

The Difference and Improvement of the Private Education Fiscal Policies of China and the United States

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Abstract. As the economy grows, education comes into public sight due to the increasing need for diverse kinds and high quality of education and attracted attention, however, inequality and faultiness are still present. By comparing private education in China and the United States in terms of national policies and local government measures, the shortcomings of private education in China, such as immature local educational funding tools and few educational resource voucher purchases are presented in this research, while some suggestions putting forward to illustrate the question. The paper proposes some solutions to ameliorate the defects, such as the offers to improve China's private education by promoting regional cooperation, standardizing the amount and form of financial subsidies, raising teachers' income, increasing the flexibility of education savings accounts, popularizing education vouchers to enhance the universality, and improve compulsory norms and policy standards, etc. These methods emphasize that while learning from the experience of the United States, the national conditions of China are also required to be taken into account to form and adjust local decisions.

Keywords: Private education, fiscal policy, government funding.

1. Introduction

With the rapid economic development and occupational changes in the world, high-quality and educated populations have become scarcer while students demand an education that is more diversified and targeted. As a result, the private education comes out. According to Yang and Wei, in China, the power of education is strongly connected with the development and strength of private education based on the progress of international education. It may be an indispensable component [1]. As Wang & Kimura state, there might be a difference in income caused by education inequality, but the allowance provided by the government can narrow the gap effectively [2]. It is undoubtedly that China is advancing rapidly in the development of private education. However, there are still questions that have not yet been solved, such as the unclear challenges that China is facing in the implementation of policies and regulations for private education, and the reasonable measures to reduce these defects. To answer these questions and aid the private education of China in scaling new heights, this research will compare the policies and measures taken place in China and the US to illustrate and learn from the differences, which is due to the situation of the United States is being an educational powerhouse, its experience is more likely to be valuable and pivotal. The following argumentation will be subdivided into two following aspects: the national policies and local government initiatives.

2. Analysis and Comparison

This part mainly focuses on the contrast of private education policies and measures between China and the United States, which is divided into two aspects: national policies and local government measures. The survey is aiming at analyzing the private education of the two countries from multiple dimensions, furthermore, revealing the existing problems of China's private education for the next part, which is to explore ways for future improvement.

2.1. National Policies

This section will focus on three key levels: obligation norms, policy standards, and capital investment. Through the analysis, the difference between the two countries' private education will be dissected, and the drawbacks in China which lead to the discussion of subsequent improvement strategies.

2.1.1. Obligation norm

The legal obligation norm is an essential type of legal norm. It refers to the requirement formulated, accepted, and forced by one nation while claiming its citizens to do or not to do certain acts. An explicit obligation regulation can contribute to ensuring the certainty and predictability of government actions. However, despite the importance, the obligation norm of China's private education remains the lack of constraint. This tolerance may be due to the large national territorial area and can lead to multiple advantages such as easier to execute the central regulations and flexibility enough to provide convenience to its citizens. However, other negative side effects may occur at the same time.

On the contrary, the United States has clear mandatory provisions in this regard. For example, the obligation norm of "should" rather than "can" is used in the United States National Defense Education Act, Title IV, page 9. The act authorized in the following four fiscal years 5 million dollars will be spent on educational services [3].

As a result, compared to the US, China lacks an obligation norm of "must" or "should" to better aid private schools and institutions. Many adverse effects may be caused by this, such as little constraints on government's behavior, and the difficulty in defining responsibilities and effectively maintaining order.

2.1.2. Capital investment

Government funding is vital to private education. When the investment is adequate, the conditions of school operation might be improved due to the release of capital pressure. According to Sumual et al., the positive outcomes that a student can make are relevant to the amount of government funding and if the investment rises, they will be increased as well [4]. Nonetheless in China, the funding provided for private education may not be enough to meet the need for further upgrade.

The ratio of government funding for private schools was low in China. It is shown in National data that the proportion was only 0.432% in 2020, less than 1% [5] This data presents the serious situation of the proportion of government funding for private schools directly in China in 2020 and reveals the shortage of financial support in private education.

As for the United States, government funding is relatively adequate. According to the National Center for Education Statistics, from 2020 to 2021, \$702b was spent on degree conferring and among them, there was 253b that used on private organizations. Therefore, the percentage would be 36.039%. As shown in Fig. 1, the financial aid from research and public service was 17% in the four-year organization and when the institution lasted half of the time, it was 13% [6].

