to the building purchase, building constructions and school informatization (computerization and information technology improvement) and are allocated specifically to particular units depending on the building and facilities’ conditions.

Based on the Report of the State Budget Execution in 2011, the expenses on secondary education in Kazakhstan accounts for more than 50 percent of total expenditures on all educational levels (see Diagram 1). As it seen in Diagram 2, 94 percent of those expenses are
allocated to instruction or educational service provision—the main source of funding for the schools including those working in special and specialized education.

Diagram 1.

State Expenditures in 2011 by Educational Levels

Diagram 2.

State Expenditures on Secondary Education in 2011 by Types of Budget Programs

Diagram 3.

Structure of the Expenses for Instruction by Objects
Considering this part in detail (see Diagram 3), expenses for *staff remuneration* comprise the greatest portion of the expenditures in the structure of the cost of this service (82 percent\(^5\)). In comparison, salary and benefits expenses in British Columbia Provincial Operating Grants have accounted for 88.5% in 2012-2013 academic year (BC Ministry of Education, 2013).

Salary calculation in Kazakhstanian public schools is implemented based on the standards of the work efforts depending on employee’s qualification and seniority. Standards of work for teachers are established by the Education Act and are calculated on the basis of the state compulsory educational standards and standard curriculum for each educational level. For instance, the standard teaching load depends on job responsibilities (or qualifying requirements) and should not exceed 18 hours a week for teachers of all three levels of the schooling system (article 52 of the Education Act, 2007). In addition, maximum amounts of weekly academic load for students vary depending on educational level and complexity of the curriculum: from 24 hours a week in the first grade to 39 hours a week in 11 grade (Order of the Acting Minister of Education and Science # 367; 2010). Also, class size affects the workload: According to the Resolution of the Government of the Republic of Kazakhstan # 1684 (2011), maximum number of students in class should not be more than 25 students.

The monthly salary of the school employee consists of: (1) official rate of pay, (2) compensatory additional payments and increments and (3) stimulatory payments and bonuses (Resolution of the Government of the Republic of Kazakhstan # 1400, 2007). Official rates are calculated through multiplication of the basic official rate, established by the Resolution of the Government # 74 (2004) as 17,697 *tenge*, with the coefficient which is determined by the employee’s position and seniority. The higher the seniority and work status are, the higher the

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\(^5\) Only schools, founded by local authorities of education, implementing the academic programs of general secondary, special and specialized education were taken into account (Report of State Budget execution for education in 2011)
coefficient and, accordingly, official rate is. The compensatory and additional payments are added to the official rates of the workers and teachers for their implementation of the types of work that are not considered as principal duties and/or for work in the conditions that are deflected from normal. The Government has specified the following kinds and sizes of additional payments for the budgetary educational workers: for exceptional work conditions, for work in the rural schools, for advanced study, for academic degree, holding more than one office, for marking the students works, for supervising study hall, class guidance (appendix 4 to the Resolution of the Government # 1400, 2007).

The first two elements, the official rates and the additional compensatory payments, are permanent components of the monthly salary. They are guaranteed and equal for the workers in the same work category, regardless of the region of residence. Stimulatory payments or bonuses are variable. They could be used by the organizations as motivational means for their workers for enhancement of the ultimate results and work quality in case of availability of the extra funds or savings.

*Expenses for utilities* comprise about 5 percent of the total expenses and are calculated based on the norms of electricity, heat, cold and hot water consumption and waste usage, asserted by the resolution of the Government of the Republic of Kazakhstan # 1118 for all the regions (1998). The cost of utilities is different among the regions and depends on geographic and climate conditions, types and operation life of the buildings. Certain norms of utility consumption are calculated on a per student basis (for example, electricity and water consumption) while others, such as heating, are calculated on the basis of the specifications of the school buildings. In practice, there are many complaints that these norms of consumption do not meet modern requirements of life which leads to chronic underfunding of this expense item.
Expenses for meal provision make up 1.5 percent of total expenses. They are also calculated based on the rate of consumption determined per student. Ministry of Health care of the Republic of Kazakhstan established two-week menus for school cafeterias in elementary schools. For students in boarding schools, catering norms are established by the Government (Resolution # 1354, 2008). In spite of establishment of uniform/identical catering standards across the republic, expenses for this purpose are differentiated depending on costs for foodstuff in each particular region.

