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Osipian, Ararat

Vanderbilt University

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**Vouchers, Tests, Loans, Privatization:
Will They Help (Fight) Higher Education Corruption in Russia?**

Ararat L. Osipian

ararat.osipian@vanderbilt.edu

araratos@yahoo.com

Dept. of Leadership, Policy, and Organizations
Vanderbilt University
Peabody #514
230 Appleton Place
Nashville, TN 37203-5721

Ph: (615)322-8000

Fax: (615)3432391

Correspondence:

Osipian A.
3105 Bellwood st, apt H
Nashville, TN, 37203, USA

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Russian higher education is in the process of reforming. Introduction of the standardized computer-graded test and educational vouchers was intended to increase accessibility of higher education, make its funding more effective, and reduce corruption in admissions to public colleges. The idea of vouchers failed while the test faces furious opposition and crises. This paper considers vouchers, standardized tests, educational loans, and privatization as related to educational corruption. The test is criticized by many for being a cause of the further increase in educational corruption. However, the test is needed to replace the outdated admissions policy based on the entry examinations. This paper considers the growing *de facto* privatization of the nation's higher education as a fundamental process that should be legalized and formalized. It suggests further restructuring of the higher education industry, its decentralization and privatization, and sees educational loans as a necessary part of the future system of educational funding.

Key words: corruption, education, loans, privatization, reform, Russia, vouchers

Introduction

Corruption affects access, quality, and equity in higher education. It has a negative impact on the quality of higher education services; it increases inequality in access to higher education, and causes inequities. The level of tolerance of corruption in higher education in Russia is relatively high, as corruption is considered a part of everyday life. Petrov and Temple note that “In Russia, our interviewees also despised bribery, but at the same time expressed the view that, perhaps, in the present situation, corrupt practices in higher education were inevitable.” (Petrov and Temple, 2004, p. 92) Spiridonov concludes based on the survey conducted in 1999 that in Russia, the person who regularly accepts bribes was regarded as an “absolutely normal element of real life.” (Spiridonov, 2000, p. 245) Corruption in higher education is not limited to bribery. It includes nepotism, favoritism, cronyism, embezzlement, fraud, gross waste, and misallocation of public funding. Education corruption is often highlighted in the mass media, including both official and independent sources.

This paper considers corruption in higher education in Russia and the reform called to curb corruption in education. The major focus is on the introduction of the standardized test intended to reduce corruption in admissions to publicly funded places in higher education institutions (HEIs) as well as other existing and possible offerings to fight corruption in education.

Corruption in Russian higher education: myths and realities

The only myth that exists about corruption in Russian higher education is that there is no corruption in Russian higher education. This myth is still maintained by some educational leaders, who insist that the major consideration in admission to the publicly funded places in

colleges is given to the academic promise of applicants. Half of the openings in public colleges are funded by the state. The number of rectors who refuses to admit the presence of corruption in their HEIs declines as corruption becomes more and more obvious.

There were over eight thousand economic crimes in education reported in Russia for the period of 2000 to 2005. In 2005 alone, there were more than three thousand crimes committed, including 849 cases of bribery and 361 cases of embezzlement, gross waste, and misallocation of the resources that come from the central budget (Newsru.com, June 21, 2006).

Colleges and universities run the entry examinations, administered by the faculty. As the cost of education increases, admissions to publicly funded places become more corrupt. There were more than 1000 cases of bribery for entering higher education recorded in 2001. By estimation, the amount of money spent on illegally accessing higher education is equal to 0.75 percent of the GDP (Konstantinovsky, 2001). Monetary pledges, gifts, private donations, bribes, and nepotism are commonplace. Grossly underpaid college instructors turned HEIs into family enterprises where admission is guaranteed to the friends and relatives and those ready to pay.

Sixty-seven criminal cases concerning heads of educational institutions and officials of selection committees, including six members of the admissions committees, nine officials of the territorial educational organizations, five rectors and deans, seven professors and senior lecturers, forty directors and assistants to directors of educational institutions have been investigated. Criminal charges were brought against the members of the admissions committees in Omsk, Volgograd, and Lipetsk oblasts. Criminal investigations were launched against educational officials and administrators in many regions. The charges included embezzlement, extortions, and bribery. Chief of the Department of Economic Security of the Ministry of the Interior Sergey

Lavrov concludes that bribery can be found in all different areas of educational industry (Gazeta.ru, June 21, 2006).

The investigated cases constitute but the tip of the iceberg. The public believes that it is virtually impossible to enter a publicly funded place in HEI without a bribe or personal connections. In households with children under the age of 16, saving for higher education is the highest priority, leaving behind health care, durable goods, housing, cars, and insurance.

