

## On the Insufficiency and Improvement of the Funding System for Graduate Students in China

HONG Lan<sup>[a]</sup>; YIN Xiangrong<sup>[b],\*</sup>; WANG Shuhua<sup>[c]</sup>

<sup>[a]</sup>Professor, School of Economics, Beijing Wuzi University, Beijing, China.

<sup>[b]</sup>Postgraduate, School of Economics, Beijing Wuzi University, Beijing, China.

<sup>[c]</sup>School of Foreign Languages, Beijing Wuzi University, Beijing, China.

\*Corresponding author.

Received 12 September 2016; accepted 15 November 2016  
Published online 26 December 2016

### Abstract

The implementation of charging graduate students with education fees put forward higher requirements on the funding for graduate students. This paper introduces the main types of funding for graduate students and concludes that the problems arise in the current funding system: insufficient sources of funds; lack of information release platforms of “three assistants” funding; lack of reward incentives; lack of supervision and feedback mechanism on student loans. Based on the literature of student funding from domestic and abroad, combined with the practices in Beijing Wuzi University, the authors put forward suggestions on how to improve the university graduates funding system.

**Key words:** Graduate students; Funding system; Insufficiency; Suggestions

Hong, L., Yin, X. R., & Wang, S. H. (2016). On the Insufficiency and Improvement of the Funding System for Graduate Students in China. *Canadian Social Science*, 12(12), 28-33. Available from: <http://www.cscanada.net/index.php/css/article/view/9153>  
DOI: <http://dx.doi.org/10.3968/9153>

### INTRODUCTION

Since the reform and opening up, China takes the economic construction as the central work, and on the 18<sup>th</sup> conference of the party, the innovation driven development strategy was proposed, which put forward a

higher request for the cultivation of high level innovative talents in colleges and universities. Graduate education is located at the terminal of the educational system, shouldering the mission to link education and social economic activities. With the continuous expansion of graduate enrollment, the cost of education is one the rise. Problems such as shortage of funds, unreasonable cost share, incomplete funding system began to arise. Since the fall of 2014, graduate education was not free to students. This policy, on the one hand, can make the educated share a reasonable part of the cost of education and broaden sources of training fund; on the other hand, the charging system increases the economic burden of needy students, and affects their academic development.

The authors of this paper searched through China National Knowledge Infrastructure with “graduate funding” as the keyword from October 2015 to October 2016, and retrieved 21 articles, of which 17 articles are on the domestic graduate education. This suggests scholars nearly neglected graduate funding since the charging policy was implemented. To promote education fairness, not to let a student drop out of school because of poverty, we conducted an in-depth study of graduate students funding, which will improve the policy system of graduate funding, make it play a better role in guaranteeing the equal opportunity of education, in the adjustment of the structure of enrollment, and in stimulating graduate students’ enthusiasm in doing research.

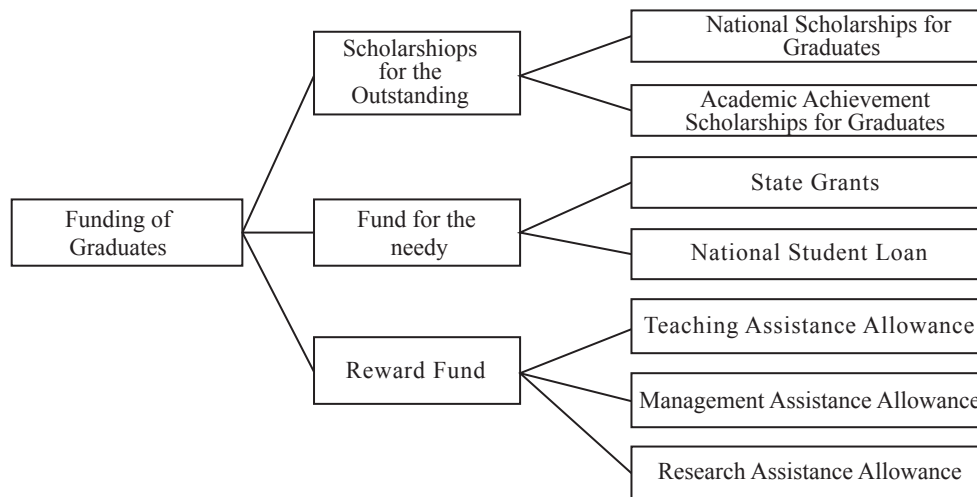
Over the years, conforming to the governmental requirements at all levels for graduate students prize and funding, Beijing Wuzi University actively explore the methods and path optimization for funding suitable for their graduate students, and strive to build a characteristic supporting system that can satisfy students’ needs, and balance between efficiency and fairness (Lin et al., 2011). This paper firstly introduces the main ways of graduate students funding in China; then in view of the disadvantages of the current funding system, we analyze