Other expenses compose 5 percent of total expenditures on educational service provision. The following are some examples of such expenses: purchasing the medicine, utility/logistic materials, stationery, fuel, computer and machinery operating supplies, taxes, etc. Many of these expenses are not standardized and are financed on leftovers.

The fund of general education composes 1-2 percent of total operational expenditures for instruction. Inherited from the Soviet schooling funding system, this component of the funding formula is aimed to provide the disadvantaged students with an additional governmental support through extending the meal programs and the provision of clothes, shoes, textbooks and study equipments, etc.

Capital operational expenditures (5-6 percent) are usually directed toward renovation and equipment renewals. Estimated funds necessary for renovation or equipment and/or furniture renewal depends on the operation life of the building or equipment.

Usually, local budgets cover all operational expenses of their subordinate organizations whereas the republican budget subsidizes the other costs mostly related to new policy initiatives. It is also worth mentioning that the public schools can receive financial support from several funding sources—including both central and local agencies—simultaneously. In accordance with
Unified Budget Classification (Ministry of Finance, 2010), there are budget programs designed to attain specific objectives: For instance, public schools receive additional funding from local governments for purchasing new textbooks and teaching aids. Although these expenses are directly related to the academic process, they are excluded from the cost of educational service provision (instruction) as separate budget programs. The same rationale is behind expenses for professional development that made up 2.5 percent of the total expenditures of local budgets for secondary education in 2011. These expenditures are expected to increase with the transition to new qualifications assessment. Teachers and teaching staff who accomplish the special training courses will be certified and, therefore, they will receive an additional allowance to their salaries.

*Investments in school construction* is another way for local governments to secure funds. Although the central government aims to optimize school networks relative to the estimated student enrollment in future years, local authorities respond by complaining about building and equipment deterioration. Most schools were constructed before the 1990s (82.4%) and 1970s (33.9%) (Strategic Plan, 2011) and need capital renovation and equipment renewal or replacement, especially in rural areas.

The problems with maintaining these school networks is related to the population settlement pattern that changed significantly in the 1990s and 2000s arising from the economic recession and subsequent return of non-Kazakh citizens to their historical motherlands (Germany, Russia, Israel, etc.) and in-migration processes such as the move to urban areas for jobs. These new demographics affected the school composition resulting in many under enrolled schools in some regions and overcrowded schools in others. The expenditures for maintaining these schools vary markedly between the regions and even between the schools of the same type and student composition. This seems paradoxical considering the fact that all educational
standards and norms are intended to be uniform for all regions and cities. According to Institute for Budget Solutions (2011), this is happening due to variables related to student population, its quantity (number) and quality (students’ needs and abilities). These variables differ from school to school and affect other coefficients such as class capacity, teachers’ workload, their salaries, etc. Although the local and central authorities are obliged to supply guaranteed minimum funds based on the centrally determined norms, their fiscal capacities also differ depending on amount of revenue they generate. This means that students in different schools of different locations receive different level of funding and, therefore, different level of education, which contradicts one of the educational objectives: equality and availability of educational process for everyone. Moreover, it is far from clear that increased funding ensures better academic performance.

**Introducing the Per Capita Funding Model**

Facing all these contradiction within the current educational and funding systems, the state plans to transition to a new funding model that would better address its objectives: increase of economic efficiency and provision of equal access to education (IBS, 2011). Per capita funding was chosen as an effective and credible alternative to the normative input-based financing. The new model is closely associated with the kind of market driven schooling systems (Alonzo, Sanchez; 2011) that the Kazakh educational system strives to emulate (State Program, 2010). It aims to be student oriented, meaning that the student becomes a centerpiece of the formula rather than silent coefficient in normative funding scheme. It introduces diverse approaches within its formulae to promote flexibility and recognize diversity. Fazekas (2012) recognizes four criteria of formula funding applied in different proportions:

- basic which is based on student number and grade-level;
- needs-based which recognizes different types of students (with special needs, disadvantaged, gifted, emigrant);
- program-based which focuses more on curriculum and academic performance;
- and school characteristics based variable that takes into consideration the type of school (urban/rural), school capacity, physical features such as size and type of building.

The weight of these criteria within the formula changes depending on what objectives schooling systems aim to achieve: to secure or optimize school networks in case of Estonia, to improve quality of education and academic performance, to increase school efficiency in case of Lithuania, to meet needs of diverse student body or to eliminate corruption in case of Georgia (Alonso, Sanchez, 2011).