The Rector of Moscow State University (MGU) Victor Sadovnichiy estimates the total volume of illegal payments in higher education at around \$5 billion for 2005. The leader of the flagship Russian higher education institution comments on the issues of corruption as well as numerous other problems in education as often as the Minister of Science and Education. Sadovnichiy gives the following comment on the questions about corruption in education and corruption in Moscow State University in particular: "Education is a part of the society's life. No one should say that there is an oasis, an island in our life. Of course corruption touched education as well." (Gazeta.ru, June 6, 2007)

Offered solutions: tests and vouchers

The offered solutions for the problem of corruption in higher education, along with modernization and restructuring of the industry include introduction of the standardized test and by now forgotten education vouchers. The offerings were intended to change the admissions process and mechanisms of education funding.

The reform

There are two educational policy projects implemented by the federal government, including the General State Examination (EGE), begun in 2001, and the State Personified

Financial Obligations (GIFO), also known as educational vouchers. The first is a project with a standardized, computer-graded examination, which will be used for entrance to universities; the second is a project that introduces a voucher-based system of higher educational funding.

The vouchers were called to materialize the “money follows the students” concept of higher education financing. This part of the reform was never realized and the vouchers for education were soon forgotten. It is difficult to predict whether the vouchers would lead to reduction in education corruption and whether they would improve the funding of the industry. It could be true that if implemented, the education vouchers would further complicate the processes of financing and college admissions and facilitate a further increase in corruption.

The standardized test and the vouchers were designed to work together as perfect complements. However, the vouchers have vanished. HEIs do not compete for the students with higher test results that would bring higher voucher values, since there are no vouchers in the system. In this sense the idea of the reform has failed.

Scandals and failures

Mass media reports serious problems with the process of timely emission of the test certificates in a number of Russia’s regions. According to the media, high school graduates received the certificates with a delay and failed to submit their applications to colleges by the deadline. The Attorney General’s Office is investigating the situation. Parents of those high school graduates who missed the application deadlines due to the delays with certificates are ready to sue.

The Head of the Federal Agency for Oversight in Education Victor Bolotov promised that all high school graduates would receive the certificates by July 5 late afternoon. However, many HEIs only accepted applications until June 30. Many HEIs in Moscow accept applications

earlier, and those who want to apply have few days to do so. If the certificate is delayed, the application is not accepted.

Part of the problem is in the terms for the processing of the test results and issuance of EGE certificates--the official documents that confirm the results of the test for each test-taker. While the processing of the analogous tests in the US and Europe takes around 3 to 4 months, in the Russian Federation the responsible agencies have only 5 days. The time is certainly not enough to process the test results and to fix possible errors and loopholes, Early experiences with the test show that such errors and faults are numerous.

The Minister of Education and Science Andrey Fursenko made a statement that he guarantees access to HEIs for all high school graduates who successfully passed the test. He assured the public that “Everyone will enter colleges. Not a single person will miss the admission because of the delay with issuing the test certificate.” (Newsru.com, July 5, 2007). He does not admit the massive problems with the test, but does recognize that the situation is “ridiculous.”

The situation is especially complex in large centers, including Moscow, the Moscow region, Yekaterinburg, the Sverdlovsky region, and the Novosibirsky region. These centers have large numbers of publicly funded places in the state HEIs. Those who failed to apply in time will have to choose between going to for-tuition programs and being drafted in the Army.

The Federal Agency for Oversight in Education blames private subcontractors for the problem with the test certificates. It says that for the majority of the regions the certificates were printed and mailed from June 25 to June 29, 2007. The Agency recommended that HEIs accept the applications without the certificates. This is something hard to imagine with the traditionally strong Russian bureaucracy. The Agency suggests that applicants fill their test scores into the

application forms without attaching a document that would certify the score. To HEIs, it recommends to check the scores online, as they are stored in the Federal database.

As could be expected, some of the HEIs in Moscow refuse to follow such recommendations. These include Moscow State Institute of Culture and Arts, Moscow Oblast Classic University, Moscow University of Architecture, and in Bauman Moscow State Technical University. According to the President of the All-Russian Education Fund Sergey Komkov, HEIs do not have a right to demand the originals of the test certificates (Newsru.com, July 3, 2007). According to the newly ratified law on standardized testing, the original certificates will be required for application to HEIs only starting in 2009, when the test itself will be implemented nationwide.

Critiques of the test

Those in opposition to the test support selection on the basis of competitive entry examinations and full financing of all students. Some of the critics accept the existence of private higher education, but insist that it should be separate from public education (Kolesov, 2002; Sadovnichiy, 2001). They believe that the reform will lead to an increase in inequality and corruption, an eradication of free higher education, a decrease in its quality, a weakening of free secondary education, and its commercialization. Sergei Lisovsky, a senator in the Federation Council (the upper house of the Russian Parliament), called the exam “the total destruction of the quality of education in Russia” (MacWilliams, 2007, p. A20). Under the law, some of the leading universities, including Moscow State University, will preserve the right to continue administering their own entry examinations.

