

# Research on the Optimal Allocation of Education Funds for Local Universities in China

Guoxiang Zhao

Siam University, Bangkok, Thailand

---

**Abstract:** This paper focuses on the allocation of educational resources and the funds of local colleges and universities, studies the adequacy and balance of the allocation of educational funds in local colleges and universities in China, and studies the current situation of the allocation of educational funds in local colleges and universities in China, ordinary colleges and universities in Jiangxi and C schools, with a view to clarifying the logic and policy motivation of the allocation of educational funds in local colleges and universities in China. By using the methods of literature study, investigation and comparative study, this paper reviews and combs the present situation of the allocation of education funds in local universities in China, and points out that there are some problems in the allocation of education funds in local universities in China, such as insufficient investment, single source and obvious differences among regions, schools, disciplines and majors. Combining the three theoretical bases of resource dependence theory, principal-agent theory and new institutionalism theory, this paper further discusses the deep-seated higher education resource allocation model, higher education market system and mechanism, and the financing of local colleges and universities. On the basis of comparing and drawing lessons from the experience of international higher education funds allocation, this paper gives some suggestions on optimizing the allocation of education funds for local universities in China from four aspects: system guarantee, institution construction, school-running system and funding system, project management and platform construction.

**Keywords:** Local colleges and universities, Educational resources, Optimal allocation of education funds.

---

## 1. Research Background

In 2019, the enrollment of higher vocational colleges in China increased by 1 million, and the total number of students in higher education reached 40.02 million. The gross enrollment rate exceeded 50%, reaching 51.6%, which officially entered the stage of popularization of higher education. Wang, X. Q. & Zhang, X. Y., (2023). The State Council issued "China Education Modernization 2035", which mentioned that it is necessary to develop high-quality education with China characteristics and world advanced level, promote the popularization of high-level and high-quality education at all levels, and establish a school-running standard system around "resource elements". Li, H. L., (2023) pointed out: establish school-running standards, improve school-running conditions, and implement dynamic adjustment of resources in terms of per capita funding for students, construction of teachers, and guarantee of teaching facilities. In 2022, the total number of students in higher education in China is 44.3 million, and the gross enrollment rate of higher education reaches 57.8%, which has built the largest higher education system in the world. China Education Work Conference mentioned that the "Tenth Five-Year Plan" period is a period of high-quality education development. Liang, Z.X., Feng, X.J., Ti, Yue.,&Hu, Z.R. (2023). by Under the new external environment and policy environment, education reform and development will face many new goals and requirements. The Key Points of Work in 2022 of the Higher Education Department of the Ministry of Education points out that it is necessary to focus on the contradiction of unbalanced development of higher education and

comprehensively promote the quality revolution of higher education, and once again focus on the fairness and quality of higher education, that is, to achieve balanced and full development of higher education.