According to Financial Centre, the main operator of capitation financing in Kazakhstan (2014), the state, by introducing per capita normative funding, mainly strives to reach the goal of securing an equal access of any student to educational services, including those with special needs (vertical equity). The per capita normative funding model applies a uniform approach when calculating the amount of funds necessary for educating students according to their constitutional rights (cost of teaching of one student), supporting the principle of the “money follows the student”. Through this principle, it is also expected that:

- schools will increase their capacity to compete for students, since students and their parents are becoming able to choose the best school (school efficiency);
- schools will improve quality of educational process for attracting more students by enhancing educational programs, teaching techniques and approaches, the composition of teachers, facilities and conditions in school (quality).
However, there are some other, not clearly stated objectives that the new financing model is expected to attain: equalization of the educational expenditures on teaching among the schools (horizontal equity), enhancing school autonomy, involvement of local communities in debates and decision making processes with the schools over resource spending, making the budgetary process transparent to stakeholders, optimization (not necessarily meaning school closure) of the public school networks, and the development of the alternative, non-governmental schools.

This state policy initiative was discussed for long time before its actual introduction to the public. The main debate was not around the necessity or reasonability of transformation of the funding model, but about the way it should be done, its overall cost for the budget and the readiness of the schools and authorities to make this change. In order to make an appropriate decision, the analytical research was carried out jointly with World Bank and UNICEF relative to effectiveness of public expenditures, expenditure management of local budgets, education service provision and experience of different national educational systems in implementation of per capita funding models through lenses of Kazakh context (IBS, 2011; IBS, 2012). The results of this work with some recommendation of what steps to undertake were introduced to the government in 2011. In following years, the Ministry, represented by Financial Centre jointly with the outside consultants, including IBS, developed a per capita funding formula, which was approved by the Minister’s order # 440 at October 30, 2013. In 2013, the state determined to pilot the new financing ideas in 50 schools in four different regions of the republic. In 2015, all secondary education organizations are scheduled to begin operating under the new financing mechanisms (State program, 2010).

The essence of piloting the per capita funding, according to Financial Centre (2014), lies in transition from funding the educational organizations to financing expenses for educating
students based on their numbers. A capitation principle of financing attempts to change the way existing problems in the schooling system are approached: The students with their interests and rights for adequate education should occupy the foreground, a refocusing that is expected to improve the effectiveness of administrative and financial aspects of school management which, in turn, will improve the overall educational process. Together, they are supposed to result in establishing “healthy competitiveness” between the educational organizations for students, teachers and additional measures to stimulate academic work.

The per student funding formula chosen for Kazakhstanian context consists of two parts: teaching process and teaching environment. Teaching process means all expenditures that are related to the educational process: salaries for the teaching personnel; benefit costs for health improvement of the teaching staff to annual paid leave; teaching expenses, including additional textbooks, visual aids and other educational supplies; stimulatory components for bonus payments and establishment of the compensatory additional increments depending on results of teachers’ and school performance and for covering other school needs related to the teaching process such as professional development, participation in or conducting the conferences, etc. Expenses of the schools for teaching process are determined per student. The weight of this part in the funding formula differs depending on:

- type of educational program (general, specialized, special or individual programs);
- level of educational program (preschool training, basic and general secondary education);
- location the educational program is offered (urban or rural areas or home schooling).

The expenditures related to school teaching environment include spending for salary remuneration for non-teaching staff, utilities, communication services, needed repairs, building services, transportation, meal supply for the students, general compulsory secondary education
fund’s expenses, taxes, and other costs directly associated with the school characteristics and features of local community. Expenses for teaching environment are financed on the basis of actual needs of the schools with a glance to requirements of the national legislation.

According to this division, funds allocated to schools follow a formula resembling one applied in Lithuania: Total school budget = Cost of teaching process per pupil X Number of students + Total expenses for teaching environment. Structurally, the cost of teaching per student mainly consists of expenses for salary remuneration (more than 80 percent) and is calculated according to the norms and standards established by the existing legislature (mentioned in the previous section). Academic expenses compensate expenses only for textbooks for 1 monthly index\(^6\) per student a year. As in the current input based normative funding, these two components (salary and textbooks) are normalized and, therefore, cannot be cut. The stimulatory component is one source of debate over the budget: how much would be needed to successfully implement all the ideas of school transformation considering the limited resources?

