Implications for China of Developed Countries' Private Education Financial Input Policies

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Abstract. Under the background of globalization and a knowledge-based economy, private education, as an important part of China's education system, plays a key role in expanding education supply and meeting diversified demands. Through comparative analysis, this study systematically analyzes the characteristics and operation mechanism of private education financial investment policies in developed countries and summarizes their successful experiences. The study finds that private education in China is currently facing challenges such as a shortage of funds and an imperfect financial investment mechanism, which constrain its high-quality development. In contrast, the United States, Japan, South Korea, and other developed countries have formed a more mature financial support system for private education, including legal protection, diversified input mechanisms, a performance evaluation system, and a social participation mode. Based on this, this paper proposes that China should improve the financial policy system of private education, including sound legal protection, optimizing the financial input model, establishing a performance evaluation mechanism, encouraging the participation of social capital, and granting private schools a moderate degree of autonomy to build a government-led, multifaceted and synergistic support pattern, and to promote the high-quality development of private education.

Keywords: Private education; financial input policies; high-quality development.

1. Introduction

Against the backdrop of globalization and the rapid development of a knowledge-based economy, education has become a key element of a country's core competitiveness. With the rising demand for quality and diversified education, private education, as an important part of China's education system, is playing an increasingly important role in expanding the supply of education and meeting the demand for differentiated education. However, at present, private education in China is facing problems such as a lack of funds and uneven distribution of resources in the process of development, and the imperfection of the financial investment mechanism has become a bottleneck restricting its high-quality development. From the research background, developed countries in the field of private education started earlier, after a long period of exploration, and have formed a more mature financial input policy system. For example, the United States supports private education through tax incentives and special allocations; Japan has established a perfect grant system to provide targeted support for private education; and South Korea guarantees the stability and fairness of financial investment in private education through legislation. These policies have effectively promoted the sustainable development of private education in developed countries and have also provided a model for the improvement of relevant policies in China.

Based on this, this paper will deeply analyse the characteristics and operation mechanism of private education financial input policy in developed countries, explore its inspiration for the optimization of China's private education financial policy, and contribute theoretical and practical wisdom to the high-quality development of China's private education. This study has important theoretical and practical significance. At the theoretical level, it helps to enrich the research system of private education financial input policy; at the practical level, by sorting out the successful experiences and implementation paths of private education financial input policy in developed countries, it can provide new ideas and feasible solutions for China to optimize the financial support system of private education and solve the development dilemma, to promote the healthy and orderly development of private education in China.

2. Status of Private Education Development in China

2.1. The Role of Private Education

The vigorous development of private education has greatly eased the tension between the supply of and demand for educational resources in China. At the basic education stage, private primary and secondary schools, with their flexible curricula and distinctive teaching modes, provide students with diversified educational choices and meet the individual needs of different families for quality education. For example, some private schools have introduced the concept of international education, offering bilingual programmes and quality development courses to cultivate students' international outlook and creative abilities, making up for the shortcomings of public education in certain areas.

In the field of vocational education, private vocational colleges and universities are closely aligned with market demand and have opened a large number of specialities related to emerging industries, such as artificial intelligence, big data, and new energy. They have cultivated a large number of high-quality applied talents for society through the mode of school-enterprise co-operation and industry-teaching integration, effectively alleviating the shortage of skilled talents. Taking a private vocational and technical college as an example, it has built practical training bases with local famous enterprises, so that students can be in contact with actual working scenes and advanced technical equipment during their school years, and have entered the employment of the cooperative enterprises after graduation, thus realizing a seamless connection between education and employment.

In addition, private education has played a positive role in promoting educational equity. In some areas where educational resources are relatively scarce, the emergence of private schools has provided local students with more opportunities to receive a good education, narrowing the education gap between urban and rural areas and regions. At the same time, the development of private education has also led to competition in the education industry, prompting public schools to continuously improve the quality of education and management standards, and jointly promoting the overall progress of China's education.

2.2. The Development of Private Education in China

China has a long history of private education. Confucius created private schools to break the "learning in the government" situation, and the Bai Lu Dong Academy in the Song Dynasty was an important carrier of academic and cultural heritage. In modern times, Zhang Jian and Zhang Bo Ling founded Nankai University and Xiamen University, introducing the Western academic system and promoting the modernisation of education. After the founding of New China, private schools were gradually nationalised, and the development of private education came to a standstill.

