

Evolution Logic and Revelations of the Financial Policy of Chinese Compulsory Education Since the Reform and Opening Up

WEI Yong^[a], CHENG Xia^{[a],*}

^[a]Training College of Southwest University, Chongqing, China.
*Corresponding author.

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Abstract

As a special form of the general public policy, the financial policy of compulsory education also possesses the essential attributes of it. Since the reform and opening up, the basic sequence of the financial policy of Chinese compulsory education is: equalization of distribution orientation; nationalization of obligation put in; centralization of coordination system as well as standardization of supervision. By analyzing the evolution process of the financial policy of compulsory education, it is found that it follows the top-down-supply-led mechanism and the value orientation of balanced development, as public spirit is the basic feature of reform. What's more, in this thesis, the theory on the coordination of policy is also utilized to shed light on the non-independence of the evolution in the financial policy of Chinese compulsory education.

Key words: Compulsory education; Funding policy; Decentralization reform; Policy coordination

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INTRODUCTION

The compulsory education financing policy, as a special form of general public policies, owns some basic

properties of public policies. For Chinese scholars, they generally define education policies is that the accuracy requirements made by the party and the state in order to accomplish educational tasks and realize education goals. The education policies are originally introduced to make the compulsory education financing allocated with balance and efficiency. The process includes financing raising, distribution, use and supervision. In addition, the education policies refer to a series of action standards and norms which forcefully formulated by the party and the state according to their notion.

Almost all Western welfare states reckon education as an important welfare project. Barlow (1970) treats education as pure public goods. While, Barr (1998) considers that education would give rise to various external benefits, including production gains and cultural earnings and so on. There is an obvious argument on the public goods attribute of compulsory education among different scholars. While, they have similar opinions about the commonality of compulsory education. Different countries own various practice patterns, differing in the government allocation proportion, financing collecting channels and transfer payment methods. This article uses historical research approach, combined with doing some texts analysis and qualitative discussion to clarify the basic logic of the policies evolution. This method is able to focus on the fundamental issues of the compulsory education financing reform within finite boundary. Some inspirations are in favor of solving the problems.

1. THE MAIN PROCESSES OF COMPULSORY EDUCATION FINANCING POLICY EVOLUTION

Since the reform and opening up, the compulsory education reform is continuously widening and deepening. There are three main stages in the evolution of compulsory education financing policy.

Stage I : 1980—1992, decentralization reforms. In 1980, a document called the main points of the general secretary of the central about education was introduced. For the first time, the state proposed the viewpoint that people should develop the education by themselves. After that, the central government put forward an idea that the education should stick with gradient development, which laid policies foundations for the unbalanced development of the compulsory education at that time. The villages and the state were in charge of the compulsory education respectively in rural areas and urban areas. Since then, the unbalanced education development method was officially authorized. The central government turned the imbalanced development of elementary education from ideas to execution. And it was signed as ideology, the “symbolic violence”, to attain the specific political purpose of the leaders and maintain the existing order.

In 1970s, the central governments provided the education financing with the public in most developing countries all over the world. Since then, many Asia, Africa and Latin America countries experienced the decentralization reform. The local governments, communities and nongovernmental organizations played an important role in education management and financing raising (William & Riddell, 1994). China adopted an education development strategy relying on basic levels since 1980s, making each level responsible for the basic education, both running schools and normal management. During the period, some favorable phenomena gradually appeared. The autonomy of the townships and villages was expanded. Also, the basic level governments and farmers had higher motivation to develop education. All these, undoubtedly, had played an active role in changing the primary and secondary schools situation in rural areas and promoting the “Pujiu” Project (all school-age students in China have the rights to receive compulsory education free for eight years). In the education field, the researches, emphasizing the positive effects of the decentralization reforms, claimed that they not only improved the educational efficiency and quality, but also offered more choices for students. Meanwhile, they opened up some new approaches for social forces to take part in developing education. However, it was the policy inertia that made the policy framework was relatively stable in the early reform era. Obviously, the compulsory education financing policy in rural areas failed to adapt to the tremendous changes of the rural economic and social system in the early 1990s. The low-income groups and local government rural areas both became the victim of the “Social Control” (namely the policy advocacy that the farmers and local governments should develop the education by themselves). During this period, some troublesome issues appeared. For instance, the farmers undertook so heavy burden about raising money. Besides, the teachers