The per capita normative funding of the secondary schools involves the centralization of expenditures for the teaching process at the republic level and subsequent allocation per pupil per year. The funding of the teaching environment is left for the local executive organs to meet their responsibility for improvement of school networks, maintenance of the school equipment and infrastructure and development of secondary education. Thus, the funding the schools for teaching process is at the expense of republican budget, and spending for teaching environment is at the expense of local budgets. Considering the existing structure of authority distribution between the central and local governments, implementing the new financing mechanisms will require adjustments in legislation affecting both educational and budgetary systems.

\[^6\] 1 monthly index = 1,820 tenge = 10 USD
Another novelty introduced within per capita normative funding project is the establishment of school boards. This innovation is aimed at increasing the connection between schools and their local communities and broadening participation in decision-making about the school spending. The school directors and school boards still do not have power to impact the funding formula or to increase funds generated based on this formula, but they do have increased flexibility in distributing discretionary funds according to community needs. It is also expected that the school boards will provide increased voice for students whose rights are not addressed in the educational process – a step to further democratization of the schooling system stated in the State program (2010). According to Financial Centre (2014), the school board is vested with functions of decision making about the school development and its operation, active participation in selection of the school directors, formation of the school budget, establishment of the sizes of stimulatory additional increments and attracting sponsorship and its distribution. It includes representatives of akimats (local executive organs), school directors, representatives of business (sponsors), parents, students, school graduates, non-governmental organizations, etc. Adoption of school boards in practice supposedly aims to foster joint leadership and decision making that will lead to result oriented, transparent and publicly open school operation and economical efficiency of budget.

It is also necessary to mention what schools are supposed to work within the per capita funding model. According to the State program (2010), all secondary educational organizations except small schools will transition to the new funding mechanism (60% of all schools). Considering the total number of small schools in 2011 (56%), it could be assumed that the number of such schools is going to be reduced through school consolidation, organization of student transportation and school boarding houses. The new funding model is also expected to
include the special education. For the first time since the Soviet era, students with special needs have become a focus of this model, although their rights, interests and life conditions have been of concern of the state for decades. There is hope that the new financial mechanisms will improve special education by promoting the idea of inclusion of students with special needs in regular class settings.

**Analysis of the New Per Capita Funding Model for Public Schools**

*Education and Policy*

Before starting any policy initiatives, it is necessary for policy makers and policy implementers to clearly identify what is understood as public policy. In practice, many managers and school administrators perceive policy as a set of measures and actions seeking to achieve predetermined outcomes. This understanding of policy as uncontested givens to be implemented limits the policy outcomes and the way society, including those implementing policy, perceive it. The academic literature reveals a variety of interpretations of the term of public policy (Thissen, Walker, 2013). Seeing policy as an “authoritative allocation of values for the society”, Easton argues for the substantial role of the governments choosing and institutionalizing social values (Dye, 1978, p.3). Thomas R. Dye goes even further and associates public policy with “what governments do, why they do and what difference it makes,” emphasizing the equal impact of government action and inaction on society (1978, p. 3). Caldwell and Spinks (1986) specifically discuss issues of school management and resource allocation, pointing out culture and knowledge as the major social values for schools and society in general, stressing the “continuing contestation by individuals and groups who articulate different desires, wants, needs and demands” (p.3). Indeed, most of the scholars in the field of policy analysis take policy as an ongoing power relationship between different actors negotiating for their interests using various
strategies. In consequence, introducing a new financial framework for schools and local authorities as well as for the public could be viewed not simply as an attempt to improve the existing condition of the schooling system, but as a struggle of different values emerging in the society among different societal segments.

As a result of such debates, concerns for equity, equality and adequacy often emerge in public discussions. They are constructs that do not have an exact and clear wording in any of the disciplines or lend themselves to broad understanding by those involved on policy debates. In public schooling, these terms represent different perspectives and interests of many groups of actors. The way these abstract values are institutionalized in a society depends on the cultural values and a general sense of social justice accepted by the entire society and the personal role and status of the individuals in the society. Further, the financial aspects of educational systems reveal the hidden politics behind most of the decisions made in education, shaping the complex relationships between the participants affected by decisions about what counts as education: children and their parents, current and future citizens, current and future employers, current and future educational institutions, advantaged and disadvantaged groups and many others who often have opposing interests. In order to determine meaning of these notions in educational context, educational criteria of what will count as education must be developed (albeit provisionally). For example, the educational goals of the new funding initiative, which involves a transition from input-based to capitation funding, might be judged using concerns for equity, equality, efficiency and accountability.

