Research on Fiscal Policies to Promote the Development of Higher Education

Xiao-Yan SHAO
International Education Institute, Dalian Jiaotong University, Dalian,116021, China
Helen777707@sina.com

Keywords: Higher Education; Fiscal revenue policies; Fiscal expenditure policies.

Abstract. The shortage of educational funds has become a major factor restricting the development of higher education in China. Coupled with the pressure of continuous enrollment expansion of colleges and universities, higher education has posed severe challenges to the existing financial policies. Fiscal policies to promote the development of higher education include fiscal revenue policies and fiscal expenditure policies. This essay expounds how to promote the rapid and healthy development of higher education through fiscal policies.

Problems Existing in Financial Support for Higher Education

Insufficient Fiscal Input

In recent years, with the development trend of the popularization of higher education, the number of colleges and universities and the number of students are also increasing year by year. However, at the present stage, the investment in higher education in China is far behind the needs of the development of education. UNESCO has long called for countries around the world to meet the goal of spending 6 per cent of GDP on education by the year 2000. In 2017, the state appropriated 3,420.775 billion yuan for education, an increase of 8.95 percent over the previous year's 3,139.625 billion yuan, and accounting for 4.14 percent of GDP. It has been above 4 percent for six consecutive years, still lower than the world average at that time. Generally speaking, when a country's average annual GDP growth rate more than 5%, the cause of education investment should also have a substantial then but with the development of China's education cause has not been able to adapt to economic development, this slowdown in both higher education to the pace of internationalization of higher education reform, and inhibit the development of the cause of higher education.

Discrepancy of the Financial and Administrative Powers of Higher Education

China's budget management of financial education funds is always in a state of separation of financial power and administrative power. The competent unit of education is the government education administrative department, while the competent department of education funds allocation and education capital construction investment is the government financial department. For a long time, this kind of disjointed situation not only caused the flexibility of the education budget, but also the lack of transparency. In addition, due to the lack of financial power or the small scope of financial power, the education department is unable to effectively exercise its macro-management and control power, which inevitably leads to the low utilization rate of educational resources, low-level and repeated construction and other problems. This issue has caused enough attention at present, our country has begun to categorize the government revenue and expenditure reform, this will help to improve our country's higher education to a certain extent budget transparency, fairness and efficiency, but the reform does not fundamentally change the separating the powers and responsibilities of conditions of higher education in China.
Unfair Distribution of Financial Resources in Higher Education

China's higher education resources show obvious regional differences. The higher education resources in Beijing, Shanghai, Guangdong and other economically developed provinces and the eastern coastal areas are obviously more than those in the central and western regions and economically backward areas. The unfair distribution of financial resources of higher education is mainly manifested in the imbalanced investment of higher education funds between different regions and the imbalanced investment of resources between central and local universities. Due to the differences between urban and rural areas and between different regions, local governments have different abilities to promote the development of local higher education and invest in the field of higher education. In recent years, China has also increased investment in economically backward areas, but the gap between regions in the development of higher education and students' enrollment opportunities is still large.

Imperfection of the State Funding Policy System

At present, China's financial policies to fund poor students are not in place, and there is no effective financial support for higher education. On the one hand, due to the small amount and narrow coverage of financial aid, the national scholarship does not benefit from the vast number of poor students with excellent moral and academic performance, and many students are still not rewarded. On the other hand, the imperfect national student loan system and inadequate fiscal policies and measures have not fundamentally solved the study and living problems of poor students.

Insufficient Policy Support from the Government for Raising Funds for Higher Education through Multiple Channels

The source structure of higher education funds in China has been basically diversified. On the premise that government investment accounts for the dominant position of higher education funds, the government has opened up non-government channels to raise funds for higher education funds, but the financial funds still account for more than 50%. Compared with the proportion of higher education funding sources in western developed countries, other sources of higher education funding in China are still relatively small. The proportion of higher education funding from non-government channels such as social investment and donation is very low, and the multi-channel funding source structure is still far from being truly formed. The continuous expansion of the scale of higher education, the need to increase the corresponding investment to meet its further development, so it requires the university to open up a number of financing channels. Under the premise that government investment is the main channel of higher education funds, whether we can develop non-government channels or not depends on the policy orientation of the government.