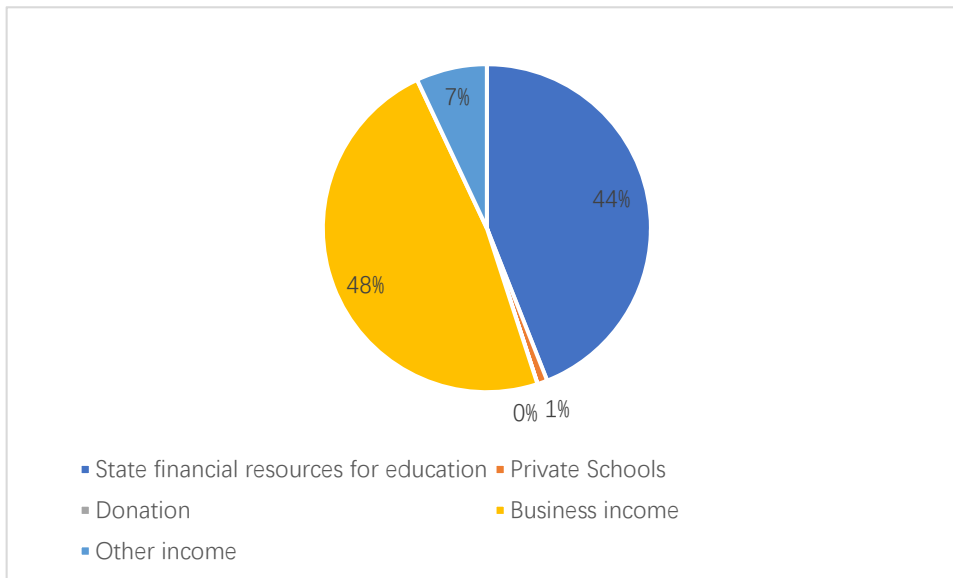
## 2. Research Design

### 2.1. Data collection and analysis

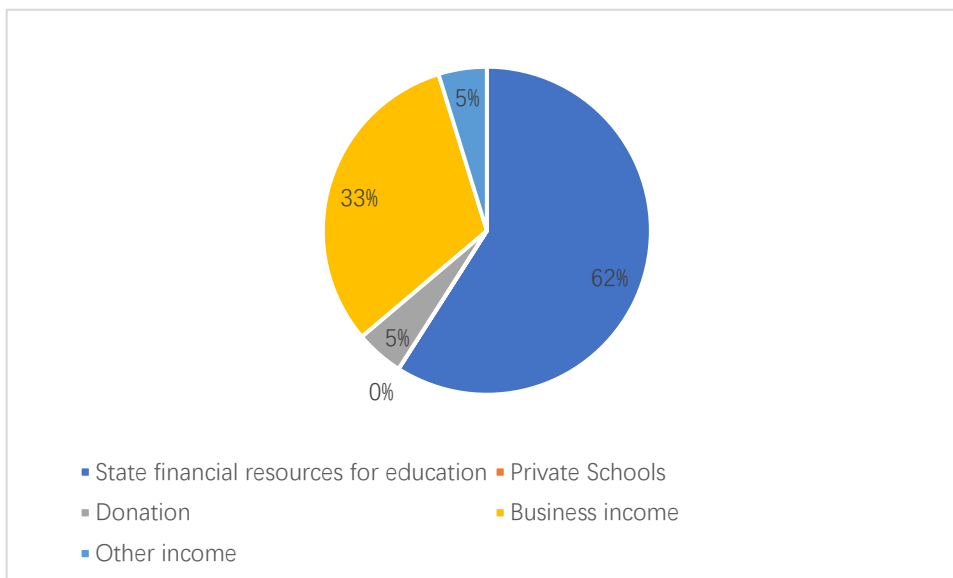
The research object of this paper includes three levels: local universities in China (provinces, autonomous regions and municipalities directly under the Central Government), universities in Jiangxi Province and C schools. The research on the allocation of educational funds in local universities in China and universities in Jiangxi Province mainly makes use of second-hand materials such as China Educational Statistical Yearbook and China Educational Statistical Yearbook. The research on the allocation of education funds in C school mainly visited various official website and visited the undergraduate teaching evaluation center of C school, and obtained relevant policy documents and data reports.

### 2.2. Analysis of the current situation of the allocation of educational funds in local colleges and universities in China

In 2012-2022, the ratio of students in universities directly under the central government to local colleges and universities is gradually decreasing, which shows that the scale of local colleges and universities is expanding rapidly, attracting more and more students and has become the main force of higher education in China.



**Figure 1.** Piechart of education expenditure of local universities in China (2012)



**Figure 2.** Piechart of education expenditure of local universities in China (2022)

### 3. Research Method

This paper mainly adopts three research methods: literature research, investigation research and comparative research.