Making such judgements requires recognition of all the various groups affected by this policy initiative – that is, in effect, everyone in Kazakhstan. Besides the obvious stakeholders – students, parents, schools and government–colleges and universities depend on schools to supply
future students; businesses depend on the schools to supply them with the workers and leaders for their enterprises; current workers depend on the schools to supply them with neighbours and fellow citizens to construct the future of Kazakhstan, and so on. The likelihood that all of these groups would agree about what counts as education—and what constitutes educational equity, equality and accountability—is, of course, zero. Developing an educational funding policy that would satisfy everyone would be just as likely. Accordingly, I try to show how the new educational funding model attempts to respect the principles of equity, equality, achievement and evaluation by negotiating some of the conflicting perspectives.

Educational Equity: Concerns for Fairness

In the academic literature related to education, the notion of equity is considered from two aspects: horizontal and vertical. Horizontal equity applies to the principle of equal treatment of equally situated students while vertical equity means a differential approach of treating students with different characteristics and learning needs (Fazekas, 2011). The international practice shows that grouping students should be a first step (IBS, 2011; Alonso, Sanchez, 2011). The categorization of students as regular and those with special needs in different educational systems depends largely on the societal structure of the population of the particular countries and the salient issues in those societies. For example, Institute of Budget Solutions (2011) refers to how per capita funding in Great Britain is allotted to only seven categories of the students with special needs: those having behavioral, emotional and social difficulties; issues with home environment (hard life situation); difficulties in learning; problems in communication and interaction; physical disorder; English is not the mother language; and others. Estonia, on the contrary, is more specific in classifying the students according their special learning needs and reveals 16 categories of those students. Besides the afore mentioned groups, this classification
includes students studying at different educational organizations: prison schools, sanatorium schools, hospitals, medical classes, homeschooling, etc. It also recognizes the level of the mental, physical or behavioral disorder of the students. These two examples show how the funding formulae for the schooling system of countries identify and group people to be supported differentially. In case of Kazakhstan, which just started implementing capitation principle, the funding formula needs to be clear in identifying students, their needs and their capacities.

Considering that education is guaranteed by law for every citizen without discrimination based on appearance, race, religion, language, socio-economic status, residence, etc., each individual in this group will expect the state to consider his/her interests and be treated fairly. As seen in the previous section, the per capita funding model aims to address these expectations; indeed, vertical equity is explicitly stated in the policy initiative. However, some people seem to be left out of the pilot per capita funding framework for 2013-2014: For example, the pilot formula does not include a correction factor for students with special needs, promising that this adjustment will be added in successive years to the base grant allotted regular student. On the one hand, this choice may be understood as the intention to work out the new funding mechanisms on ‘regular’ schools, so that possible adjustments in the per capita model will be easier to apply in the area of special education. From the other side, however, this choice could be interpreted by the public, especially by the families with children with special needs, as ignoring their educational rights.

There is also an additional dimension that should be taken into account while piloting the new funding mechanisms in schools serving the students with special needs: The reaction and possible resistance of families and wider communities to labeling the students as disabled. Being separated or hidden (not labeled) for decades in the Soviet schooling structure, these children
might feel singled out in the new circumstances. Unfortunately, the new funding model does not address such social questions while bringing the issue of unequal treatment of different students to the surface (in the policy literature such eventualities are sometimes called the “unintended consequences” of policy). Indeed, the new mechanisms – intended to provide the public with social just educational services – might create more challenges for educational funding: The new model may lead to the detection of students not previously identified as special needs. At first sight, this discovery would be consistent with the objective of equal treatment and equal opportunities for everyone and additional focus on the needs of the individuals, but the proposed policy makes no provision for the potential need for substantially more resources for such students. Indeed, many well-intended policies often have unforeseen consequences.

