

# New budgeting approaches to financing the activities of the universities

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**Abstract:** Kuzmina (2008) distinguishes three models of the financing of the universities:

- Model A – financing of the university from the state budget based on the pre-approved plan, usually allowing education without tuition fee from the students;
- Model B – financing of the university from the state budget based on the academic indicators (number of the students, academic success of the students, number of defended doctoral theses etc.);
- Model C – financing of the university by the students, both from their private funds and from the state funds via “social certificates”.

In Kazakhstan, the students may win state education grants or pay their tuition from the funds of their family or sponsor. The Government annually determines, how many students and in which universities it will sponsor (not all universities participate in this program), and publishes the results, so that the prospective students may decide, in which university they apply. The applicants for particular programs, who have the highest scores in national exam, win the respective state education grants.

According to Kuzmina, Kazakhstan employs Model C, but with some specific features. Forbes Kazakhstan (2022) reported that an average value of the state education grants per student per year in 2021-22 academic year differed across the universities: Nazarbayev University received KZT 7,159,000, five more universities received KZT 920,000, and nine further universities received 825,000.

In Kazakhstan, the national statistics agency reported that on 1 September 2021 there have been 122 universities, of which 29 (23.8%) are state-owned, 91 (74.6%) are private, and 2 (1.6%) are owned by the foreign persons. In total, the universities hosted 575,511 students, of whom 207,283 (36%) received state education grants, and 127,147 (22%) studied in the state-owned universities. This shows that Kazakhstani universities are significantly financed from the private funds.

However, the universities may generate revenues from other activities, such as research, non-degree education and trainings, renting out dormitories and other premises, yield from endowment funds etc. These are used to cover costs of all three missions of the universities (education, research and participation in local community). Various rankings assess the performance of the universities based on many criteria. We suppose that certain features of the universities’ financing create a basis for that performance – and in this research we analyze those features. We are going to seek the correspondence between certain financial and academic performance results, which will serve as a basis of further research, aimed at modeling of more efficient budgeting in the universities.

This paper seeks to answer the following research question: what financial indicators correspond to the higher ranking of the universities?

Methodology of this research includes two main approaches.

First, there is an analysis of Kazakhstani legal and accounting provisions – what are the rules for the universities to raise and utilize the revenues.

Second approach is a comparison of various financial indicators, calculated based on the universities’ financial and non-financial reports, and universities position on the national ranking.