Literature research method: literature research method is mainly to collect, identify and sort out the literature, and form a scientific understanding of the facts through the study of the literature; Require objectivity and comprehensiveness. Literature research method is the most basic and widely used research method, which is historic, flexible, inherited and creative. This paper searches, records and sorts out academic papers, periodicals and magazines, policy documents, network platform data and other related documents about the allocation of educational funds in local colleges and universities. By using the method of literature analysis, this paper understands the current situation of the allocation of educational funds between local universities in China and universities in Jiangxi Province, and expounds the regional and inter-school disparities in the allocation of educational funds between local universities in China. Investigation and

research method: investigation and research method is to understand the objective situation through investigation, directly obtain relevant information and analyze it; Not limited by time and space, it is also called indirect observation.

By using the method of investigation and study, this paper investigates the present situation of the allocation of educational funds in China local universities, Jiangxi universities and C schools, and reveals the regional, inter-school and intra-school disciplinary and professional gaps in the allocation of educational funds in China local universities.

Comparative research method: comparative research method is a method to study and judge the similarity or difference between people and things; It can be understood as investigating two or more related things according to certain standards, finding out their similarities and differences and exploring their laws. By using the method of comparative study, this paper introduces the experience of the allocation of higher education funds, and combining with the mode and characteristics of the allocation of higher education funds in China, obtains the enlightenment to solve the problem of the

allocation of education funds in local universities in China.

### **3.1. Jiangxi Province, the allocation of funds for higher education**

According to the official statistics website of the Ministry of Education, in 2021, there were 106 colleges and universities in Jiangxi Province, including 45 undergraduate colleges and 61 junior colleges. There are 31 private colleges and universities, including 18 private undergraduate courses and 13 private junior colleges. According to the ranking of Jiangxi universities on the Alumni Association website, there are 2 first-class universities in China, 2 high-level universities in China, 7 first-class universities in the region, 2 high-level universities in the region, 14 well-known universities in the region, 2 top applied universities in China, 1 high-level applied university in China, 4 first-class applied universities in the region, 4 well-known applied universities in the region and 4 top vocational colleges in China. There are 2 first-class vocational colleges in China, 4 high-level vocational colleges in China, 9 regional first-class vocational colleges, 20 regional high-level vocational colleges and 1 regional well-known vocational college.

### **3.2. Jiangxi Province, the allocation of funds for higher education status**

The Statistical Yearbook of Education Funds in China in 2010 and the Statistical Yearbook of Education Funds in China in 2022 show that the total investment of education funds in local colleges and universities in Jiangxi Province has changed from education expenses (mainly tuition fees) to national financial education funds (mainly general public budget education funds) in the past ten years from 2012 to 2019. From 2012 to 2019, the total investment in education funds of local colleges and universities in China increased rapidly, from 31% to 61% in ten years, while the business income decreased from 59% to 35%. The income of organizers and donations in private schools remained at a low level. In 2019, the national financial education funding was 61%, and the business income was 35%. The income of organizers, donations and other income in private schools accounted for a relatively low proportion, and the total did not exceed 5%.

### **3.3. Development Status of C School**

School C, located in Jiangxi Province, the central part of China, is a local undergraduate college jointly established by the provincial government. In 2012, the school entered It was selected as the national "Basic Capacity Building Project for Colleges and Universities in the Midwest". In 2017, the school was selected as "the first-class discipline construction in Jiangxi Province"School ". The school has 27 national first-class undergraduate professional construction sites and 6 national characteristic majors (finance, market Marketing, accounting, information management and information system, finance, law), 10 provincial specialties and 17 provinces. First-class major.