Educational equality: Concerns for Opportunities

Although the example that I provide mostly illustrates the issues of supporting the vertical equity, both –vertical and horizontal equity – are closely associated with the notion of educational equality that in the Kazakhstan’s context could be understood as provision of the rights of every person for the same level opportunity to acquire an education. This intention of the state is represented in the new funding model through the centralization of all expences related to the teaching process in order to provide all students across the country with the same, access to education. This reveals another problem that the national schooling system went through during the Soviet era: educational equalization. Even within the same groups of students (applying the notion of the horizontal equity), there are individuals whose learning abilities, interests and therefore needs differ significantly. Practically, the state provision cannot fully satisfy all these needs. Thus, the state determines the necessary level of education that would be
considered as guaranteed: average, minimum or maximum depending on the resources available and goals that the state strive to achieve.

The funding generating formula proposed in Kazakhstan distinguishes the programs offered by their location (rural and urban schools, or homeschooling). It could be assumed that this basic categorization attempts to provide the educational equality in the society that, however, does not address all the educational needs of the society’s members. In this case, as some studies would suggest, the further categorization would be needed: examples of funding the schools in Poland or Estonia (IBS, 2011). However, the further specification of the students has its own drawbacks. One of them is the complication of the funding generating formula. The more categories of students, the more arithmetical coefficients are expected to be introduced, in turn, creating confusion among the stakeholders. Another question of debate is about the weight each factor (student category) should be given and how sufficient this weight is. As it was mentioned before, the introduced funding formula does not specifically include these factors yet, but I expect that the pilot project will bring up these aspects for the further discussion.

Generally, educational equalization does not necessarily lead to academic gains for all; sometimes, indeed, it leads to the opposite results—slowing tempo of educational development for some. Using the example of the Soviet schooling experience in the 1970-1990s, equalization was not intended to improve the education for all. In the forefront, it strives to equalize the distribution of the common goods across the citizenry and thereby relieve social tension— the concern of many governments in the past and the present.

**Educational achievement: Concerns for Efficiency**

One of the biggest concerns and criticisms of the governing bodies in many countries, especially those developing, is efficiency. In the educational context, efficiency is applied as an
economic term that measures the effectiveness of the educational services offered to the public, that is, the achievement of ‘educational outcomes.’ It identifies how productively very limited funds are used by organizations to achieve desired outcomes (Fazekas, 2012). Such approach is sometimes associated with school autonomy by assuming that school directors will know the needs of students better than more distant others and, in consequence, be able to identify and offer the best strategy for school operations depending on what goals the community strives to achieve and what resources are available for the school.

In practice, the educational efficiency is mostly measured through the FTE student-teacher ratio. Nevertheless, understanding that the new funding project is still in its piloting phase and there is insufficient data about the actual results of practical implementation to scrutiny, I will not dwell on this part of analyzing the teaching process component. Yet, I need to briefly point out the aspects affecting structure of both student and teaching cohorts that should be taken into account. First, life standards among the regions differ significantly. Usually, this is reflected through the basic economic activities of the region and measured by amount of tax revenues produced by the region. Second of all, the structure of the local population needs to be carefully analyzed: Who and how many are the people living in the school catchment areas and what societal segments they represent? Are they, for example, economically advantaged or disadvantaged, educated or not educated, native or emigrants, young or old, healthy or with special needs, etc. These two aspects have a direct impact on the student population affecting school operation.

Although state investments in education in Kazakhstan have increased in absolute terms (see Table 1), the quality and sufficiency of education is progressing slower than it might (State Program, 2010, Strategic Plan of the Ministry of Education and Science, 2011). This concern
was expressed through the goal of improving the quality of educational services by introducing the capitation principle in the new funding model in order to enhance schools’ ability to more effectively manage their budgets and resources according to stakeholders’ needs. The student-based approach promises targeted funding where money reaches its consumer; however, the new per capita funding formula does not change the way and amount of funds generated for funding schools in Kazakhstan. It uses the same fiscal and educational standards and norms. The new model alters the existing way of channeling, allocating and distributing the funds among the schools – the aspect of the policy initiative that should be explained to the public – but not the overall amount of funds in any significant way.