across the country complained that they had not been paid for a long time. Moreover, the phenomenon of arbitrary charges was worse and worse among primary and secondary schools. All these problems severely reduced the credibility of the local education authorities. Some researches found that: in some certain poverty county, the local governments even need to spare some funds from other budget to pay for teachers. In some most needy regions, it is often seen that many teachers don't get their salaries. (Prawda, 1993)

Stage II : 1993—2005, the policy advocacy evolved from excessive decentralization to moderate concentration, emphasizing the state responsible for the compulsory education step by step. Although the mainstream researched in the 1990s laid stress on the necessity of the education decentralization reform, a growing number of scholars deemed that the education, especially the basic education, was a particular kind of public goods. The assessment of the education decentralization reform should be separated from the economic and political decentralization reforms. Some empirical studies showed that the diversification of education funding on the role of enhancing the basic educational efficiency may be overstated (Bernadette & Yi, 2008). Thus, some thoughts and concerns came out: The original intention of the education decentralization was to improve the educational efficiency and quality or just a compromise because of the intense central finance? Under the system of education decentralization, were there some possibilities that the education financing reform paid more attention to efficiency rather than equality? (Abby, 1993) Whether the devolution of financial and administrative authorities implied that the value judgment of “Government Delegation”, resembling the requirements of the economic system reform? (Karl, 1997)

Since 1980s, the strategy emphasized that the effect of the basic level governments and communities in the education development. (Zhao, 2009) Since the mid-1980s, education surcharge has become one important component of the education financing. This state continued until the late 1990s. In 1993, Chinese education reform and development outline indicated that under the current framework, some additional fees were allowed to be collected from students. At the same time, some fees-charging regulations were put forward to enrich the education funds, mainly about that the townships (towns) financial income should be used to develop the compulsory education. Besides, the local governments also had the authorities to take some other fees for improving education in consistent with the practical needs of education development, economic conditions and the mass' afford abilities. When it comes to the education additional fees, their proportion of the education financing changes from 8 % (in 1990) to 10% (in 1996 and 1997). Owing to the financial stress, some local governments and schools may ask for more fees or take them for

unreasonable reasons. For example, some of them may collect the money by breaking the ceiling (1.5%-2% of the rural per capita net income). (Mun & Ding, 2005)

At the early 21st century, the education reform transition offered a new opportunity for us to examine the redistribution of the education responsibilities and rights. Although some researchers reckoned that once the education decentralization had realized, definitely, the roles of local governments and social forces in education would have been stronger than before. The reallocation of education authority further enhanced the power of decentralization, forming path dependence on institution. While, in 2001, the experience of education reform in China indicated that the authority of finance and administration was not faced with obvious resistance and so-called system lock. This phenomenon complied with the voice from local governments that the education burden was so heavy and education investment was in great need. Since the *Notice on the Improvement of the Management System of Rural Compulsory Education* was introduced in 2002, the development of compulsory education entered the period that placing responsibility on the local governments under the leadership of the state council. In 2003, the *Announcement of the State Council on Further Strengthening Rural Education* reiterated the system. The governments' attitudes to the rural education surcharges subtly changed from counting them into specific government funds to gradually canceling the governments' organizing responsibility on raising education funds. At this stage, although the compulsory education funds were not completely counted into national finance, the operational mechanism of the compulsory education showed some changes. For example, the state undertook more responsibility (compared with common people) to develop the compulsory education. Also, the enforceability and commonweal were stronger than before. The implementation of the new mechanism attained two changes in the compulsory education. On the one hand, the responsibility of rural compulsory education shifted from farmers to the governments. On the other hand, counties took the place of villages and towns to bear more compulsory education responsibilities.