what have been done in Beijing Wuzi University in these areas by a questionnaire survey, finally put forward some suggestions to improve the graduate student funding system.

## 1. TYPES OF FUNDING FOR GRADUATES IN CHINA'S UNIVERSITIES

With the steady progress of the graduate training mechanism reform since 2007, especially since the system of education fee was implemented, the means and

coverage of funding for graduates in universities have undergone great changes, which have become diversified. There are National Scholarships for Graduates, Academic Achievement Scholarships for Graduates, State Grants for graduates and the “three assistants” post allowance (namely, graduates work as teaching assistant, research assistant, or administrative assistant), National Loans, and Funded Projects. According to the different nature of funding, they can be divided into three categories: Scholarships for the outstanding, fund for the needy graduates, and rewards, as is shown in Figure 1.



**Figure 1**  
**Types of Funding for Graduates in Universities of China**

### 1.1 Scholarship for the Outstanding

#### 1.1.1 National Scholarship for Graduates

National scholarship for graduates, initiated by the National Ministry of Education and the Ministry of finance, funded by the central finance, aims to award the full-time graduates who have high academic achievement, scientific research ability and overall quality performance. It is reviewed and evaluated yearly. The national scholarship for graduates was established in the autumn term of 2012. 45 thousands of full-time graduates are awarded every year, among them 10 thousands of doctoral candidates and 35 thousands of master degree candidates. The standard award for Doctoral candidates is 30 thousand yuan/year, that for master degree candidates is 20 thousand yuan/year.

#### 1.1.2 Academic Achievement Scholarship for Graduates

On July 29, 2013, the Ministry of finance and the Ministry of Education issued *Interim Regulations on Academic Achievement Scholarship for Graduates*, therefore, in the fall semester of 2014, academic achievement scholarship for graduates was established. The scholarships for graduates in universities under the central government come from the central finance, which is granted according

to a certain percentage of the full-time graduates on campus. The money for a doctoral candidate is 10 thousand a year, that for a master degree candidate is 8,000 a year. The local finance determines the amount of money to support the local universities according to the interim regulations as well. At present, the academic achievement scholarship in China is mainly divided into two kinds: academic achievement scholarship for first-year graduates and that for full-time graduates. The former is evaluated according to the scores in first-round and second-round tests of the entrance examination for graduates. The latter is decided by the academic achievement, achievements in scientific research, and comprehensive quality assessment of the applicants.

### 1.2 Fund for the Needy Graduates

#### 1.2.1 State Grants

On July 29, 2013, the Ministry of finance and the Ministry of Education issued the *Interim Regulations on State Grants for Graduates*, which stipulates that since the fall semester of 2014, the ordinary graduate scholarship is adjusted to state grants. This ensures that a doctoral candidate can get not less than 10,000 yuan per person per year, and a master degree candidate can get not less than 6,000 yuan per person per year. The state grant is used to

subsidize the full-time graduates with the enrollment plan (not including wage earners), to meet their basic living expenses. The central finance and local finance share the burden of state grants in the way that the central finance support the universities under the central government and the local finance together with the central finance to cater to the local colleges' need of grants.

