

Economic Governance in the Classified Development of Provincial Colleges and Universities with the Help of Special Fund*

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Abstract—Based on the theory of economic governance, this paper discusses the economic governance issues of provincial colleges and universities in classified development model. It is proposed that setting up special fund for classified development and special fund for classified development performance is the main means of economic governance, and reflects the provincial government's ideological purpose for classified development and classified guidance of colleges and universities; finally, it provides suggestions for the classified development of higher education in Henan Province.

Keywords: *classified development of colleges and universities, special fund, performance fund, economic governance*

I. INTRODUCTION

China and Chinese Communist Party attach great importance to the development of higher education. In 2010, the State Council emphasized in the "Outline of the National Medium and Long-term Education Reform and Development Plan (2010-2020)" that higher education should be optimized in structure and developed with special characteristics. As further emphasized in Document No. 3 of the Ministry of Education on January 25, 2017, higher education should take structure optimization as the main line, study and explore the classification setting system, establish a higher education classification system, and guide universities to make scientific positioning, play their respective roles and develop their innovation with distinctive features in order to comprehensively improve the overall level of higher education personnel training, scientific research, social services, and cultural heritage innovation. Provincial education authorities actively responded to the call of the central government. After exploration in most provinces, provincial universities were divided into the following four

types: high-level comprehensive universities, characteristic backbone universities, applied technology universities, and vocational colleges.

The development history and status of economically and technologically developed countries and regions such as Europe and the United States show that China must first become a country with strong higher education in order to become an economic and technological power. However, the current insufficiency of high-quality higher education resources in China seriously restricts the development of higher education in China. The central and local governments must focus their limited higher education resources on higher education institutions with accurate positioning and distinctive characteristics to promote the connotative construction of provincial colleges and universities, improve their school-running quality and level, realize the overall improvement of China's higher education strength on the basis of hierarchical classification, and further realize China's asymmetric pursuit of higher education level and the dream of becoming a strong country in education. However in the past 20 years, in the development process of provincial higher education, its positioning was not accurate enough, and its characteristics were not clear enough. Everyone looks the same. As a result, the phenomenon of accounting and appropriations for education funds is as serious as "food prepared in a large canteen cauldron". Limited education funding resources in the province are evenly divided. However, in the classified development model, provincial higher education fund should play its guidance role.

Based on the theory of economic governance, this paper discusses the economic governance means of provincial undergraduate universities in the classified development model from the perspective of classified development budget and performance incentives, proposes to set up special fund for classified development project and performance fund for classified development achievement in order to reflect China's ideological aims of classified development and classified guidance for higher education institutions, and

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provides suggestions for the classified development of higher education.

II. THEORETICAL BASIS

The theory of economic governance was proposed by scholars led by Elinor Ostrom (the winner of Nobel Economics Prize in 2009) and Oliver E. Williamson, in order to overcome the shortcomings of the traditional "government-market" dichotomy. The core of this theory is to ask the government to give economic entities the right and space to full autonomous organization and autonomous governance, rather than directly participating in the field where the market cannot function effectively (Zhou Yan, 2017). Economic governance is understood as the process or measure by which the government and the market regulate economic entities. In terms of economic governance of colleges and universities, governmental education administrative department and financial department mostly use daily fund and special fund budget accounting system to increase the freedom of colleges and universities in using the fund and realize the autonomous governance of modern colleges. The budget accounting system improves the efficiency and effectiveness of using education financial fund, reduces transaction costs, but is also prone to make the behavior of university management level conservative (Liu Hao et al., 2015) [3]. To this end, Song Fujin (2015) proposed that China should establish a mechanism for the simultaneous growth of higher education financial investment, clarify the nature and role of key construction inputs, and form a budget management and control mechanism that combines government's macro-control and university's self-running. In addition, Liu Hongyu (2000), Zhai Zhihua (2010) and Yang Shizhong (2012), Li Xia and Feng Jingwen (2012) [4] once advocated that education fund budget should distinguish different disciplines and different levels of education, and distinguish the personnel expenditure, public expenditure, scholarships, teaching equipment and facilities maintenance costs, etc. Liu Hongyu (2000), Ma Luting (2006), Wang Chengduan and Zhou Xiaobo (2011) proposed the idea of "performance appropriation" and proposed to evaluate school-running performance based on many factors such as school scale, level, specialty and discipline structure, and allocate and manage education fund accordingly. Although the "211" and "985" projects proposed in the development course of China's higher education have become a history, the successful implementation of the two projects has largely proved that the central government's special fund budget and performance incentives and governance methods for higher education finance has played an important role; the experience gained in the implementation process can provide reference for the development of provincial colleges and universities.