Stage III: Since 2006, the reform has stepped into the new stage that the central government takes lead in the field and governments at all levels undertake respective tasks reasonably. In this stage, in view of nature, the compulsory education owns substantial public welfare, unity, and compulsory. Meanwhile, in view of the main body responsibility, the compulsory education fully reflects the national obligation and government responsibility. *Compulsory Education Law* has been revised in 1986 and 2006 respectively. It took 20 years to realize the completely free compulsory education in rural areas. In 2008, the compulsory education in China steps into the 'entirely free' stage. What's more, the compulsory education is fully integrated into the scope

of financial security by law. A new system is formed, that is to say, the State Council and local governments at all levels jointly share the responsibilities in terms of their duties. Meanwhile, provinces, autonomous regions and municipalities are in charge of commanding and implementing the policies. It is a kind of profound adjustment of the past funding mechanism (relying more on basic levels and diversified financing channels) under the decentralization framework. It leads to the responsibility of running schools and developing education shifts from common people to the governments.

In addition, balanced development has become the core tendency when it comes to the compulsory education reform. In 2010, the *Outline of the National Medium- and Long-term Program for Education Reform and Development (2010-2020)* highlighted that balanced development is the strategic task of the compulsory education. After realizing the goal of "Pujiu" (all school-age students in China have the rights to receive compulsory education free for eight years), the aim should be further improved. Only ensuring the school-age students have the right and opportunity to enter school is not enough. Taking efforts to enhance the educational quality is also of great importance. Nowadays, the unbalanced contradiction among regions, urban and rural areas and schools is still fairly serious. In terms of compulsory education financing, the central and local governments by establishing and improving the funds security mechanism of compulsory education to achieve balanced development. Meanwhile, some legal action should be taken to realize "Three Growth" and narrowing the "Three Gaps". For instance, insuring the transfer payment of the tax reform in rural areas is put into developing compulsory education. The education surcharges should be imposed in time and reach the due amount. Then, they should be appropriated in place. Some dedicated budget should be arranged to support the poor regions, weak schools and so on.

2. THE EVOLUTIONAL LOGIC OF THE COMPULSORY EDUCATION FINANCING POLICY

Education reform is a complex phenomenon which is mixed with the notion, policies, institutional structures and social culture. Looking back to the compulsory education financing reform process in China, the basic contexts of the financing policies evolution are as followed: firstly, regarding to the policy advocacy, they are changing from allowing unbalanced development to encourage balanced development. In 1980s, the state permitted some unbalanced phenomenon among different provinces, cities and counties. More resources were put into some certain areas to attain prior development. By this concept, the villages were led to developing the

compulsory education by themselves. While the state was taking the lead in the compulsory education in cities. Then, some changes happened. The balanced development of the compulsory education was encouraged. Some powerful measures were taken to enhance the academic standard of some weak schools or rural schools. Secondly, talking about the investment responsibility, the state and the common always altered or replaced each other for a long time. Then the value orientation of the compulsory education generated a profound change: the state displaced the individuals to assume more duty. Of assuring the reasonable growth in number and balanced pattern in distribution, as well as highlighting the national responsibility, some relevant laws and regulations were formulated. Thirdly, speaking of the input mechanism, the State Council and the local governments at all levels jointly share the responsibilities in terms of their duties. Meanwhile, provinces, autonomous regions and municipalities are in charge of commanding and implementing the policies. Fourth, on the supervision of financing use, the use and management of the compulsory education financing are getting more normalized. Some policies (eg. “One-time Fee”, “Two Free, One Allowance”) were made to standardize the funds raising. Meanwhile, some measure to regulate the collection of local education surcharges and strengthen financial audit supervision. The basic context of the financing policy evolution includes four aspects, they are the equalization of distribution orientation, the nationalization of investment responsibilities, the centralization of integrated system and the standardization of using and supervising. In this process, we can summarize the general logic of the policy revolution.