Fiscal Revenue Policies to Promote the Development of Higher Education

Tax Policies to Promote the Development of Higher Education

Tax on Education at the Right Time. We will reform taxes and fees in due course, and replace the "education surcharge" with the "education tax". Is currently on the educational expenses to add in order to speed up local education career, expanding education funds and impose a special fund of funds, but because is not in the form of "fees" in the form of a "tax", so the seriousness of the law is not strong, in the actual acquisition and use, only partially, levied and misappropriate, crowding phenomenon occurs frequently. In order to ensure the education input and use of funds, the government could consider education tax instead of add, original duty method, reference to levy a tax on city maintenance and construction practice, the education tax as a form of surcharge immobilized, give it as a tax authority of law, through legal means to ensure the education tax revenue sources and specialized tax.
Reforming the Income Tax System. (1) Optimizing the corporate income tax. Firstly, we will allow enterprises to deduct their educational input from their taxable income, increase the proportion of their educational outlay and the standard for deducting it, and encourage enterprises, families and individuals to increase their educational consumption. Secondly, in order to improve the enthusiasm of enterprises in donating to higher education, the deduction proportion of enterprises' donation to higher education should be appropriately increased. For example, the part that reaches 30% can be fully deducted in the calculation of taxable income, and the excess part can be deducted in the next five tax years. Corporate donations for specific university projects, such as scientific research and experiments, are allowed to be 100% deductible.

(2) Optimizing the individual income tax.

Two of the six special additional deductions for personal income tax to be introduced in 2019 relate to human capital. The First, one is children's education. The relevant expenses of the taxpayer's children receiving preschool education and academic education are deducted according to the standard quota of 12,000 yuan (1,000 yuan per month) per child per year. Secondly, it is to continue education, taxpayers accept degree to continue education spending, during the period of record of formal schooling education according to the annual 4800 yuan norm deduction, taxpayers accept skill professional qualification to continue education, professional and technical personnel professional qualification to continue education expenditure, in the annual relevant certificates, according to the quota of 3600 yuan a year. The social significance of the above two special deductions lies in the formation of obvious tax incentive effect and obvious social policy orientation.

Increasing preferential tax policies for higher education. (1) Tax incentives for educational institutions. On the basis of the existing preferential tax policies, technical provisions on the pre-tax deduction of enterprise income tax shall be moderately relaxed for public welfare educational institutions and non-profit private educational institutions, including the scope, method and proportion of the deduction. The income of colleges and universities, whether from appropriations from central and local governments, sponsorship, donations from companies, enterprises and individuals, or intellectual property rights, is partially exempted from all taxes when used for running the school. The income from commercial activities of the school is only required to pay commodity tax, and the rest is exempt from taxes. Property tax and land use tax of cities and towns shall be exempted for self-use of the real estate and land of business private educational institutions. The regulation does not allow pre-tax deduction for donations to non-profit private higher education institutions, thus encouraging the society to donate to non-profit higher education institutions. The central and local governments should not exceed their power to grant tax-free treatment to for-profit higher education institutions.

(3) Preferential tax policies of encouraging social donation to higher education.

One is to improve the donated by individuals, enterprises and organizations before income tax deduction ratio, for all taxpayers, whether as a legal person or natural person, all donations in higher education expenditure should be larger proportion in pre-tax deduction, and even can be deducted in full, such as all kinds of education for individuals and businesses to donate granted when calculating income tax according to solid charge. The second is to relax the technical provisions on the deduction before the donation income tax, including the scope of the recipient institutions, the form of donation, the way of donation and so on. Third, it is possible to consider allowing the input VAT of donated goods to be deducted. If the goods donated by overseas donors are directly used for higher education teaching equipment, books, materials and general school supplies, import duties and import VAT will be exempted. The educational savings of legal persons and natural persons shall be exempted from interest tax. In the future, after the introduction of property tax, the government should formulate more tax incentive mechanism to encourage the society to donate to schools, so as to increase the investment in school education, such as allowing education donation tax-free.
Broadening Other Sources of Financial Investment in Education

**Issuing Education Bonds to Raise Funds for Education.** According to the actual situation in China, it is suggested that the issuance of education bonds should be piloted from the provincial level, instead of allowing all levels of government to issue bonds, and even less should it be liberalized in a short period of time. The choice of the pilot site should be in the eastern coastal provinces with strong economic strength, because these provinces have a good economic and investment environment and sufficient financial resources to repay the debt, and the response will be better in the initial stage of the pilot. At the same time, the local governments that issue special bonds must have no fiscal deficit for several consecutive years, and have good reputation and the ability to resist risks.

The following factors should be taken into consideration in determining the interest rate of education bonds: first, the interest rate of corporate bonds and financial bonds. The interest rate of special bonds can be slightly lower than that of corporate bonds and financial bonds. Second, the bank deposit rate. The interest rate of special bonds can be slightly higher than that of bank deposits, making education bonds more attractive to investors than bank deposits. Third, the Treasury bond interest rate over the same period. According to the principle of "high risk and high yield, low risk and low yield", the credit of special public debt is second only to national debt, so its interest rate should be slightly higher than national debt. This makes it profitable for investors to sell special bonds. The floating interest rate linked to the price index can be used to reduce the risk of investors' investment and ensure the credibility of the government.