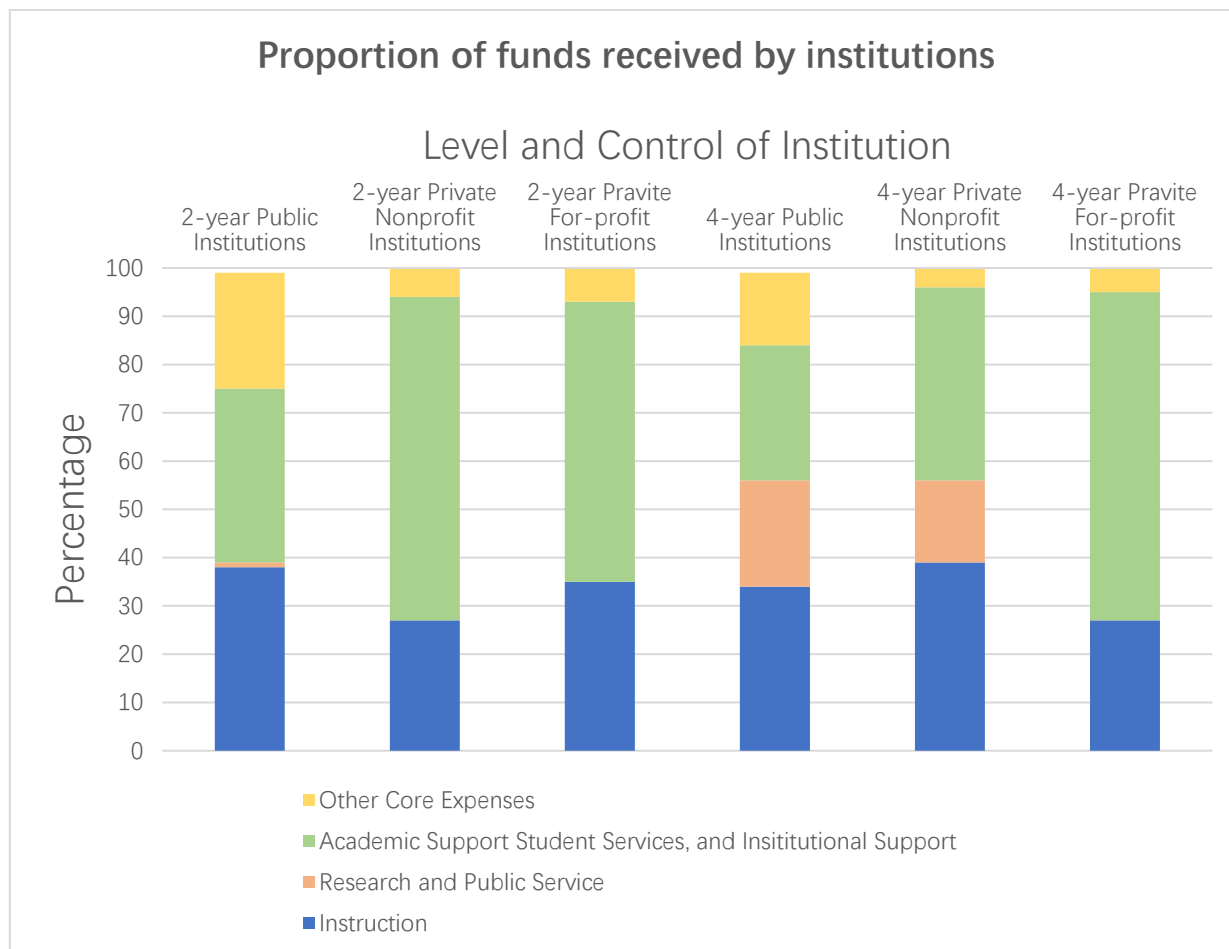


Fig. 1 The proportion of funds received by institutions.

Due to what has been mentioned above, the amount of government investments in China was far less than those in the US. This might lead to limited scale and speed of the construction of private school facilities and the in-time update of teaching equipment, which might result in relatively backward teaching methods, and difficulties may occur in meeting the needs of students for diversified learning styles.

