I. A Brief Description of the Chinese Higher Education System

China has the largest higher education system in the world. According to the Minister of Education’s statistical report on education, in 2006, there were over 3,000 higher education institutions enrolling 25.4 million students, including 1,867 regular higher education institutions1 with a total enrolment of 17.4 million, 444 institutions for adults with a total enrolment of 5.2 million, and 994 other private institutions. There were as many as 1,789 private institutions, and 2.8 million undergraduate students enrolled in web-based distant education programs (Minister of Education 2006).

Within a centralized educational system, the Ministry of Education controls all higher education institutions through policy-making, legislation, planning, funding, and evaluation. In each institution, 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:

- **Devolution.** The Ministry of Education has devolved part of its responsibilities to local bureaucracies and individual institutions. Thus universities and colleges enjoy more autonomy and freedom.

- **Mergers.** Hundreds of higher education institutions were merged in the early 1990s in order to improve their efficiency and effectiveness.

- **Private higher education.** After an absence of 30 years (1952-1982), private higher education has grown rapidly in the two last decades, accounting for 10 percent of total tertiary enrolment (Zeng and Wang 2007). Starting in 1999, a new form of private autonomous institutions affiliated with public universities has emerged. These institutions cater to the needs of students and the job market, and charge much higher tuition fees than their affiliated public institutions. These institutions are supposed to pass the evaluation/ accreditation processes and become completely independent within a few years of their establishment. The quality of the independent institutions is on the high end of the private sector. In 2008, the enrollment of independent institutions counted for half student population studying in the private higher education section (Association of Independent Institutions 2009).

- **Tuition fees.** 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 wherein students who scored below the cut-off line on the national college entrance examinations had to pay for their higher education. Since 1997 every student must pay tuition fees to attend higher education.

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1 Of these 1,867 institutions, 710 providing bachelor degree programs with a total enrolment of 9.4 million, and the rest offering 3-year associate degree programs, mostly in the field of tertiary vocational training, with a total enrolment of 8.0 million.
Enrollment expansion. To meet the tremendous demand for higher education, the government carried out an enrollment expansion policy since 1999.

“211 Project” and “985 Project”. These projects were initiated the end of 1990s to develop high-level research and “world class” universities. The aim of the 211 project (whose name refers to 100 universities in the 21st century) is to build up 100 top level HEIs and key disciplines in the 21st century. The 985 project (whose title refers to the month and year in which it was announced) is aimed at developing 10 to 12 so-called world-class, plus a number of renowned high-level research institutions (Brandenburg and Zhu). Investments from the government in these key universities are much higher than in other higher education institutions.

Another key change was the establishment of a diversified higher education financing system. While public funding is still the most important source of finance for public higher education institutions, its relative proportion is gradually declining and a diversified higher education financing system is being established. The share of public expenditure to the total expenditure decreased from 91.81 percent in 1993 to 67.24 percent in 1999, then to 42.77 percent in 2005. At the same time, the contribution of tuition and fees to the total expenditure increased from 6.18 in 1993 to 23.35 in 1999 and to 31.05 in 2005.

The current tuition fee varies according to institution, program and location. According to guidelines from the Minister of Education, tuition should reflect the per student operational costs of the institution, the appropriation from the government, local economic development and household income. Within an institution, students in different programs are charged different tuition fees. For some majors such as software engineering, tuition levels in the 3rd and 4th year are doubled or even nearly tripled the tuition in the first two years. Following the guidelines from the central government, provincial governments set the tuition fee levels of all the higher education institutions located in the province (Minister of Education 2002). At present, while tuition fees may only be charged up to a maximum of 25 percent of the annual per student cost as set by the Ministry of Education, the average charge nationwide is higher. The institutional tuition standards are approved by the centre or provincial governments depending on their affiliations.

Students in the six national normal (i.e. teacher education) universities (Peking Normal, East China Normal, Centre China Normal, East-North Normal, Shanxi Normal and West-South), which are affiliated to the Ministry of Education, have had their tuition fees waived since the fall semester of 2007. These students are required to work as teachers in the k-12 education system after graduation.

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 waivers. Only a very limited number of needy students may get this kind of aid.

(5) Student loans. The first loan program began in 1986. There are three types of student loan programs in China: the General-Commercial Student Loans Scheme (GCSL), the Government-Subsidized Student Loans Scheme (GSSL), and the Government-subsidized Student Resident Loan (SRL) (Shen 2008). Table 1 summarizes the main parameters of each.