**Issuing Education Lottery to Raise Funds for Education.** According to the experience of China's welfare lottery and sports lottery operation, efforts should be made in the following two aspects in actively promoting the development of lottery market and increasing the circulation of education lottery: first, establishing and perfecting lottery legislation to provide legal basis for the issuance of education lottery. The second is to determine the issuing subject of educational lottery. The issuing body of education lottery is more suitable for the ministry of finance in accordance with the current mode. The lottery public welfare funds should be brought into the budget management of fiscal revenue and expenditure in strict accordance with the regulations, and the special funds should be used for the public welfare field of "education". The auditing department and the public should be strengthened to supervise and manage the education lottery funds. When conditions are ripe, the establishment of a unified national lottery operation institutions, the implementation of market-oriented lottery operations will be realized.

Fiscal Expenditure Policies to Promote the Development of Higher Education

**Increasing the Total Financial Input in Education**

The outline of the national plan for medium - and long-term education reform and development (2010-2020) clearly states that "we will give priority to education as a key area of fiscal expenditure" and "substantially increase spending on education". Therefore, in the long run, further increase in investment is still the focus of education fiscal policy. We should adopt practical and effective measures, formulate a proactive fiscal policy, continue to increase the proportion of educational outlays in fiscal outlays, ensure that the input of fiscal educational outlays grows faster than the fiscal growth rate, and ensure that sufficient funds are available to support the healthy development of China's educational undertakings. In terms of the financial input structure, it is necessary to balance the educational input of key universities and ordinary universities as far as possible. Within the statutory financial funds for higher education, we should increase the financial input to the ordinary universities in the central and western regions to expand their scale and improve their quality, so as to gradually change the spatial layout of existing universities.

**Defining the Focus of Financial Support According to the Types of Higher Education**

The higher education finance appropriation mainly by the teaching, appropriation, the scientific
research appropriation and the student subsidizes three parts to constitute. In the case of limited national financial resources, the categories of institutions of higher learning in China should be scientifically divided, and the emphasis of public financial support should be correspondingly different. On the whole, China's financial higher education funds should be mainly invested in the key fields and disciplines that are in urgent need in China at present and in the future. The tuition fees of key professional disciplines should be reduced or exempted, and the financial aid for students of key professional disciplines should be increased. We will set up special funds to develop key specialties and disciplines that are in urgent need of development, and guide the construction of university subject systems in accordance with the needs of economic and social development. To clarify the responsibility division and scope of education investment by governments at all levels, the central government should increase financial support for basic and applied subjects in higher education. Provincial governments have the responsibility to provide financial support for providing and guaranteeing opportunities for higher education, create favorable economic conditions and legal environment for provincial education development in financial management, and provide policy support for higher education to promote regional economic development. The land use policy supports and encourages institutions of higher learning to reform, expand or build new institutions locally or in other places, and increases support for applied disciplines. On this basis, for different types of universities, the financial focus will be slightly different.

Further Improving Mode of Allocation of Higher Education Funds

The first is the implementation of the multi-parameter allocation method, combined with the current financial situation of higher education in China, according to different levels, different levels and different professional disciplines, gradually implement the education fund system, scientific research project contract system and poor students funded by the combination of comprehensive allocation mechanism. Second, we should separate regular appropriations from special appropriations and give full play to the role of special appropriations in making up for the lack of funds. Three is to establish incentive mechanism, the introduction of performance oriented allocation mechanism, establish and improve the college quality evaluation mechanism and evaluation index system, tie college quality evaluation results to funding of colleges and universities, enhance the university's enthusiasm, initiative and initiative, enhance the universities to serve the government and the special needs of the society, give full play to the positive external effects, improve the efficiency of higher education. Four is suitable for China's national conditions of appropriations index system and a set of scientific and feasible allocation formula, pledged the openness, fairness and justice, enhance the seriousness of the grant, the institutions of higher learning is able to compete for resources reasonably, to achieve the optimal allocation of resources, and to enliven the higher education, the purpose of raising the overall level of higher education.

Improving the System of Student Financial Aid for Higher Education

Further straightening out relationship of the country, the university, loan bank and students, further perfecting the national student loan interest rate mechanism, broadening the agency bank interest rates of autonomy, discriminating the loan rate and subsidy policy. We will formulate relevant policies to further increase the financial support and incentives for national scholarships. Through various channels, we will seek more scholarships from social organizations, enterprises and companies or fund for students in difficulties, and strive for the participation of all sectors of society in financial aid.

References