Reform and opening up brought new life to private education in China: in 1982, the "two-legged" education policy encouraged social forces to run schools; in 1985, the Decision on the Reform of the Educational System further clarified the direction of support, and a large number of cultural tutorial institutions emerged; in 1992, after Deng Xiaoping's Southern Tour Speech, the policy supported the running of schools through multiple channels, and private education expanded into the field of secondary and higher vocational education. In 1997, with the promulgation of the Regulations on the Running of Schools by Social Forces, private education entered a new stage of management by the law, and the strategy of "revitalising the country through science and education" and the decisions of the relevant conferences pointed the way to the sustained development of private education.

In the 21st century, private education has ushered in a critical period of development, with the 2002 Law of the People's Republic of China on the Promotion of Private Education establishing the legal status of private schools and allowing funders to obtain "reasonable returns", leading to the rapid expansion of independent colleges and private colleges and universities, and with the introduction of a classification and management mechanism in the 2016 amendment, which prohibits the establishment of for-profit schools at the compulsory education stage. The 2016 amendment introduced a classification management mechanism, prohibiting the establishment of for-profit schools in the compulsory education stage and promoting the return of private education to the nature of public welfare, and subsequent amendments and implementation rules have continued to improve management and operation mechanisms.

In recent years, education reform has continued to deepen. The "double-decrease" policy has strictly limited the enrolment of private schools at the compulsory education stage and promoted their standardised development; in the areas of pre-school, high school and higher education, the scale of private schools has steadily increased, with clusters of private colleges and universities being formed in the east and the construction of kindergartens of universal benefit being emphasised in the central and western regions. At the same time, enterprise-run colleges and universities cultivate talents around the industrial chain, and private educational institutions actively carry out international cooperation and explore new modes of teaching such as AI, continuously improving the quality of education and internationalization in the course of innovative development.

2.3. Development Challenges

Although private education in China has made great strides, it still faces many challenges on the way forward. Lack of funds is the primary problem constraining the development of private education. Unlike public education, which relies on financial allocations, private schools rely mainly on tuition income and social donations to maintain operations. However, tuition rates are strictly controlled by the government, and the channels for social donations are relatively narrow, resulting in a lack of funding for private schools in areas such as infrastructure construction, teacher training, and upgrading of teaching equipment. Many private schools are unable to attract and retain good teachers due to a lack of funds, making it difficult to ensure the quality of teaching.

Instability in the teaching force is also a major problem in the development of private education. There is a large gap between private school teachers and public-school education in terms of salary, title evaluation, and social security, which makes private school teachers generally lack a sense of professional security and belonging. According to surveys, the mobility of teachers in private schools is much higher than in public schools, and frequent teacher turnover not only affects the continuity and stability of teaching but also is not conducive to the inheritance and development of school culture.

In addition, private education is faced with problems such as inadequate implementation of policies and imperfect regulatory mechanisms. Although the State has introduced a series of policies to support the development of private education, at the local level, some of these policies have been implemented with deviations. Some local governments do not pay enough attention to private education, and fail to give private schools the same treatment as public schools in terms of land use and tax incentives. At the same time, the large number of subjects in the private education market, the variety of forms of schooling, and the difficulty of supervision have led to irregularities in some private schools, such as illegal enrollment and false advertising, which have damaged the overall image of private education.

3. Development Experience of Financial Inputs to Private Education in Developed Countries

In the process of education development throughout the region, private education has become an important force in promoting diversification and enhancing the vitality of education. Developed countries have accumulated rich and effective experience in financial investment in private education, which is an important reference for China's private education to break through financial difficulties and achieve high-quality development.

As a country with a highly developed private higher education system, the United States has built a diversified and fine financial input system. The federal government plays a key role in it, and its funding policy is direct and universal, covering many aspects such as student funding, research funding, and tax incentives [1]. In student financial aid, the Lienban government invests a large amount of money for scholarships and loans, such as Pell grants, mainly for low-income families' students, to solve the problem of tuition fees to provide basic support; federal Stanford loans are more broadly funded, to meet the financial needs of the students' loan applications. These funding programmes do not distinguish between public and private, for-profit and non-profit, so that students in private colleges and universities can benefit equally. In terms of research funding, the federal government, based on the "principle of excellence in quality", through the signing of research contracts with colleges and universities or direct grants, the focus of research funding to a small number of outstanding research capacity of private research universities, private colleges and universities in the field of scientific research and innovation continue to break through [2]. For example, by their outstanding scientific research strength, private prestigious universities such as the Massachusetts Institute of Technology (MIT) have obtained a large amount of scientific research funding from the federal government, which has promoted numerous cutting-edge scientific research projects. At the same time, the federal government implements differentiated tax policies for for-profit and non-profit private colleges and universities, and gives tax exemptions and other concessions to non-profit private colleges and universities, encouraging the flow of social resources to the field of non-profit education. Although the state government mainly invests in public colleges and universities, it has also formulated detailed investment plans for private colleges and universities in the state, and promotes the development of private colleges and universities using direct subsidies to schools or indirect subsidies to students. For example, some states have set up special funding agencies and formulated funding programmes in line with the state's characteristics to help private colleges and universities improve the quality of education [3].