III. SETTING OF SPECIAL FUND FOR CLASSIFIED DEVELOPMENT

This study assumes that the provincial education departments have reviewed and identified the types of

autonomously declared provincial universities in accordance with the above four types of standards and quantities. According to the spirit of "strengthening the classified support guidance role of financial funds" in the "Classified Development Guidance Opinions" document, and drawing on the successful experience of China in setting up special construction funds in the construction process of "211", "985", and "double first-class" projects, this study believes that the setting of "special fund for classified development" will better guide and support the targeted construction and development of the four types of colleges and universities as per their type orientation. Drawing on the existing research results, this paper proposes the idea of setting up special fund special performance fund for classified development in the special financial funds for colleges and universities.

A. Setting and budget of special fund for classified development

The special fund for classified development is used for supporting the development of different types of colleges and universities in accordance with their functional positioning, personnel training goal, and development goal. Different types of higher education institutions have different positioning, different development priorities, and different financial support priorities. For example, dual first-class universities and high-level comprehensive universities focus on personnel training and scientific research. They need to comprehensively improve their scientific research level and be able to undertake major national and provincial research projects. Therefore, in construction of the teaching staff, it is necessary to introduce more doctoral or senior professional talents with scientific research capabilities to undertake more national research projects; in terms of scientific research conditions, it is needed to get the support of national key laboratories, and invest considerable fund in construction of key laboratories and create new experiment base. This is very different from the functional orientation and construction focus of higher vocational colleges which focus on personnel training and social services, supplemented by scientific research. Therefore, special fund for classified development should be set up for different types of universities. Specifically, it is necessary to set up special fund for double first-class universities, special fund for the development of high-level comprehensive universities, special fund for the development of characteristic backbone universities, and special fund for the development of higher vocational colleges. The support focus of each type of special fund is judged in expert scoring method (10-point scale). The higher the score is, the greater the need for financial support will be. The special fund for classified development shall be budgeted and applied for by university in the form of construction project (including specific name of the project, the construction objective, fund budget, construction progress and so on) in accordance with its five-year development plan.

B. Setting and budget of special performance fund for classified development

The special performance fund for classified development include the special fund for development performance of dual first-class universities, special fund for development performance of high-level comprehensive universities, special fund for development performance of characteristic backbone universities, and special fund for development performance of vocational colleges. It is used for motivating colleges and universities to develop education according to their respective types. Every five years is an assessment cycle. At the end of the assessment period, the Education Department and the Department of Finance will organize experts and third-party assessment agencies to evaluate the achievement, effectiveness, and degree of compliance with the school's development goals of the various development projects applied by schools during the assessment period. Any of the school qualified will be granted development achievement performance fund for reward, namely a performance coefficient of the sum of special funds for classified development as being granted within the assessment period. The school is allowed to get the reward used in the next assessment period at its own discretion

The value of the performance coefficient should be determined according to the degree of achievement of the classified development goals of colleges and universities. One university can only obtain one of the four types of achievement performance funds. In addition, the value should also take the use of the special fund into consideration. Colleges and universities should be encouraged to make full use of special fund to complete or even exceed the established development goals; they are neither encouraged to save education financial funds at the cost of delaying the development opportunity, nor even allowed to consume limited educational financial funds but not complete the development goals.

IV. CONCLUSION

This paper discusses the issue of economic governance in provincial colleges and universities in classified development model. Setting up special fund and performance fund for classified development is the main means of economic governance.

The development of dual first-class universities and high-level comprehensive universities focuses on the construction of disciplines; the development of characteristic backbone universities focuses on characteristic disciplines and specialty; and the development of vocational colleges focuses on the cultivation of various types of high-quality technical personnel, senior practical talents and technical workers supporting local economic development. The priorities of fund support and performance assessment should also be different; different types of school should adopt suitable technical governance models and performance assessment models.

Different from the "211" and "985" projects implemented in China two decades ago and the "double first-

class" project implemented in the past two years that focused on development of partial colleges and universities, the four types of colleges and universities in the classified development model focus on balanced development although they have different priorities; in financial fund support, the four types of colleges and universities are all taken into consideration. The special funds for classified development shall adhere to the principles of "overall planning, classified support, independent development, and annual implementation". The Provincial Development and Reform Commission, the Department of Education and the Department of Finance should work together to formulate a practical five-year overall plan for classified development, and each university should also formulate its specific five-year development plan, annual development plan, and annual budget item. On this basis, the Department of Education and the Department of Finance should support the development of the four types of colleges and universities from the perspectives of policy and finance, but do not interfere too much in the specific internal affairs in the development process of the colleges and universities, and fully believe that the colleges and universities can independently develop by their specific types under the policy guidelines.

In addition to economic governance measures, there are also technical governance measures to solve the problem of information asymmetry in the agency, such as information-based higher education management, construction of big data platforms, third-party assessment mechanisms, and dynamic adjustment mechanisms. Only by effective combination of economic governance and technological governance means can the classified development of higher education become more effective.

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