Enlightenment and comparison of raising higher educational funds

DONG Xiao-hong
(Administration School of Tianjin University, Tianjin 300072, China)

Abstract: The main developed countries raise higher educational funds actively by increasing the tuition fees, improving the rate of loan, striving for scientific research funds, improving the income of education and service as well as accepting all kinds of donations. According to Chinese realities, it should be increased higher educational funds to ameliorate the tense situation by increasing the earned income of the colleges and universities, accepting the donation from alumni or enterprises, developing the education trade, collecting tuition fees reasonably, making full use of credit funds and striving for the financial aid of the international education and the loan from students.

Key words: higher education; colleges and universities; funds; raise

Higher educational funds determine the level and rank of running a school to certain extent, and impact the teaching and academic research directly, thus affect the education quality. More and more colleges and universities now don’t count much on the government investment any longer. Instead, they try their best to raise the educational funds from many channels. The characteristics and advantages of ways to raise funds in the other main countries will provide certain enlightenment about raising higher educational funds in China.

1. The comparison of ways to raise higher educational funds

The practice of many countries has testified that raising funds from lots of channels is an effective and long-term insistent way. It is beneficial to enhance the resources utilization and interior efficiency of the colleges and universities, beneficial to expand the scale of colleges and universities, and beneficial to improve equality and so on. All the countries in the world attach much importance to it and raise funds for the higher education from all kinds of channels. The main ways that they adopt are as followed.

1.1 To improve the proportion of miscellaneous fees in the whole income of the school
Countries such as Japan, USA, United Kingdom as well as Spain increase the charge standard of miscellaneous fees, the examination fee and the charging of board and lodging.

1.2 To expand the range and proportion of the loan
For instance, American students’ loan accounts for more than 50% of all students’ financial assistance. Since 1990, United Kingdom has carried out the new loan plan and Japan extends all financial help to students by the form of loan.

1.3 To increase the appropriation grants, financial assistance and contract income for scientific research from other departments and industries
In United Kingdom, the proportion of appropriation grants for scientific research and the contract income in...
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the whole income, now amounts to 20%, has increased by 7% within a decade. Among the total expenditure of USA universities, the appropriation grants scientific research and the contract income from federation and the state government accounts for 10%, the funds from the private research institutions as well as the contracts account for 5%.

1.4 The income from universities consultation and scientific research service
This kind of income in German has increased by more than 50% within 15 years, and the industrial department’s investment in colleges and universities has doubled in a decade.

1.5 The income from other services and sales
This kind of income in Holland accounts for 8% of the total university income. In Portugal, it accounts for 6-8% and amounts to more than 20%. Among this income, the tendency of increasing the funds by recruiting the overseas students is worth being paid attention to by every country. For instance, the annual average income of the tuition fee from overseas students is 12 billion pounds in England. The colleges and universities set up an organization called “Liaison with Overseas Students” to recruit the overseas students and the income from it amounts to 125 million pounds from 1980 to 1990. In Warwick University, the number of the foreign students has risen from 10.4% two decades ago to 17.3% in 1998.

1.6 The funds provided by employers for some students and trainees: Donation from industry and commerce, charitable institutions as well as alumni
The industrialized countries and other countries show some common inclinations in policies of charging students and financial assistance. The method of worldwide unlimited increasing common higher educational funds has gradually turned to the thought that beneficiaries share the cost of higher education while continuing to increase the public investment in higher education. However, the proportion and standards will be different in different countries. The countries such as Denmark, Finland, Germany, Greece, Norway and Portugal charge no fees to full-time college students and this policy might last a period of time. On the contrary, Japan persists in charging the students, especially in private universities, the tuition fee accounts for 67% of all incomes of school. But at the same Japanese government never cuts down the amount on the various scholarships and grant-in-aid provided for the college students and regards the private universities as the public universities when they arrange the public funds. This policy is significant to Japanese higher educational funds and their education development since almost 80% of the Japanese students enter private colleges and universities. The two countries we referred to above are representatives of two kinds of opposite systems, however, policies in most countries are between these two systems. The policy which USA carries on is “mild”, and the standard of charges for public universities just take up 15% of the per capita cost, even in private colleges this amount is lower than 50%. Meanwhile USA government and universities provide various kinds of financial assistance for students. Of course there are some countries which challenge and criticize that the charge policy will affect the equality in the college entrance of all the students, thus create the unfairness. But most countries’ funds indicate that the policy of charging students is bound to be a general trend, and the charge policy just should be in agreement with the other fiscal policies. Moreover, the formulation and implementation of this policy must take into account of the country’s economy, political culture as well as values, that is, the implementation of this policy should have proper environment.