Since the 1970s, the Japanese Government has greatly strengthened its financial support for private education; in 1970, the Japanese Cabinet decided to provide financial assistance to private colleges and universities and enacted the Japan Private School Promotion Corps Act, which established the Japan Private School Promotion Foundation, a quasi-official body responsible for distributing financial assistance. This initiative effectively enriched and developed private school education and stabilised the operation of private schools. 1975 saw the introduction of the Private Schools Promotion Assistance Law, which explicitly provided the national treasury with subsidies for the funding of private colleges and universities, including general subsidies and special subsidies, thus giving government funding for private colleges and universities a firmer legal basis. The Japanese government's funding efforts in the 70s and 80s are particularly significant. In 1970, the central government's financial aid in the funding structure of private colleges and universities accounted for 7.2 per cent, by 1975 jumped to 20.6 per cent, and in 1980 it reached 29.5 per cent. The government not only invested funds directly, but also gave strong support to private colleges and universities in terms of new loan concessions and tax policies. In terms of credit, state appropriations and financial investment funds are transferred to relevant intermediary organisations, which in turn issue long-term, low-interest loans to private colleges and universities for the improvement of teaching and research equipment and the repair and construction of new school buildings, thus helping private colleges and universities to improve their hardware facilities. In terms of tax incentives, when the school corporation operates non-profit business, it is exempted from corporate tax, business tax, inheritance tax, gift tax and stamp tax; when it operates for-profit business, the tax rate is reduced from 37.5 per cent to 27 per cent, and different tax rates are implemented by different situations, which greatly reduces the operational burden of private colleges and universities [4].

The Republic of Korea has adhered to the principle of synergy between the government and society in its financial investment in private education. While enacting the Private School Act and several related laws and regulations to strengthen the management of private schools, the government has gradually increased the subsidies for the number of study programmes. Korea's education expenditure as a percentage of GDP has been maintained at around 7% all year round, which is one of the highest among newly industrialised countries, and the growth rate of education expenditure has long exceeded the GNP growth rate. In the stage of higher education, civil and private investment enthusiasm, Hyundai, Samsung, Daewoo and other large corporate consortiums actively engaged in education, through financial investment, the establishment of scholarships, the joint construction of training bases, etc., for private colleges and universities injected a strong impetus to the formation of a good atmosphere of the community to run a school, to achieve a benign interaction between the government's financial inputs and social capital inputs, and together to promote the vigorous development of private education [5].

The British Government provides financial support to private education through innovative forms such as education vouchers. The government will distribute education vouchers to students after scientific calculation and distribution of national education funds, and the schools will exchange the vouchers to the government for cash to pay for the running costs, which gives students and parents more education choices, and prompts private schools to compete in improving education quality and optimising curricula, which improves the efficiency of the allocation of education resources. At the same time, the UK has implemented a strict quality assessment and accreditation system for private schools, and the government has relied on schools to continuously improve their strengths to obtain more financial resources, which ensures that financial investment can effectively promote the high-quality development of private education [6].

In Singapore, the policy of reforming the "autonomous school" system was implemented in 1988, and after some high-quality public schools were transformed into "autonomous schools", the Government continued to provide financial education funding and allowed schools to charge fees on their own. Schools have greater autonomy in the use and management of funds, and can rationally allocate resources according to their own development needs, such as carrying out research and development of specialised curricula, and introducing outstanding teachers, etc. Under the synergy of government financial support and independent operation of schools, the quality of education and vitality of schools have been enhanced, and a distinctive path has been explored for the development of private education in Singapore.

In terms of financial investment in private education, developed countries have formed a relatively mature and effective system through legislation to ensure the stability of investment, the implementation of diversified investment strategies, the use of policy leverage to guide social capital, and the strengthening of the input and quality of the linkage mechanism and other measures. These experiences provide valuable reference for China to optimise the financial input policy of private education and promote the healthy and sustainable development of private education [7].

4. Recommendations

Drawing on the mature experience of the United States, Japan, South Korea and other developed countries in the policy of financial investment in private education, combined with the current situation and needs of the development of private education in China, it can improve the financial investment system in the following areas to promote the high-quality development of private education.