2.1 Basic Feature: The Transform From Ideology to Public Spirit

Generally, the compulsory education, as the social service offered by the governments, owns the features of public goods, such as non-competitive, non-exclusive and non segmentation and so on. The basic features of the compulsory education financing reform to remove the label (narrow ideology) which is attached to the compulsory education. Instead, they are reflecting the public spirit when the state is offering the education public goods. On the operational funds system, many measures also show the public spirit of the state. For example, the nation makes the compulsory education fully incorporated into the financial security scope by law and gradually improves the security level. The provinces and countries slowly outweigh the villages to undertake more education responsibilities. Meanwhile, sequences of policies (eg. “Two Improved, Three Growth”, “Two Free, One Allowance”) show that the compulsory education policies are trying to avoid becoming more political. And they are changing from the class ideology to the public will. Obviously, it is the variation of national notion (the transition of the public policy background) that makes the

so-called policy alternation realized under the influence of common belief. Thus, the compulsory education is able to return to the “public”, the essential attribute. (Bernstein & Lü, 2003)

2.2 Mechanism Reforming: The Top-Down Supply Is Dominant

Before the Cultural Revolution, the state was in favor of running schools and developing education by revolutionary ways (some radical ways). Then, some changes happened. People were encouraged to develop education by themselves. Later on, the state realizes that more resources should be devoted to make progress in education. The transformation of the governance pattern of the compulsory education is made by the related subjects. They exercise their administrative power to promote the policy revolution of the compulsory education by maintaining or changing the existing policy. Throughout the courses of the compulsory education reform, the government, especially the central government is in the command of clarifying the policy problem. At the same time, the local governments are responsible for carrying out the reform envisions and creating the necessary conditions for achieving success. In each period, the government will draw up the education policy issues according to the economic and social development tasks of the party and the state. When it comes to the policy agenda, it is the leaders of the education system, relying on their theoretic knowledge, working experience and administrative power that figure out valuable education problems and enroll them into policy reform agenda. Following the current core tasks, the government will come up with their reform goals, reform contents and reform process. After that, the central and local governments, the governments and schools, and the schools and teachers will pass and carry out the education policies one by one. And then they will spare some efforts to ensure the implement and effect evaluation. In the meantime, the governments take full advantage of the mass media to spread their educational concerns. This move will spark wider social attention among the common and create strong public opinion pressure. Eventually, the related policy issues will convert from “political will” and “political responsibility” to “social will” and “social responsibility”, overcoming the hindrance when the education policies down.

2.3 The Value Orientation: The Balanced Development of Compulsory Education

Compulsory education is a part of the fundamental public service for all the school-age children or adolescents. It is a kind of legal responsibility for governments to offer balanced compulsory education. At the same time, it is beneficial to promote education equity and address the deeply rooted problems under the guidance of “people-oriented”. Keeping enhancing the compulsory

education is a necessary way to promote the scientific development of education and build a harmonious socialist society. Since we entered the new century, the financing policy reform of the compulsory education shows a tendency of helping the poor and the weak. For example, the students from poor families in rural areas can be exempt from some charges and enjoy some subsidy. All students in western region needn't pay the tuition and fees for compulsory education. Then the same situation is extended to throughout the country. Meanwhile, the central government provides most of the expenses for maintaining school buildings in the central and western regions of China. All above reflect the balanced orientation of policy reform. That is to say, the reform has always regarded achieving education equity and balanced development as the starting point and the foothold. The reforms always pay attention to making each student acquire relatively equal growing surroundings. In addition, the reforms always focus on some feeble aspects, such as rural areas and the central and western regions of China.