C school education funds allocation status

1. First-class discipline construction
2. First-class professional construction
3. First-class curriculum construction

## **4. Strategic Suggestions**

### **4.1. Allocation of funds for higher education in the United States**

On the basis of establishing a unified federal regime in the United States, the States still retain quite extensive autonomy. Houghton Keith A.,Bagranoff Nancy & Jubb Christine.(2021). by The federal government is mainly responsible for coordination and macro-policy guidance, providing education funds to schools and students through legislation and supervision, and regulating the acquisition and use of funds in colleges and universities through laws or contracts. Established aid, scholarship and loan programs (such as federal Pell grant, federal education opportunity grant, Stefo loan, federal direct loan, etc.) to provide financial assistance to poor college students and ethnic minority students; Set up special funds to promote the innovation and development of colleges and universities, and provide financial support for scientific research innovation and transformation of scientific and technological achievements in research universities; Various preferential tax policies have been promulgated (mainly federal income tax law, social security tax law and enterprise compensation tax law). The investment and management of American university funds are concentrated at the state level, and the state government is responsible for the financial allocation of public universities in the state. Generally, the state government does not give regular financial support to private colleges and universities, but gives corresponding policy subsidies in the form of scientific research funding and student funding. The government's funding for private universities mainly focuses on four-year non-profit private universities, and the policy of exempting students with excellent grades from two-year tuition fees in community colleges.

### **4.2. British higher education funding allocation**

The funding sources of British higher education institutions (universities) consist of five parts: government public funds, tuition and education contracts, research funds and contract funds, donation income and other investment income. British higher education institutions (universities) have a long history of government public financial allocation. In 1919, the British Ministry of Finance set up the University Grants Committee (UGC), which is responsible for the funding of universities. The funding is allocated every five years, and the right to use the funds is in the hands of universities. The Science and Technology Act of 1965 established a dual funding system for scientific research in British higher education. In 1988, the University Fund Committee (UFC) replaced the University Funding Committee, and in 1992, UFC merged with other college fund committees to form the Higher Education Fund Committee (HEFC). The Research Council (RCUK) was established in 2002, and its funds mainly came from the scientific budget implemented by the Department of Commerce, Innovation and Skills (BIS). Provide support for university scientific research in the form of research projects or research plans, and the allocation of research projects is based on peer review mechanism. As a coordinating body, the main responsibilities of the Research Council include scientific research fund management, research evaluation and impact, training researchers, knowledge exchange and international cooperation. Both HEFC and RCUK belong to non-governmental organizations. HEFC is responsible for the

allocation of education funds and recurrent research funds, mainly for the university's own research investment, while RCUK is responsible for the allocation of research project funds, mainly for specific research project expenditures. Together, they are called "double funding system".

### **4.3. Allocation of Japanese Higher Education Funds**

Japanese universities can be divided into national universities, public universities and private universities because of different funders. Both national universities and public universities belong to state-owned university. National universities are directly set up by the central government, funded and funded by the state treasury. Public universities are funded and operated by local governments, and the central government pays certain subsidies to public universities through the accounting system of local governments. The funds of private universities are borne by the school legal person, operated in an enterprise way, and closely linked with the market. Yufan Huang.(2021). by The school has the right to choose its own students, and most of its income is tuition fees and social donations. There are a large number of private universities in Japan, and the number of students also accounts for a considerable proportion. Private higher education has played an important role in the popularization of higher education in Japan. Tuition is the main source of funds for private universities in Japan, including enrollment fees, attendance fees, facilities and equipment use fees, etc. The charging standards of each school are generally decided by the school board or the board of directors. The government's aid to private universities began in 1970. First, the Japanese Private Schools Revitalization Consortium Act was enacted (which was amended as the Japanese Private Schools Revitalization Mutual Aid Consortium Act in 1997). This consortium is affiliated to the Ministry of Education, Culture, Sports, Science and Technology, and its main responsibility is to provide financial assistance to private schools. In 1975, in order to improve the education quality of private schools, reduce the financial burden of students in private schools and promote the healthy development of private schools, the Implementation Order of the Private Schools Revitalization Funding Law was passed. The government provides funds to the private school revitalization consortium, and the consortium provides financial assistance to legal persons who set up private schools, which belongs to the indirect financial allocation of the government. At the same time, local governments have accordingly established a legal system of public financial assistance for private schools. In 2006, Japan's newly revised Basic Law on Education set up legal provisions on private schools, and further defined the measures that the state and local governments must subsidize private school education. In addition, the government also provides long-term low-interest loans to private universities, and private universities can apply for loans from the private school revitalization consortium as long as they meet the relevant regulations. Private school legal persons are not required to pay local taxes such as corporate tax, income tax, inheritance tax and gift tax, except for operating and profit-making undertakings. In order to encourage individuals and social organizations to donate to private schools, the government has also adopted corresponding preferential tax policies for private donors. Donations can be deducted from the total tax paid by individuals and enterprises, and donors can also be exempted from the payable inheritance tax.