2.2. Local Government Initiatives

Except for the national policies mentioned above, the local ones played their roles as well. In the following research, the four local governments will be compared pairwise according to their ranking in the national GDP, which is Jiangsu compared to New York due to they are both in the top 5%-9%, and Hubei compared to Mississippi, which is in the both in the 29.4% [7].

The research will be studied from three aspects, which are the guarantee of the private school teachers and three financing methods, the education saving account, purchasing degrees, and education vouchers. Through these study aspects, the improvable part of the local government can be revealed as the solutions can be proposed in the next section.

2.2.1. Teachers' guarantee

Competitive teacher salaries are able to attract talented people to join in an education career. More highly educated and outstanding people may apply for normal school, or influence talents that are occupied in other industries when the welfare of teachers is at a reasonable standard. Besides, a rational rise in salaries might encourage an improvement in teacher's professional level and resources that can be invested in education. Other than those funds aiming at the education availability of the students directly, the salary of the teachers is focused by China as well. However, compared to its significance, the amount of it may be insufficient.

China Statistical Yearbook 2024 argued that in Jiangsu, the salaries would be 72,553 yuan per year in 2024 [8]. As for New York, the salaries of private teachers are distributed in five segments, which are from 10 percentile to 90, the salaries in 2024 are \$45552, \$60206, \$76302, \$99742, and \$121084 [9]. Compared with Jiangsu, it can barely match with the third welfare level which is the 50th Percentile Private School Teacher Salary.

In summary, increasing the level of teachers' salaries and welfare can be an urgent need. Due to Liu et al., it is discovered that there is a positive relationship between the number of teachers' wages and the marks of their students [10]. What is more, it can significantly contribute to the stability of the educational level, and increase the career passion to raise the satisfaction of both students and teachers.

2.2.2. Education savings account

The Education savings account is mainly to save money for education. Parents can deposit money into the account regularly or irregularly, and these funds are used exclusively for their children's future education expenses, such as paying tuition fees and purchasing relevant supplies, but the education savings account has just begun in Hubei. The development of education should be guaranteed in multiple ways, and the savings account is one of the available ways in China, but the Degree of perfection is still limited.

As for the Provincial Department of Finance, the relevant document announced that the after-school service fee collected by the school shall be included in the school budget management as business income. Schools that have not yet created an actual funding account may open a special fund deposit for after-school services after approval by the financial department at the same level as the support provided [11].

Saving accounts are taken place in the US as well. Equal Opportunity for Students with Special Needs Program had 104 participating schools, and the annual spending was \$7089 from 2023 to 2024. In 2023, the participating students were around 375 [12].

In summary, an education savings system and account have been established and are being improved in Hubei while experience can be learned from America on account of their relatively developed programs. After the prosperity of the education account, the family burdens can be reduced and the operating funds may be affected and increased.

2.2.3. Educational resource voucher purchase

The aim of purchasing degrees is to increase the level of public education service by distributing qualified degrees brought from private schools to those who meet the conditions. When this transaction occurs, the pressure of limited public education resources is released as well and more capital is offered to the private schools to guarantee their stable progression. Different kind of subsidies occurs in different countries, but the approaches and foundations reveal similar features, and it might be feasible for China to adopt the concept of education vouchers from the other.

The relevant article determined the status of purchasing degrees and stipulated this act should mainly implemented by public schools and local governments. As a result, the status of degree purchases is determined by the literature [13].

According to Interim Measures for the Government of Chibi to Purchase Degrees from Private Schools in the Compulsory Education Stage, purchasing primary and junior high school degrees from qualified private compulsory education schools in Chibi City in the form of service purchase is now allowed and encouraged [14].

Degree purchasing can be an effective way to encourage private education, nevertheless, when facing the current situation that diverse solutions are required to achieve further progress, the education vouchers can be provided as another effective method.

As for the states of America, education vouchers are released effectively. The methods are comparable due to they are both aiming on indirectly funded by local governments, which do not give money directly but through government purchases/vouchers. Those vouchers were sent by states to guardians to offset some of the education fees, function equivalent to the education allowance. After

receiving the voucher, schools will claim the cashback from the government. According to Yuh Ku, if there is a connection between private schools and entrepreneurship, the budget may be decreased by implementing the system of providing education vouchers [15].