Improve laws and regulations and strengthen policy protection. Developed countries guarantee the stability and standardization of financial investment in private education through a sound legal system, and China should accelerate the improvement of relevant laws and regulations. It is recommended to formulate the Regulations on the Management of Financial Inputs to Private Education to clarify the responsibilities and obligations of governments at all levels for financial support of private education by improving the legal requirements, and to refine the standards of financial subsidies, appropriation procedures, and supervision mechanisms. At the same time, reference to Japan to set up a special private education financial management agency, responsible for coordinating and planning the allocation of financial funds, to ensure that the policy accurately landing, for the development of China's private education to provide solid legal and institutional support.

Innovative input modes and broadening of sources of funding. The diversified input mechanisms of developed countries are worthy of reference. On the one hand, the government should increase financial input, set up a special development fund for private education, and implement differentiated funding based on the quality of private schools, the size of the student body, and the characteristics of the academic disciplines, etc., and tilt the funding towards key areas such as inclusive private kindergartens and vocational education. On the other hand, optimising tax incentives, referring to the US practice of giving tax credits to private school donors, and formulating more attractive tax incentives to encourage enterprises, social organisations, and individuals to make donations. In addition, explore the financial support model, guide financial institutions to develop credit products suitable for private schools, provide low-interest loans for private school infrastructure construction and teaching equipment renewal, and broaden the funding channels for panel education [8].

Establishment of a mechanism for quality assessment and dynamic input. In the United Kingdom, the practice of linking financial inputs to the quality assessment of private schools has been very effective. China needs to build a scientific and comprehensive quality assessment system for private education, covering such dimensions as teaching quality, teacher qualifications, student development, and financial management, and to conduct regular assessments. The assessment results are directly related to the financial investment, the high quality of education, social reputation of private schools to give incentives for funding and policy preferences; the assessment of the unqualified schools to reduce the investment and deadline for rectification, the formation of "assessment to promote the construction of a virtuous cycle, improve the effectiveness of the use of financial resources [9].

Guiding the deep participation of social forces. The Korean model of business consortia actively supporting private education provides ideas for China. The government should introduce policies to encourage enterprises to participate in private education in various ways, such as setting up education funds, building training bases, donating teaching equipment, and setting up scholarships. At the same time, to promote enterprises and private schools to carry out the integration of industry and education, according to the market demand to jointly develop talent training programmes, to achieve the precise docking of education supply and industrial demand, the formation of government-led, social participation, market operation of the pattern of multiple inputs [10].

Optimizing school autonomy and regulatory mechanisms. Drawing on the experience of Singapore's "autonomous school" reform, private schools have been appropriately expanded in terms of their autonomy in the use of financial funds and the setting of fees, allowing them to flexibly allocate resources according to their own development needs, and to carry out research and development of curricula, training of teachers, and pedagogical innovations. At the same time, a strict financial supervision and information disclosure system has been established, requiring private schools to disclose the use of financial funds regularly and to accept social supervision, ensuring that funds are used in a standardized and transparent manner, enhancing the efficiency of their use, and promoting the sustainable development of private schools.

5. Conclusion

This study focuses on the financial investment policies of private education in developed countries, analyzes their development experience in depth, and puts forward targeted recommendations in light of China's actual situation, to provide theoretical and practical guidance for promoting the high-quality development of private education in China.

Developed countries such as the United States, Japan and South Korea have clarified the responsibilities and norms of financial investment in private education through a perfect system of laws and regulations, which guarantees the stability of the investment; adopted diversified investment mechanisms, such as government grants, tax incentives, financial support, etc., to broaden the source of funds for private education; established a dynamic adjustment mechanism linked to quality assessment and financial investment, which motivates the private schools to improve the quality of education; meanwhile, the Actively guiding the participation of social forces and granting schools an appropriate degree of autonomy, forming a mature and effective financial input system for private education.

On the contrary, private education in China is facing problems such as a shortage of funds and an imperfect input mechanism in the process of development. Drawing on the experience of developed countries, China needs to improve laws and regulations, innovate the input model, establish a quality assessment mechanism, guide social participation, and optimise school autonomy and supervision. By formulating special regulations and setting up management institutions to strengthen policy protection; increasing financial input, optimising tax policies, and introducing financial support to expand funding channels; constructing a scientific evaluation system to improve the efficiency of using funds; encouraging in-depth participation of enterprises, expanding the autonomy of schools, and strengthening supervision, to form a benign development pattern led by the government, with the participation of the society and the operation of the market, and to promote the sustainable and high-quality development of China's private education in the new era, and better meet the demands for the development of private education. This will promote the sustainable and high-quality development of private education in China in the new era, better meet the diversified educational needs of the people, and contribute to the construction of a strong education nation.

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