

## I. A Brief Description of Chinese Higher Education System

China has one of the largest higher education systems in the world. According to the statistical report on education, in 2002, there were 2,003 higher education institutions with a student population of 14,625,200. These institutions are classified into two types: 1,396 regular higher education institutions and 607 adult higher education institutions. China's higher education sector is entering a massification stage with a gross enrollment rate of 15 percent (MOE, 2003).

Within a centralized educational system, the Ministry of Education controls all higher education institutions through policy-making, legislation, planning, funding, evaluation, and the like. In each institution of higher education, the president works under the leadership of the Committee of Chinese Communist Party. The Committee of Academy and the Representative Conference of Faculty and Staff deal with faculty and staff issues.

Since the educational reforms in the 1980s, many changes have taken place in the higher education system. (1) *Devolution*. The Ministry of Education transferred part of its responsibilities to local bureaucracies and individual institutions. Thus universities and colleges enjoy more autonomy and freedom. (2) *Mergers*. Hundreds of higher education institutions were merged in order to improve their efficiency and effectiveness since the early 1990s. The number of higher education institutions decreased from 1,075 in 1990 to 1,041 in 2000 despite the huge increase in enrollments in the same period (Basic Statistics on Education, 2002). (3) *Reemergence of private sector*. After an absence of 30 years (1952-1982), private higher education has not only reemerged but also has grown rapidly in the two last decades. By 2002, there were 1,202 private higher education institutions with 1,403,500 students (MOE, 2003). (4) *Tuition fees*. Since 1997 every student must pay tuition fees to attend higher education. (5) *Enrollment expansion*. To meet the tremendous demand for higher education, the government carried out an enrollment expansion policy since 1999. In 2001, both the number of new entrants and total enrollments were double those of 1998. The student/faculty ratio increased from 11.6:1 in 1998 to 18.22:1 in 2001 (MOE, 1999; MOE, 2002). (6) *Project 211*. This project was initiated in 1995 to improve higher education quality by creating 100 key universities and subjects of importance for the 21<sup>st</sup> century. Ninety-eight universities and 602 key subjects have participated in the Project thus far (Wei, 2000).

Another key change has been the establishment of a diversified higher education financing system. Higher education institutions have been financed primarily by state appropriation associated with funds from other channels. In 2000, total education expenditure was 384.908 billion yuan of which 208.568 billion yuan came from the state appropriation. The public education expenditure is equal to 2.87 percent of the gross domestic products, much lower than the world average level (MOE, 2001). In 1999, total higher education expenditure was 54.61 billion yuan, including 32.51 billion yuan from the state appropriation (Shen, 2002).

Though public funding is still the most important source of finance for public higher education institutions, it is gradually declining and a diversified higher education

financing system is being established. The proportion of public expenditure to the total expenditure decreased from 91.81 percent in 1993 to 67.24 percent in 1999. At the same time, the percentage of tuition and fees in the total expenditure increased from 6.18 to 23.35 (Shen, 2002). The institutional revenues come from the following sources: state appropriation, earmarked education levies, tuition and fees, entrepreneurial earnings, donations, educational foundations, contracted research, educational loans, and capital markets.

The concept of cost-sharing was introduced to China in the late 1980s. To cope with financial austerity and meet the huge demand for higher education, the central government implemented the “dual-track” enrollment policy during the late 1980s and the early 1990s. The majority of students did not need to pay tuition and dormitory fees. Others, who scored below the cut-off line in the national college entrance examinations, had to pay for their higher education. Since 1997, all regular higher education institutions charge students tuition and fees. At present, the tuition can be charged to a maximum of 25 percent of the annual cost per student. The tuition standard is approved by the provincial government. Students in special programs, such as teachers’ training, agriculture and forestry, navigation, are waived from the tuition. The tuition varies due to the following factors: (1) Institutions. Key public universities and private colleges usually charge more tuition than others. (2) Programs. Popular programs, such as computer sciences, foreign languages, business, charge higher tuitions than other programs. Graduate programs also charge more than undergraduate programs. (3) Costs. The tuition of majors in medicine, fine arts, music, etc. is higher than other majors. (4) Locations. University and college in developed areas charge more than those in underdeveloped areas.

With the implementation of, and increase in, tuition and fees in higher education institutions, a student financial aid system was initiated in recent years. Financial aid to students includes: (1) Grants. The State Grant program was established in 2002 to award excellent needy undergraduate students in regular higher education institutions. (2) Scholarships. Merit-based scholarships are one of the main types of aid available to college students since 1986. (3) Work-study. In 1994 “Regulations on building work-study funds in regular higher education institutions” was issued to require all institutions to construct work-study funds aiming at helping poor students. (4) Tuition waiver. Only a very limited number of needy students may get this kind of aid. (5) Student loans. The first loan program began in 1986. On the threshold of the new century two loan programs, General-Commercial Student Loans Scheme (GCSL), and Government-Subsidized Student Loans Scheme (GSSL), were proposed and carried out throughout the country (Shen, 2002).

## **II. Estimated Expenses of Higher Education in China**

### **Higher Education Expenses Borne by Parents and Students**

#### **First Degree, Academic Year 1999-00**

[National currency RMB Yuan (¥) converted to \$US  
by 1999 Purchasing Power Parity \$1 = ¥1.93]

		Public			Private	
		<i>Low Public</i>	<i>Moderate Public</i>	<i>High Public</i>	<i>Low Private</i>	<i>High Private</i>
<i>Instructional Expenses</i>	Tuition	¥1,000 [\$518]	¥3,000 [\$1,554]	¥5,000 [\$2,591]	¥2,500 [\$1,295]	¥8,000 [\$4,145]
	Books & Other Educational Expenses	¥200 [\$104]	¥500 [\$259]	¥800 [\$415]	¥300 [\$155]	¥1,000 [\$518]
	Subtotal Costs of Instruction	¥1,200 [\$622]	¥3,500 [\$1,813]	¥5,800 [\$3,005]	¥2,800 [\$1,451]	¥9,000 [\$4,663]
	Lodging	¥500 [\$259]	¥1,000 [\$518]	¥2,000 [\$1,036]	¥2,000 [\$1,036]	¥5,000 [\$2,591]
	Food	¥2,000 [\$1,036]	¥3,000 [\$1,554]	¥4,000 [\$2,072]	¥2,000 [\$1,036]	¥4,000 [\$2,072]
	<i>Student Living Expenses</i>	Transportation	¥100 [\$52]	¥500 [\$259]	¥1,000 [\$518]	¥200 [\$104]
	Other Personal Expenses	¥500 [\$259]	¥1,000 [\$518]	¥3,000 [\$1,554]	¥500 [\$259]	¥3,000 [\$1,554]
	Subtotal Cost of Student Living	¥3,100 [\$1,606]	¥5,500 [\$2,850]	¥10,000 [\$5,181]	¥4,700 [\$2,435]	¥13,000 [\$6,736]
	<b>Total</b>	¥ 4,300 [\$2,228]	¥9,000 [\$4,663]	¥15,800 [\$8,187]	¥7,500 [\$3,886]	¥22,000 [\$11,399]

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