



The Evolutionary Logic of Higher Education Fiscal Policy in China

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I. rapid development

1. scale of HE

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HE Data for 2016

Number of Students:	36,470,000
Undergraduates in Regular HEIs :	26,960,000
Master's degrees:	1620,000
Doctor's Degrees:	330,000
Gross Enrollment Rate:	42.7%
HEIs:	2,859 (including Regular HEIs 2,596)
HVCs:	1,359
HEIs (Bachelor's degree):	1,237
HEIs (Master's degree):	481
HEIs (Doctorate degree):	357

Higher Education Changes

Year	HEIs	students
1949	211	117,000
1979	633	1,026,000
1998	1,022	4,800,000
2016	2,859	36,470,000



Administration System

adjustment:

- **central government**
- **provincial governments: take the main responsibility**

to mobilize and empower the local governments with:

- 1. establishment of HVCs**
- 2. enrollment planning of HVCs**



new types

- 1. Non-government (Supported by non-government funds)**
- 2. Independent Institutions**
- 3. Sino-foreign Cooperation**



Independent & Sino-foreign Cooperation Institutions

The University of Nottingham Ningbo, China

Xi'an Jiaotong-Liverpool University

NYU Shanghai

Wenzhou-Kean University



II. Multi-channel sources of funds

- 1. financial system reformation**
- 2. raise funds through multiple channels**



1. Financial system reformation

- **basic rationality**

HE financial system is a part of the national financial system,
which based on the basic economic system

- **Transition**

planning system- market orientation



- **Major educational program**

A. The Central Committee of CPC's Decision on Educational System Reform in 1985

B. Guideline for Educational Reform and Development in China in 1993

C. The Outline of the National Medium-and Long-Term Program for Education Reform and Development (2010-2020) in 2010

D. Educational modernization program(2020-2030)



2. Raise funds through multiple channels

- **finance, taxation, tuition, industry, donation, foundation, fund, bank loan, interest & discount**



Financial educational expenditure

Educational Expenditure of GDP

year	%	year	%
1994	2.51	2005	2.81
1995	2.41	2006	3.01
1996	2.46	2007	3.32
1997	2.50	2008	3.48
1998	2.56	2009	3.59
1999	2.79	2010	3.69
2000	2.87	2011	3.93
2001	3.19	2012	4.28
2002	2.90	2013	4.24
2003	2.84	2014	4.15
2004	2.79	2015	4.16



Higher Education Expenditure

year	Funds of HE(RMB bln)	annual growth rate %	HE expenditure (RMB bln)
2000	91.335	28.87	53.119
2001	116.658	27.73	63.28
2002	148.786	27.54	75.215
2003	175.435	17.91	84.058
2004	212.976	21.40	96.979
2005	255.024	19.74	109.084
2006	305.776	19.90	130.252
2007	376.23	23.04	164.812
2008	434.688	15.54	206.246
2009	478.278	10.03	232.738



Rapid growth of tuition fee

- **John Richard Nicolas Stone:**
Higher Education Expenditure -- who benefits, who shares
- **RMB 7.416 bln tuition fees, 13.5% of operating expenses in 1998**
- **RMB 107.867 bln tuition fees, 36.47% of operating expenses in 2006**
- **RMB 154.035 bln tuition fees, 33.16% of operating expenses in 2009**



Financial assistance system

- **scholarship**
- **student aid fund**
- **student loan**
- **part-time job**
- **reduction/exemption of tuition fees**
- **subsidy /allowance**



Bank loan

- **government: credit line**
- **RMB 400-450 bln for new campus, teaching & living infrastructure and facility**
- **around 50 University towns (community composed of several universities and colleges)**
- **Multi-campus university**
a number of Multiversities (giant university composed of several schools or colleges)



III. Appropriation

the Modes of government provides funding

1.Base Plus Increment Mode (1949-1985)

Base: educational expenditure in the previous year

**Increment : addition according to the need of higher education development
and the state financial capacity**



2. Comprehensive Quota Plus Project Subsidy Mode (1985-2001)

comprehensive quota : educational expenditure per student

project subsidy: new/key discipline/major

laboratory

teacher training

rear service

equipment

foreign teachers



3. Basic Budgetary Educational Funds plus Project Funds (2002-2017)



4. Project system

Overview: one-time task for one purpose under limit time and resource

Principle: keep the stocking level and ensure the increment

Intension: HE quality, doctoral disciplines, key disciplines, HR base, etc.

**Programs: Project 211; Project 985; Project World-class Universities
and World-class Disciplines**



1. Project 211

2. Project 985

**3. World-class universities & Academic
Subjects (2015—)**



Vision

- **increase governmental funds**
- **social donation**
- **improve the Cost Sharing System**
- **improve the Financial Assistance System**
- **compound Appropriation System based on multiple elements**

Thank you!