Table 1. Three Student Loan Programs

<table>
<thead>
<tr>
<th></th>
<th>General Commercial Student Loans Scheme (GCSL)</th>
<th>The Government Subsidized Student Loan (GSSL)</th>
<th>The Student Resident Loan (SRL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start date</td>
<td>Spring 2000 (nationwide)</td>
<td>August 2000 (nationwide)</td>
<td>2009 (nationwide)</td>
</tr>
<tr>
<td>Eligibility</td>
<td>All students enrolled in higher education (public and private).</td>
<td>Full time students from low income families enrolled in public regular higher education institutions.</td>
<td>Low income students enrolled in public &amp; private higher education whose legal residence is in same region as the bank/financial institution offering the loan.</td>
</tr>
<tr>
<td>Source of Student Loan Capital</td>
<td>State owned banks, commercial banks, credit cooperative unions</td>
<td>Four state owned banks</td>
<td>Local commercial banks and other financial institutions.</td>
</tr>
<tr>
<td>Coverage</td>
<td>Tuition fees, living costs</td>
<td>Tuition fees, dorm fees, living costs</td>
<td>Tuition fees, dorm room fees and living costs</td>
</tr>
<tr>
<td>Risk</td>
<td>Co-signatories</td>
<td>Government and state-owned banks</td>
<td>Government, commercial banks and other local financial institutions.</td>
</tr>
<tr>
<td>Min &amp; max amounts of annual borrowing</td>
<td>2,000 to 20,000 Yuan (US$579-5,797).</td>
<td>6,000 RMB Yuan (US$1,739)</td>
<td>6,000 RMB Yuan (US$1,739)</td>
</tr>
<tr>
<td>Repayment Terms</td>
<td>Conventional mortgage loan. Commercial interest rates. Repayment period varies by bank.</td>
<td>Commercial interest rates. Government subsidizes 100 percent of the interest while the student is in school. Maximum grace period of two years. Repayment period of 6 years.</td>
<td>Commercial interest rate set by the People’s Bank of China. Government subsidizes 100 percent of the interest while the student is in school. Maximum grace period of 2 years after graduation. Repayment period is 10 years after program completion and a maximum of 14 years since</td>
</tr>
</tbody>
</table>
One of the biggest obstacles for the development of student loans in China has been the lack of a well-established credit system, which makes it very difficult to track borrowers after they leave school. In recent years progress has been made toward creating a more favorable borrowing environment. In January 2006, the People’s Bank of China (the central bank of the nation) announced that the first national integrated personal credit information database system had been established. Information on 340 million people was entered into the system (Xinhua News 2009).

Despite the rapid growth in higher education (the enrolment ratio increased from 3.4% in 1990 to 19% in 2004), there are concerns about its quality due to the absence of effective assessment, accreditation, and qualification systems. It is felt that graduates are not adequately prepared for the job market (Zeng and Wang). From 2002-05, about 30 percent of all tertiary graduates could not find a job. According to the McKinsey Global Institute, Chinese students focus more on theory and get little practical experience in projects or teamwork, and in the end, fewer than 10 percent of the college graduates can directly work for a foreign company (Farrell and Grant 2005).
## II. Estimated Expenses of Higher Education in China

**Higher Education Expenses Borne by Parents and Students**  
**First Degree, Academic Year 2009**  
[National currency RMB Yuan (¥) converted to $US by 2009 Purchasing Power Parity $1 = ¥3.45]

<table>
<thead>
<tr>
<th>Instructional Expenses</th>
<th>Public</th>
<th>Moderate Public</th>
<th>High Public</th>
<th>Low Private</th>
<th>High Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition</td>
<td>¥2,500 [$724]</td>
<td>¥5,000 [$1,449]</td>
<td>¥10,000 [$2,899]</td>
<td>¥5,000 [$1,449]</td>
<td>¥10,000 [$2,899]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Student Living Expenses</th>
<th>Public</th>
<th>Moderate Public</th>
<th>High Public</th>
<th>Low Private</th>
<th>High Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>¥3,500 [$1,014]</td>
<td>¥6,000 [$1,739]</td>
<td>¥6,000 [$1,739]</td>
<td>¥3,500 [$1,014]</td>
<td>¥6,000 [$1,739]</td>
</tr>
<tr>
<td>Transportation</td>
<td>¥300 [$87]</td>
<td>¥600 [$174]</td>
<td>¥1,000 [$290]</td>
<td>¥300 [$87]</td>
<td>¥1,000 [$290]</td>
</tr>
<tr>
<td>Other Personal Expenses</td>
<td>¥1,000 [$290]</td>
<td>¥1,500 [$435]</td>
<td>¥2,000 [$580]</td>
<td>¥1,000 [$290]</td>
<td>¥2,000 [$580]</td>
</tr>
</tbody>
</table>

Notes: (1) The compilation of this table is based on a thorough study of the tuition and dormitory cost of all higher education institutions listed on the websites of [http://gkcx.eol.cn/z/sfbz.html](http://gkcx.eol.cn/z/sfbz.html) and [http://edu.people.com.cn/GB/4590244.html](http://edu.people.com.cn/GB/4590244.html), and survey results on food and transportation expenditure reported on other websites (see references section). The figures in the table are the approximate medians of
the reported cost within each category. The figures for tuition and boarding costs are more accurate than other costs, not only because the latter are from students’ self-reports and so far no large-scale national survey has been conducted on these expenses, but also because the actual expenditure on food, transportation, and other personal expenses are largely decided by students and can vary significantly.

**Low Public:** including majors in public institutions that charge low tuition, such as teacher training, agriculture, forestry, and navigation.

**High Public:** including majors of highest tuition in public institutions, such as Fine arts, performing art, music programs, international accounting, software engineering (in junior and senior years).

**Moderate Public:** including most majors in public institutions that do not fall into “Low public” and “Low public” categories.

Updated by Jie Wang, July 2009

**References and Websites Consulted**


China National Center for Student Assistance Administration website. http://www.csa.cee.edu.cn/show_class.jsp?rootid=107