2.4 Functional Coordination: The Dependence of Policies Revolution

At first, the education reform in China was conducted as a part of the whole social reform. Speaking of the education reform and the social reform, they were completely the same on fundamental goal and cooperated with each other on specific goal. From the perspective of "Integral Government Theory", the state education policy, including compulsory education financing policy, should be integrated into the national policy package. Thus, realizing higher policies coordination is possible. For instance, *CCP Decision on the Reform of the Education System* (made in 1985) was evidently restricted by the economic system reform at that time. The "unbalanced economy development" strategy in economic field was copied from the education field. With the support of "Key School" policy, a large number of key primary and secondary schools, as well as universities, got more education resources than other normal schools. The Third Plenary Session of the 17th CPC Central Committee proposed the goal of coordinating urban and rural economic and social development, which paved the way for the compulsory education reform, namely pursuing balanced development. Then two specific documents were adhering to the spirit of the plenary session and making concrete arrangements. They are *Implementing the Scientific Development Concept and Promoting the Balanced Development of Compulsory Education* and *the Outline of the National Medium-and Long-term Program for Education Reform and Development* (2010-2020). So, the policies reforms of compulsory education financing are hardly isolated action. On the contrary, they are always rooted in the macroscopic environment of the economic and social revolution. And

their aims are always highly consistent with the goals and direction of national economic and social reform.

3. REVELATION

The underlying reason of the transition on compulsory education finances policies is that the past basic system and the corresponding design (developing education with a large scale in a poor country) lag behind the development of economic and social development. The demand for basic national education is gradually improving. While, the education supply from the government is in shortage and imbalance. This has become the fundamental contradiction for a long time. In order to solve the problem, a series of financing adjustment policies are supposed to be the self-renovation and self-development of the compulsory education institution from investing, allocating, using and supervising the education funds. The decentralization system (transferring more burden to common people and local governments) often brings about the unequal distribution of education resources and the situation is rather similar in developing countries and developed countries. (Condron & Roscigno, 2003) In China, the similar system cannot ensure the stable education investment or the fair distribution of education resources. Compared with the previous decentralization reform, moderately concentrated education funding policy reform strengthens the responsibility of county, provincial and central government in compulsory education. This move will make the education financing increases rapidly and the allocation fairer.

Decision of the CCCPC on Some Major Issues Concerning Comprehensively Deepening the Reform (made at The Third Plenary Session of the eighteen Committee of the Communist Party of China) underlines again: some measures should be taken to deepen the comprehensive reform in education. The gaps among regions, town and country and schools should be narrowed step by step. And the compulsory education resources should be allocated in equilibrium between urban areas and rural areas. For sticking to reform orientation of the compulsory education, the forces of the government and society should be fully made use of. By eliminating the restrictive factors and seeking the maximal common interests, making the benefits of the reform and development are brought to all students. In order to promote equal opportunities, the household registration and social security system reform are necessary to bridge the gap between urban and rural areas. Thus, each student has the right to receive equal education. In order to promote fair regulation, as well as thoroughly abandoning the previous system and mechanism of the education financing input (under the guidance of urban-centric-ism), additional financial resources should be inclined to some areas which are lagging behind other developed areas. The education

investment between cities and villages should be equal and reasonable. In order to promote fair process and complying with the strategy (that governing the country and education should be in accordance with laws), the legal system should be improved. On this basis, the schools should be set up according to the laws and get good governance by following strict standards. It is a wise choice to give due consideration to efficiency and fairness and take full use of the effect of governments, schools and society. Meanwhile, the government should adhere to justice and equity and take action to mobilize the enthusiasm and creativity of the reform participants. As for schools, their duty is to change their concepts, turning educational philosophy, administration and culture into their advantages, rather than leaning on students, individuals and policy inclination. Only dealing with the above relationships well, some fundamental issues, such as the insufficient investment, uneven distribution and low efficiency, can be solved.

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