### **4.4. Enlightenment of the experience of international higher education funds allocation on the allocation of education funds of local universities in China.**

On the legal system level, local colleges and universities in China should actively explore the way to formulate and implement university statutes, improve relevant laws, regulations and supporting mechanisms, and enhance university autonomy. In the process of formulating the university charter, we should solicit opinions and suggestions from stakeholders, strengthen the study and application of the charter by teachers and students, and set up special institutions to supervise the implementation of the university charter, so as to promote the reform of the corporate governance structure of the university and finally form a modern university system with China characteristics as the core of the university charter.

At the government level, the Ministry of Education can entrust the establishment of a third-party academic research and fund management institution to be responsible for the allocation of funds per student and research contracts in colleges and universities. From the University Grants Committee and the Higher Education Fund Committee to the Office of Student Affairs and the Office of Scientific Research and Innovation, the British government has adopted the form of a "third party" for the overall planning and management of higher education, and is fully responsible for the specific allocation of funds and resources in colleges and universities. Although these institutions are responsible to the British government, they are not public institutions or government affiliated institutions, but independent intermediary organizations. Under the guidance of the government's macro-policies, regional universities directly under the central government and local universities, or local universities, can carry out all-round cooperation, which will help China universities directly under the central government and local universities to give full play to their comparative advantages, integrate and share resources, and realize the cultivation of compound talents, interdisciplinary teaching and research, and multidisciplinary integration development. At the university level, local universities in China should make clear the target of student financial aid, especially the scholarship policy should set a reasonable ratio of "rewarding excellent students" and "helping the poor" to improve the efficiency of policy resources investment. Local colleges and universities should establish a scientific evaluation index system, increase the per capita quota of scholarship students and expand the coverage of incentive policies. The grant policy should emphasize the construction of dynamic guarantee mechanism, and establish a student grant acquisition system linked with prices and tuition fees while ensuring students with difficulties to complete their studies. In the United States, alumni donations are regarded as an important source of funds for running universities. As the core capital of a university, the support of alumni is of great significance to the further development of the university. Therefore, in the practice of allocating educational funds for local universities in China, we should pay more attention to the development and utilization of alumni resources, strengthen effective communication and close cooperation between relevant departments inside and outside the school, integrate alumni into the future development and construction of the school, carry out various forms of "alumni trip" activities (such as

free knowledge lectures and industry exchange meetings), and provide differentiated and personalized services for alumni.

## References

- [1] Wang, X. Q. & Zhang, X. Y., (2023). Theoretical implications and practical approaches to the high-quality development of higher education. *College education management*. doi: 10.13316/j.cnki.jhem.20004.000050000003
- [2] Li, H. L., (2023). Research hotspots and enlightenment of doctoral dissertations in American higher education (2010-2021). *Social scientist* (03),141-147+160.
- [3] Liang, Z.X., Feng, X.J., Ti, Yue.,&Hu, Z.R. (2023). Vision and Enlightenment of the Future of Global Higher Education Facing 2050-Based on the Analysis of UNESCO Policy Text. Chongqing Higher Education Research.
- [4] Houghton Keith A.,Bagranoff Nancy & Jubb Christine.(2021).The Funding of Higher Education: An Empirical Examination of the Cost of Education in Business Schools. *Abacus*(4). doi:10.1111/ABAC.12230.
- [5] Yufan Huang.(2021).Analysis on the Fair Use of Higher Education Funds Based on Analytic Hierarchy Process. *Journal of Global Economy, Business and Finance*(3).