

Educational Finance Practices: How Does It Work in China?

Abstract

This study is focused on investigating the educational finance practices in China through the perceptions of educators in Zhejiang and Jiangsu provinces, China. A convenience sampling method was used in collecting data from 57 teachers and 23 school administrators. A survey questionnaire was developed to contain 16 open-ended questions to cover the following areas of educational finance: sources of revenue, items of expenditure, budget process, auditing system and equity issues. Analysis of the data indicated that 60% of the educational revenues were generated by provincial taxes. Major education expenditure items include educational facilities and personnel employment with sizable disparity. Results also showed that educational budget and audit processes were primitive.

Introduction

As China becomes more and more stable with their national financial situation as a result of increased world trade, the distribution of fiscal resources in support of education and resource management concerns have become apparent. This study is focused on investigating the educational finance practices in China through the perceptions of educators in Zhejiang and Jiangsu provinces, China.

Research Questions

1. What are the sources of revenues in support of education in China?
2. What are the education expenditures in China?
3. How are educational budgets developed in China?
4. How does audit of educational finance work in China?
5. How does finance for education help equality of educational opportunities in China?

Conceptual Framework

For many years, the development of primary and secondary education in China was hampered by the lack of sufficient resources. In the past decade, because of the vast economic development in manufacturing industry, the national wealth of China has tremendously improved (Zhao, 2009). Additional funding is now made available for educational use (FlorCruz, 2013; Social and Technological Department, National Bureau of Statistics in China, 2010). However, like many other countries, issues exist as to the fairness in the distribution of the education dollars (Wang & Bergquist, 2003). While large cities are rich in educational resources, remote areas remain poor (Qin, 2011). The financial responsibilities of the central government, the provincial government and the local government toward educational development have yet to be defined (Lin, 2009; Wang & Liu, 2011; Wang & Zhao, 2010). While public dollars are spent in educational use, a system of fund management has to be developed (Jiang, 1986;

Lin, 2012). Fiscal budgeting and auditing practices need to be strictly enforced to ensure the proper use of educational resources (Lin, 2012; Wang & Bergquist, 2003).

Methodology

A survey method was used to conduct the study in the Zhejiang and Jiangsu Provinces of China. A convenience sampling method was used in collecting data from 62 school administrators to solicit their perceptions of school finance system management in China. A survey questionnaire was developed by the researchers to contain 16 open-ended questions to cover the following areas of educational finance: sources of revenue, items of expenditure, budget process, auditing system and equity issues. Data were analyzed by observing the patterns and themes as they emerged in the responses of the research participants.

Findings

Analysis of the data indicated that a large portion (60%) of the educational revenues was generated by raising different kinds of taxes at the provincial level. Many wealthy local districts were able to contribute more to support educational functions. Disparity of educational resource distribution was huge. Major education expenditure items included educational facilities and personnel employment. Results of data analysis also showed that there was a primitive system of developing educational budgets. Most school districts had an auditing system but most of them remained as internal audits.

References

- FlorCruz, M. (2013, May 29). China's government plans old style communist ideologies for young teachers. *International Business Times*. Available online at <http://www.ibtimes.com/chinas-government-plans-old-style-communist-ideological-education-young-teachers-1282959>
- Jiang, Y. S. (1986). *The study of school management*. Guangzhou, Guangdong, China: Educational Department, South China Normal University.
- Li, H. (2012, March 13). China raises education spending, but more needs to be done. *Weekly English News*. Available at http://news.xinhuanet.com/english/china/2012-03/13/c_131464418.htm
- Lin, T. (2009). Intra-provincial inequalities in basic education in mainland China. *Chinese Education and Society*, 42(5), 3-10.
- Qin, L. (2011). *Inequality in education: An overview of rural extra-budgetary education funding in China*. Unpublished Master Thesis, Duke University, Raleigh, NC. Available online at URI: <http://hdl.handle.net/10161/3791>

- Social and Technological Department, National Bureau of Statistics in China (2010). *China educational finance statistical yearbook*. China Statistics Press, Beijing: Author
- Wang, C., & Bergquist, M. (2003) Basic education development in China: from finance reform to World Bank projects. *International Journal of Educational Management*, 17(7), 303 – 311.
- Wang, R., & Liu, M. (2011, February 22). *Decentralization of education finance and delivery in China*. Education, UNESCO, Bangkok. Available online at <http://www.unescobkk.org/education/news/article/choice-of-decentralization-for-education-finance-and-delivery-in-china-lessons-to-learn/>
- Wang, W. & Zhao, Z. J. (2010, May 17) *Rural taxation reforms and compulsory education finance in China* (May 17, 2010). Public Budgeting and Financial Management Development in China' Symposium, Journal of Public Budgeting, Accounting & Financial Management. Available at SSRN: <http://ssrn.com/abstract=1669908> or <http://dx.doi.org/10.2139/ssrn.1669908>
- Zhao, L. (2009) *Financing basic education in China*. EAI Working Paper, No. 148. Available online at www.eai.nus.edu.sg/EWP148.pdf