2. The enlightenment to china of other countries’ ways to raise higher educational funds
Colleges and universities should show out their advantages and potential benefit sufficiently, set up a fine
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social image in order to raise the educational funds from lots of channels and strive for the financial assistance from the society. The structure, educational content, target and scale of running a university need to be regulated continually and to be combined with social economic development. In that case, government, non-government organizations and individuals will be fully confident with higher education, thus to invest in higher education, and then form a kind of virtuous circle. After comparing the ways of raising higher educational funds, considering our actual practice of higher education, we could draw out the ways to raise higher educational funds.

2.1 Colleges and universities generate revenue by themselves

Colleges and universities have obvious superiority in the field of scientific and technological research and development such as scientific and technological development, short-term courses, the paid contract studies and consultancy service signed with industries and so on. Attract funds broadly by way of jointly running schools and enjoy the local government’s favorable condition of running a school, which is in fact to strive for a kind of “invisible” funds.

2.2 The donation and grant from alumni and private enterprises

All forms of donations and grants, as long as they can promote the development of colleges and universities and resolve the difficulties relating to funds and the material objects, should be accepted. These forms of donation, besides cash, securities, affiance, also include land properties, books, reference materials, manuscripts and equipment, no matter they are donated promptly or by stages.

2.3 To recruit overseas students and develop the educational trade to increase the sources of funds

With the emergence of economic globalization and higher educational internationalization, international education trade attracts more and more concern and all the countries in the world has attached greater importance to recruiting foreign students. That is not only to diffuse the political influence and knowledge, but mainly to expand the international education market. It can be a main source of foreign exchange earnings, a channel of raising educational funds, and will drive and revitalize the development and utility of other various resources to improve a country’s position and influence in the world to a certain extent.

2.4 To collect tuition fee rationally

The way of “cost apportionments” (or “cost compensation”) will be embodied fully in higher education. In China, the proportion of non-government funds will amount for 30% and a large part will be collected from the students and parents. Moreover, it is necessary to adjust the proportion that is shared by students. Students’ educational cost and the employment prospect as well as the future income will be different according to the differences of universities’ character (state-run or non-state-run schools), reputation (famous brand or not famous brand), subjects and majors (popular specialized fields or off-focal specialized fields), the location of a university (in a big city or middle-sized and small city). According to the principle of cost apportionments and market regulation, the amount of collecting tuition fee should be different because of differences of schools, subjects and majors. About the standards of tuition fee, we should also take the national economic strength into account. The tuition fee should not affect the most fundamental survival condition, and we can not consider the residents’ social demand as the unique basis of making policy about tuition fee.

2.5 To make full use of credit funds

The credit funds should be used mainly in capital construction such as teaching devices and infrastructural facilities, which is useful to ease the tense situation of higher educational funds. Moreover, the Commercial Bank provides credits out of its care for investment benefit, especially the usage of funds by colleges and universities. Under this circumstance, market mechanism will be introduced into the management of higher educational funds.
so that it can produce a scientific and effective enlightenment concerning the funds allocation and usage. The schools will more cherish the credit funds and use them more efficiently. Therefore, the phenomenon that colleges and universities operate with a loan will continue.

2.6 To strive for the international education assistance

The international education assistance is the aid that the international organizations provide for developing countries to help them vitalize their economy and develop educational cause due to the enhancement of international cooperation. There are a certain advantages and privileges for higher education in accepting assistances. The main assistant projects will be school construction, teaching facilities, books and teaching technology. And with the appearance of the higher educational internationalization, the study for some international problems such as environment, population, resources, democracy, women, will also be the main content.

2.7 To increase the students’ loan

The students’ loan will be designed further and be carried out in the form of financial continuous scheme to improve the loan efficiency and expand the coverage. The qualification for students to get a loan will switch from poor and excellent students to the majority or all of the students, that is, all students have the right to get a loan, and the procedures will be simplified (for examples, you needn’t have a warrantor and provide something as a pledge). As for loan forms, the students can pay the fixed amount back every year in a limited and fixed time, or repay it by a certain proportion just till they pay all the credit back without a deadline, or adopt graduates’ tax system which means to collect fixed proportion in their salaries after graduation. The establishment of loan organizations will be completed mainly by the Commercial Bank. Colleges and universities should help the Commercial Bank to examine the qualifications of the students and give out the loan. The revenue branches and social security institutions will take part in collecting the loan back with Commercial Bank.

What’s more, for raising the higher educational funds, it requires government to set up the regulations system, both for the investment in colleges and the funds management, to supervise and audit the right, duty, award and punishment, decision-making, funds to deploy and use of schools and individuals, the higher education investment to make sure the smooth operation of raising funds from lots of channels. 

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