The critics of the nationwide implementation of the test point out the numerous insufficiencies of the test and the system of testing overall in all its aspects and on all possible levels. The Chair of the Education Commission of the Moscow City Council Evgeny Bunimovich thinks that the country is not ready for the massive introduction of the test. He says that “It is impossible, when half of the population is for EGE and the other half is against, when HEIs refuse to acknowledge the results of the tests, when even computers cannot figure out the correct answers, and when there are errors everywhere. It is necessary to remake everything, from the questions in the tests to the procedure of issuing the certificates with the test results.” (Newsru.com, July 5, 2007) The metropolis of over ten million people faces many difficulties with the introduction of the test as well as the stubborn opposition from the side of the capital’s colleges and universities, some of which are the most elite HEIs in the country.

The technicalities are especially important in such large-scale projects. Neither the level of technology, nor the stressed time frame allow for good testing and processing of results. In addition, there is not enough experience among the staff members. The solutions for the crisis offered by the Federal Agency for Oversight in Education have serious loopholes. The note signed by the school director is not a document and cannot be accepted by the HEIs’ admission commission. The printout from the Federal Database of EGE should be notarized. Above all, as reported by the media, in distinction from the Federal Agency, the Ministry of education recommends that HEIs accept the original certificates only (Gazeta.ru, July 5, 2007).

The Head of one of the Federal Agency’s divisions Valentin Shaulin denies any kind of full-scale problem with the timely issue of the certificates. The application deadlines in some HEIs are set for July 14. Still, it is unclear how the prospective students can choose a college

based on their score if they still do not have a certificate. With the time being so limited, there is no time for any appeals and clarifications of the test scores by the test takers.

As seen from the recent events of the latest college admissions season, there are still enough problems with the test to let HEIs advance their own interests. While angry parents siege colleges and universities, the HEIs drop “crocodile tears” and express their sorrow for the parents and the applicants without test certificates. The college administrators refer parents to the Ministry’s rules and guidelines and offer them to call the “hotlines” established by the Ministry and by the Federal Agency to report possible violations and to express their concerns.

The conflict exists on several levels, including the one of inter-Ministerial competition and struggle for control and power. The Office of Attorney General has been after the Head of the Federal Agency for Oversight in Education Victor Bolotov for a few years. The Agency was accused of gross waste and embezzlement of federal funds as well as numerous reported violations that take place in the testing campaign. The investigators will have a lot to work on, trying to figure out why the certificates were delivered in some regions and were not delivered in others, why the time frame is so stressed, why application deadlines in the HEIs vary, and why different HEIs interpret test scores differently. These are only a few of the questions that need to be answered. The answers should be demanded by the public, not only by the Attorney’s office.

The crisis sends out several important messages. First, the test procedures are not perfect and should be improved. Second, the crisis was predictable and in fact unavoidable. The short period of time for the test results processing and distribution of the certificates made the crisis expected and quite possibly well-planned. Third, the parents who still believe that the high test scores of their children will help gaining admission to the publicly funded places are now disappointed. At the same time those who invested in all different informal and illegal means of

gaining access to HEIs for their children, including bribes, can be certain that the money are well-spent and that they made the right decision by not relying on the test. The last pieces of the mirage of fairness in admissions are now being blown away by the harsh realities of the admissions crisis of 2007.

Possible solutions: privatization and loans

Due to the numerous imperfections of the newly introduced test-based admissions policies colleges and universities preserve the right to run the admissions process at their will. Test scores are interpreted by the HEIs at their discretion and those who applied without the test certificates will have to take the traditional entry examinations. The poorly disguised sabotage of the test may be found throughout the system. Many bureaucrats and related businesses cash out on the crisis.

Privatization in higher education is a fundamental process, and yet the least discussed. The massive privatization that took place in Russia in 1990s is traditionally considered as something negative, symbolizing inequality, unfair distribution of property rights, social tensions, corruption, and the criminal underworld. The process of privatization as it was is seen by many as a major failure of the state and the market reforms. In such a context it would not be beneficial for the government to discuss the possible privatization in education. Moreover, the education and healthcare were traditionally considered in the society as human rights. Until recently, everyone thought of access to education and medical treatment as of an entitlement. And yet at least a partial privatization of higher education may be one of the measures necessary to reduce corruption in this sphere. Moreover, it may help modernize the industry and assure provision of quality educational services to the public. The process of privatization already takes place in the

education industry. Over half of all the students in higher education pay for their education. Private colleges provide only 10 percent of all the places in higher education. In public HEIs more than 40 percent of students are enrolled in for-tuition programs.