Take Mississippi Dyslexia Therapy Scholarship for Students with Dyslexia Program as an example, during the time 2023-2024, the average value of the vouchers was \$6603, and 237 students were joined in this program. According to the year 2020, the number of students reached a peak of almost 270, then dropped to the bottom in 2022 at 150 [16].

Both of the methods have different advantages but similar forms and foundations. Therefore, it may be considerable that China can assimilate the education voucher and come it into service without significant difficulties since the data provided by EdChoice presents a positive trend.

3. Discussion

With the comparison above, the suggestions can be proposed as well.

3.1. Advancing Cooperation

To solve the policy disunity, advancing holistic regional cooperation may be an available option. Wang, Han, and Wang illustrated that through the overall conduction of the central government, the corporation policies should be encouraged and published. Another cooperative scheme mentioned the importance of local government. It is said that the regions should work together to build up the education development community and form a multi-dimensional partnership [17]. These measures can provide uniformity and chronicity, which are the basic features of high-quality education.

3.2. Standardize Subsidization

When facing the problem of deficiency deficient government investments, further standardizing the subsidization system may be an efficient method. Li and Fang argued that after the study of the fiscal expenditure in the United States and China and the invention of a new mathematical model, the measure of fiscal decentralization mechanism came out to increase the independence of local governments, which could further lead to enhance the flexibility and efficiency of the policies [18]. Finally, a greater number of investments will be given to the private schools with urgent needs due to the accuracy that provided by the direct local jurisdiction.

3.3. Rising Income

China has a relatively low standard of teachers' salaries, which may reduce motivation and further influence the quality of education. Zhao and Hu proposed the scale minimum of teachers' salaries should be raised by considering the economic development, price, and disposable income level of each province. Furthermore, those who are economically developed should take the level of the basic salary of other regions as a reference basis to determine the median value of all post levels. What is more, following the adjusted basic salary standard, the financial appropriation standard per student should be increased [19]. Increasing the welfare of teachers may occupy the resources of other departments, but the teaching enthusiasm and curriculum quality may rise due to the basic needs being met, as a result, more gumption can be put into the career instead of living.

3.4. Concrete Implementation

Currently, one of the effective ways for China to promote the performance of private education is to increase funding and require more attention from local governments, which can be illustrated as educational resource voucher purchases. Among them, due to the similar theoretical basis and effective results, two paths mentioned above can be put into use. Which is the education savings account, a platform where parents receive investment from the government to support the purchase of necessities, and the education voucher, where the money is imported into the account of schools to serve as a public purse [20].

The first one is the development directions in the 529 plan that be taken as a reference for the education saving account in the provinces. For example, although it is a saving plan facing college students, primary and secondary students can benefit from it. Other withdraws, such as the relevant equipment for the computer are permitted as well. Except for that, the beneficiary can be determined not only by the student and their family but by anyone the students assigned. With this level of flexibility, the expenditure of families might be blurry which may lead to ambiguity and argument, but the coverage and convenience of the project promoted enormously [21].

The second path, according to Zhou, popularizing the voucher requires the participation of several parties, such as the education administration department and schools. As for the education administration department, it is their main responsibility to formulate a fair and feasible policy to win the trust of people and examine strictly the standards of those who are participating, while the schools mainly focus on the quality of education to avoid the impression of over pursuing the efficiency and utility, which may hurt the newly come out education voucher program [22]. Overall, even if public acceptance is relatively low, the popularization of education vouchers in China can not only lead to a rise in education quality and abundance in education supply due to the benign market competition but also promote educational equity by the directional guidance of funds and balanced allocation of resources.

4. Conclusion

The approach of this research is to compare the differences between Chinese and American private education in national policies, capital investment, and local government measures which are separated into three aspects, teacher security, education savings accounts, and educational resource voucher purchases. As mentioned above, the purpose of this paper is aiming at reveal the existing problems of private education in China, and in response to the problem, suggestions were put forward such as strengthening legislation, promoting cooperation, standardizing subsidies, increasing income, and specific implementing (education savings accounts and education vouchers). What the solutions are emphasizing is to learn from the reference valuable experience of other countries, in this case, the United States, and combine them with China's current national conditions.

This study theoretically reveals the shortcomings of private education in China and the measures it can apply on itself to achieve further perfection and internationalization by providing a theoretical basis and direction for China to improve the financial policies of private education, and fill the gap in cross-cultural research.

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