Given this funding context, local authorities seem to be caught in between. From one side, it loses control over the main portion of its budget for education to the schools themselves. From the other side, it must contract out of many of its responsibilities to the Ministry, especially the issue of fund generation. This tension is best illustrated by maintenance and capital budgets. The local authorities become responsible for the maintenance of the existing school networks and presumably are not expected to receive additional financial help from the central government in form of transfers or special grants; yet maintenance expenditures (for teaching environment) are allocated a smaller proportion of funds compared to the teaching process component in the new model. Many schools in different regions, especially those in rural areas, were underfunded for decades and the new funding model is not going to reveal this discrepancy. Even when adding the stimulatory component to the teaching process component of the funding formula, it is still not clearly stated whether it is possible for schools and local authorities to re-distribute the given amount between the teaching process and teaching environment components: the same situation happened in Lithuania (Alonzo, Sanchez, 2011). This particular example illustrates how
financing schools depends on the amount of the local revenues and life standards of the regions, not only on the actual characteristic of the schools, an assumption based on the analysis of school spending on utilities of two regions (Sange, 2013) and the methodology of per capita funding calculation (Order # 440, 2013).

I should note that economic efficiency is not only the measure of educational achievement. There are examples showing that underfunded schools attaining the same level of performance than those better funded. So, does this mean that schools’ budget should be cut?

One of the ways to measure the school and student performance in relation to improvement of the quality of education is community satisfaction in educational service provision, and this involves not only economic terms, but rather emotional satisfaction of the community members: parents and teachers participating in decision making, for example. In other words, efficiency needs to be linked to the attained of legitimate ends.

*Educational achievement: Concerns for Legitimacy*

In order to efficiently institutionalize educational programs in schools, it is necessary to have some clarity about just what educational ends are being pursued, a concern that leads to discussions of more local autonomy in deciding the legitimate purposes for public resources. The new funding policy promises greater school autonomy in determining school operations, funding allocation and funding generation based on local student and school needs, an approach based on the idea that those most affected should have significant decision-making scope. The new policy, however, is vague about just who should be involved and how: It does not specify, for example, such important aspects of who (schools or governments, both local and central) is in charge of resource re-distribution between the components of the funding formula and how this re-distribution is expected to work.
Indeed, besides students and parents, there are many other stakeholders in the wider community, less directly involved in the schooling process, but also implicated, including colleges, universities, business and non-private organizations. Intended to adapt to a market driven economy, Kazakhstan’s education system attempts to re-direct its focus on their needs and expectations through the new policy—a direction that shapes the content of the school educational programs and choice of teaching techniques. The new funding model gives the schools, the main service providers, more flexibility in addressing the needs of the post secondary institutions and businesses by, for example, allowing schools more autonomy in choosing (hiring) teachers and motivating them for better performance through stimulatory bonuses. Struggling to raise salaries for decades, the main bulk of the stimulatory part of the cost of the teaching process in the new model might be allocated by school administration mostly on this type of expenses. However, there are other ways to improve teachers’ performance and, eventually, the quality and equity of education: professional development training courses, attending conferences, lectures, joining professional associations, encouraging teachers and teaching staff for publication, giving options of choosing the textbooks in their work and many others.

In the context of this paper, the low level of education and poor school performance criticized by both government and the public should not be considered necessarily as failure, but rather as mismatch of two competing notions of education (socialist and market driven educational systems). From this point of view, any funding system reflects the notions of education shared and valued by the society. When the educational system strives to move any particular way, the funding system must represent those notions and values in its structure and formulae. Thus, the introduced per capita funding formula reproduces this tension of both
competing educational aims through explicit explanation of the salary calculation and
prioritizing the stimulatory expenses for extra bonuses and additional allowance for teachers and
staff versus spending on collective professional development to create new notions of education
and pedagogy.

*Educational accountability: Concerns for Evaluation*

Transparency and accountability are aspects evaluating how educational policy is
successfully implemented. Considering that parents and governing authorities often have very
different understanding of education, the schools in the new model must become accountable
simultaneously to both the public and the direct founders. Indeed, in order to assess the new
funding model, both groups should have an access to evaluation information. In comparison to
the BC Government approach, that does not show how the formula is designed, the Financial
Centre, the main operator of the per capita funding in Kazakhstan, has published a brief
explanation of the new funding mechanism online, including the methodology of how it is
calculated, using what criteria and in which proportions. However, this step is not enough to
fully implement the idea of school accountability and transparency: School budgets should
become publicly opened for all stakeholders, especially for the parents (Sange, 2013).