The state is not likely to give HEIs to the employees or so-called labor collectives for free. The state prefers to preserve the control over the majority of the HEIs. The state is not likely to sell the HEIs to the labor collectives either for the same reason of preserving control. The labor collectives will not buy the HEIs from the state. First of all, they are certain that they have every right to own them. Second of all, they do not have the necessary means to buy them out from the state. At the same time the faculty and administrators are not likely to let any investor privatize the publicly owned HEIs. They do not pretend on the title of property, at least insofar, but they privatize HEIs through the privatization of HEIs functions.

Presumably, the state sets the admissions criteria to the publicly funded places in colleges and universities, but *de facto* the faculty and administrators set their own standards. They accept bribes and grant admissions to their relatives and friends. This means that the criteria are not academic achievements and knowledge, as manifested by the state, but money and connections. The faculty and administration monopolizes the discretion over the admissions decisions and privatizes the access to higher education. This phenomenon is nothing but privatization of the selection function.

The grading policies in all the HEIs are set by the state, but *de facto* faculty members assign the grades based on their own criteria that not always coincide with the ones set by the government. Often high grades are given to students in exchange for gifts, bribes, collective presents, or based on the kinship and personal connections. This means a partial privatization of the function of student retention and control over the academic progress.

The content of academic programs is determined by the state and controlled through the centralized processes of licensing and accreditation. It varies significantly from HEI to HEI. The quality of educational programs varies as well. Here the real content and the quality also depend in large on the faculty.

The degree requirements and qualifications conferred to the college graduates are defined by the state. The state diplomas are issued for all the graduates. At the same time rampant corruption in HEIs undermines the credibility of the degrees. The faculty and administrators privatize the function of certification of knowledge.

The selection and the process of hiring for faculty positions, faculty promotion, the distribution of state funds, and many other functions, regulated by the state, are now being taken over by the college administrators.

As follows from the arguments presented above, the faculty and administrators already set their own standards for admissions, student attrition and retention, control over the academic progress, content of educational programs, and graduation. This means privatization of the functions of selection, retention, control, and certification of knowledge and skills.

The position of the state regarding the *de facto* privatization of higher education is rather contradictory. On the one hand the state funding of the public HEIs gradually declines. The salaries in the industry are set by the state and are kept at the low level as compared to the other industries. The faculty are forced to generate extra income to maintain decent living standards. On the other hand the state does not want to loose control over the higher education.

The major task of the state at this point should be further restructuring of the higher education industry and setting the new and clear rules and regulations. These rules should clearly define what is legal and what is illegal, what is allowed and what is not, what is acceptable and

what is not. The number of places in Russian HEIs is sufficient to accommodate all those who want to receive higher education. The higher education is no longer a limited resource. The access to higher education is limited by its cost and not availability. The selection of the programs is very high and the cost of education in many HEIs is affordable. The state should continue the gradual withdrawal from the higher education industry, including its funding.

The corruption in admissions will be replaced with the existence of the for-tuition programs. The corruption in grading will be reduced through prioritization of the college prestige, based on the knowledge and placement of its graduates. The same prestige will likely reduce corruption in graduation. Market mechanisms will replace the state control. The state will no longer guarantee the quality of the degrees. More weight will be given to the knowledge and prestige of the HEIs. Affordable educational loans should be available for those who cannot afford paying tuition. The loans can be offered by the state and by the private lenders, including commercial banks.

Conclusion

The reform in Russian higher education presents useful lessons for many other countries. Corruption exists in higher education systems throughout the world. In some of them it is rampant while in others it is moderate. Corruption is present in both public sector and private sector of education industry. Hence, many national educational systems, both large and small, may need restructuring and reconfiguration of the education policies that guide and regulate such fundamental issues as access, quality, and equity.

All the offerings, including education vouchers, standardized tests, and education loans, target access to higher education. The issue of quality appears to be left unattended. It may be

only later, when the issue of access to higher education will be settled, the public will turn its attention to the quality of higher education services. Privatization may be the only process that will target the quality. The students will choose what educational programs they want to enroll, of what quality, and at what cost. Some of the offerings indirectly target the issue of equity. Specifically, the vouchers were intended to target equity along with the access, but the voucher-based funding did not come to life.

Despite all of the critiques of the test, it should be implemented nationwide. Even if it will not help reduce corruption in admissions, it will replace the outdated system of entry examinations. Furthermore, the test will give estimates of the academic achievements of the high school graduates. The outcomes of schooling estimated based on the universal nationwide testing should be known. One of the solutions for the problem of corrupt admissions is seen in the decentralization and privatization of higher education as well as in the broad introduction of educational loans.

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