

The Dual-Track Tuition Fee Model in Russia and Post-Soviet Countries

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The dual-track tuition-fee system is a distinctive funding model in international higher education, which exists only in (most) countries of the former Soviet Union, some postsocialist countries in Central and Eastern Europe, and a few African countries. Unlike all other international funding models, which either require tuition fees from everyone (e.g., England, the Netherlands, the United States) or no fees from anyone (e.g., Finland, Germany), the dual-track system applies different rules to different categories of domestic students. It was implemented in all 15 countries of what was the Soviet Union and still exists in all but Estonia. Variations of the dual-track model are minor across these countries.

In the dual-track system, there are two streams of students, divided on the basis of academic merit as determined by national standardized tests. Higher-scoring students get a tuition-free place. The rest have to pay. In Russia, about half of the students in public institutions now pay tuition fees; in most other post-Soviet countries, their numbers vary from 45 to 85 percent. In most cases, the number of tuition-paying students is determined by the institutions (in mass institutions, that group is as big as can be recruited and taught). The minimum “merit” bar established by government is low. Tuition fees are a significant share of income, supplementing low levels of public funding.

The two groups of students study together, but the different admission criteria are associated with two different sets of aspirations, motivations, and incentives among students (where to study and how to prepare), among higher education institutions (which students to recruit for each segment, and how), and for the state (what to fund). This division lies within each public higher education institution.

The Dual-Track System as a Late Soviet Legacy

In the 1980s, Soviet higher education (ISCED 6 programs) had already reached a level of mass participation: about a fifth of the age cohort across the country, and a quarter in the Russian Socialist Republic, comparable with the Western world in that period. The government sought to stimulate the socialist system using economic freedom and market injection, increasingly popular policy tools globally. The 1980s *perestroika* policies introduced key changes in governmental funding of higher education: the notion of education as a service; a departure from solely state funding; the diversification of funding sources; private funding; and facilitation of nonstate provision. It was hoped that liberalization would help to overcome the rigidity of the Soviet system, its bias toward engineering, and its orientation toward applied education, and enable the creation of dynamic and flexible institutions.

After the dissolution of the Soviet Union, new educational laws in Russia and other post-Soviet countries confirmed the commitment to the new private sector and partial marketization in the public sector, where the tuition-fee track complemented the tuition-free track. While private sector enrollments did not develop to any large extent in Russia and most post-Soviet countries, marketization largely took place in the dominant public sector.

The Structure of the Dual-Track Model

As indicated above, the dual-track model divides the field of educational production into two segments: merit-defined (free places) vs. market-defined (tuition-fee places).

Abstract

The dual-track tuition fee model in post-Soviet countries is a distinctive funding model in international higher education. A legacy of the late Soviet state, which injected market mechanisms into the tuition fee-free socialist system, it divides students into two selection and funding streams regulated by different types of competition and price setting. This creates profound inequities, and, in most institutions, incentives to focus on revenue without regard for educational quality.

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In the free-tuition segment, the cost per student is set centrally by the government—unbeknownst to the “customers.” Admissions are based on the list of applicants ordered by their test scores. Merit (test scores) serves as a competition-based signal parallel to price. Cut-off and average admission test scores are publicly available, creating a “value hierarchy” among students and institutions.

In the tuition-paying segment, admissions are price based. Price is established by institutions and varies by institution and field of study. Fees must be paid directly and immediately—in contrast to the quasi markets of England and Australia, where price is established by government, students do not pay directly, and payment is deferred until a certain level of employment income is achieved. As in the marketized US system, prices are set by institutions, but unlike the United States, there is a division between those who pay and those who do not. Further, unlike the United States and some other models, dual-track systems do not provide extensive scholarships or support to students to cover their living expenses, aside from studentships of nominal size for certain groups.

Implications of the Model

This model dramatically reinforces educational inequality, as routinely criticized by the European Commission, the World Bank, and the OECD. The merit strand opening access to the free track, especially in prestigious institutions, is associated with socioeconomic inequalities: Only better-off social groups are able to afford exclusive secondary schools and private tutoring. Meanwhile, access to the nonmerit track is determined by the capacity of families to pay. In contrast with the relatively egalitarian Soviet system, both strands of post-Soviet higher education foster inequality.

The system also reinforces institutional stratification: As the elite sector is not regulated by market competition and market price, but by reputation, high selectivity and high price together have come to signal “quality” and prestige. In the nonelite segment regulated by market competition, the dual-track model creates peculiar, and in some respects ineffective, institutional practices aimed at optimizing both governmental and private financing. The model also reproduces double standards of social value (money/merit), in which money is decisive. For students unable to access free education, it normalizes “nonexcellence”—the value of money, not academic merit, in higher education.

The dual-track selection and funding system has had an enormous impact on the development of higher education in Russia and all other post-Soviet countries, contributing at the same time to massification, system expansion, institutional stratification, and social inequalities. Strikingly, this system is almost never questioned. Only Estonia cancelled tuition fees in the public sector for normally progressing students in 2012. Georgia moved toward further marketization, introducing educational vouchers covering 100, 70 and 50 percent of tuition fees, depending on test results; it also established need-based grants and free places in priority fields, but overall only 19 percent of first-year students received full coverage of tuition fees in 2018. In Russia, educational vouchers were piloted in early 2000s in a few regions, but were discontinued. A voucher system is a fiercer version of the dual-track model, where access to the tuition-free stream is more tightly linked to “merit” and thus social disparities.

The post-Soviet dual-track model is consistent with the globally prevailing idea of employability as the central purpose of higher education, a legacy of the human capital theory, which provides the rationale for governmental and individual coinvestment in higher education. Training specialists for the national economy was also the Soviet purpose of higher education. This helped the dual-track model to flourish in the region after the dissolution of the Soviet Union.

The dual-track system reproduces a cultural divide between the egalitarian but vocationally instrumental Soviet provision of higher education as a common good, and post-Soviet higher education as a vocational private good resulting from consumer choice and normalizing inequality. The dual-track Soviet legacy needs to be revisited and checked against the criteria of social equity, well-being of society, and economic efficiency, as well as the larger purposes of higher education in the twenty-first century. ▲

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