However, there are some aspects yet be taken into consideration: The Treasury
departments and organs of financial control still work under the item-based fiscal regulations and
continue to work with this data, without regard for school autonomy in fund re-allocation
according the school needs. The schools involved in the project could face this kind of arguments
while piloting the model, a situation could worsen if the structure of funding and allocation
system do not change. The whole network of organizations involved in educational service
provision need to adapt to the new visions; otherwise, the policy will fail.
In order to help the community support the schools, supports must be institutionalized. This could be challenging: Not all the groups of community would be willing or able to participate in school management for different reasons. My main concern is related to the economically disadvantaged parents who often do not have enough time, resources and knowledge to actively participate in school discussions over the budget or other operational aspects, which will lead to ignoring their interests.

Referring back to the definition of the notion of public policy as ongoing process of negotiation between the stakeholders with different interests, I see the accountability as a mutual process where all the actors are accountable to each other. In the new per capita funding model through the establishment of the school boards, community members, parents, representatives of business and non governmental organizations should take a responsibility. If not, the idea of introducing the school boards will fail. To enhance community participation, the schools in collaboration with governing bodies who in fact introduced the capitation funding policy, might help community representatives learn the basics of organizational management, leadership, policy and decision making aspects. However, this strategy would need time and resources and would therefore fail if extra funding will not be provided.

To sum up, while there are many other aspects of both input based and per capita funding systems to be critically scrutinized, my purpose is to point to some of the dimensions of this particular governmental initiative – introducing per capita funding mechanisms –to show how tensions within a society generate and are reflected in policies, how these tensions are interpreted, what policies emerge, what they aim to address, how they going to do this, and whose interests are voiced and whose – are silenced.
Conclusion

Introducing the new funding mechanisms of per capita financing of the public schools is one of the reforms in the field of education that will affect everyone. There is a great expectation from the state that this policy initiative will improve the current status of the secondary education in Kazakhstan, and this, in turn, will give an immediate impetus for further, more rapid development of other subfields directly and indirectly connected to schooling. In this paper, I tried to use the example of per capita funding to show the dependence of public policy creation and implementation on the values prevalent in the society (and especially those held by its dominant segments). Looking back at the history of the development of schooling in Kazakhstan helps show how the notions of education at different times and under different socio-political ideologies shape the structure of schooling, including the choice of types of the schools, curricula, student bodies, types of school management and funding, who benefits and who does not. Indeed, even the Soviet approach to education which attempted to benefit everyone ignored the perspectives of native nations in Asian republics, including Kazakhstan.

The current national education system still faces many problems, most of which arose from the transition from one socio-economic formation to another (from socialist to market driven): The factors associated with the latter economic conditions contradict the idea of common goods of the community and state support for individuals through the life span that existed in the socialist system. As a result, the current schooling system has inherited the ideology and structure of education from the Soviet time and attempting to employ them to foster a new sense of education as a basic right of individual for his or her further improvement to become an intelligent and competitive, therefore, successful worker and citizen. This dilemma of finding a balance between two opposing aims of education as educating all and selecting some is
not distinctive to developing countries with transition economies; it exists in all educational systems, provoking the need for ongoing discussion about what equity, equality and achievement mean in education in a particular society. In the context of Kazakhstan, the attempt to address these norms was made through introducing the new per capita funding system in public schooling. From one side, this policy initiative is aimed to change the way schools and governing bodies function according to the new economic circumstances of market economy. However, from the other side, it promises vertical equity to the public by providing funding according the students’ learning needs. Assuming good intentions, this policy still has many aspects to work on if the stated goals—vertical and horizontal equity, educational quality improvement, educational efficiency and legitimacy, school autonomy— are to be achieved. Addressing this range of educational notions, policy implementation could produce a range of educational outcomes as well as potential conflicts between intended and unintended outcomes. These possibilities need to be taken into account by the policy makers and implementers while fostering collaborative decision making about what educational ends are most valuable, for whom, by what means.

Due to my own professional interest in the funding systems and policy making process, I found the project of piloting the capitation mechanisms interesting to analyze. It helped me extend my own perception of how I see education and public policy and better understand the interests and perspectives of various actors. I believe that everyone can impact public policy in some way: Everyone has scope to choose; the question is how we make our choices. Indeed, even by ignoring the responsibility to decide, we affect what notion of education is going to be chosen for us. Thus, I view myself as a part of this policy initiative both professionally and personally: I see myself helping community members to raise questions reflecting their interests
and the needs of children, making them more informed and through this more responsible to the community.
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