### 1.2.2 National Student Loan

Since 1990s, student loan system in China came into being referring to foreign experience. Student loans are an important measure to support needy college students enrolled and a way to complete the funding system in universities through financial means under the socialist market economy. There are four main types of student loan: The campus student loan and the hometown credit loan are the main form of China's current student loans. The campus student loan is dominated by the government, enjoying financial discount, and the financial risk compensation is shared by the finance and universities. It is a loan operated jointly by banks, educational administrative departments and universities to help needy students in colleges and universities. The hometown credit loan is the money that students from poor families apply to the National Development Bank from their hometown. At present, the national student loan is no more than 12,000 yuan per student per year.

### 1.3 Reward Fund

At present, reward fund of China's colleges and universities is mainly provided in the form of post allowance form "three assistants". In order to establish the incentive mechanism of graduate students training, strengthen the cultivation of graduates' innovation ability and practice ability, graduate students are employed working teaching assistant, research assistant, and management assistant according to the actual needs of work in universities. This provides graduate students chances to participate in the school teaching, scientific research, providing opportunities for practice management in the actual work, which makes them a certain amount of reward. University's self-financing and research project funds from supervisors are the main source of funding of "three assistants". In principle, the research assistant's reward is realized through the supervisor's research project funds in the form of service charge. The teaching assistant and management assistant's reward are from the University.

## 2. INSUFFICIENCY IN GRADUATE STUDENT FUNDING SYSTEM IN CHINA

After many years of active exploration and practice, especially on the formulation of relevant regulations by the Finance Department and the Department of Education, there has been some progress in the funding system for graduates. It plays an important role in the improvement

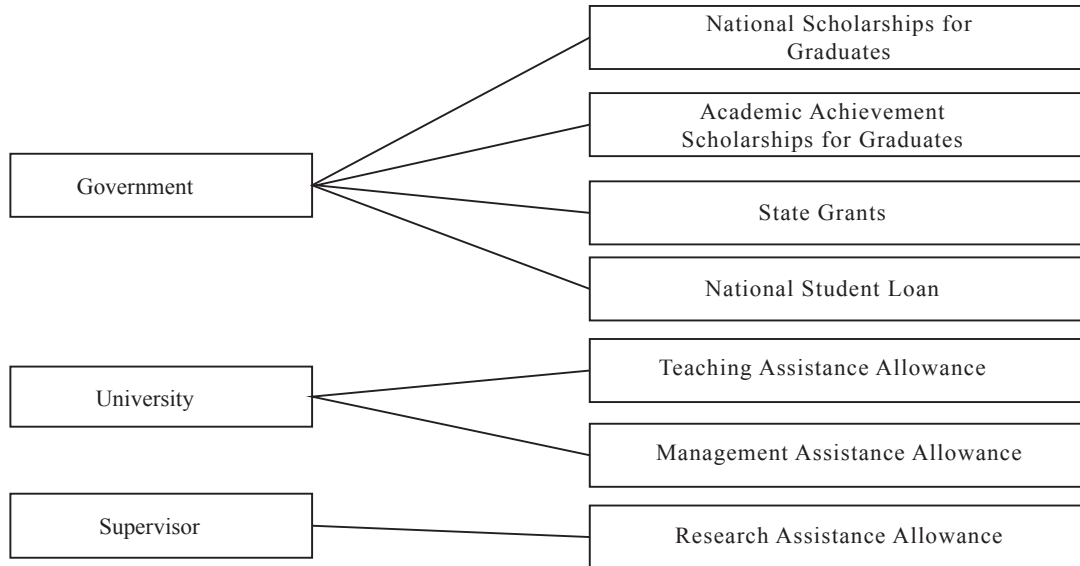
of teaching quality by promoting education fairness through the support of needy students, by awarding the outstanding graduate students through establishing the reward incentive mechanism for academic excellence. However, with the continual expansion of graduate enrollment, changing of professional structure, the existing funding system failed to play its best effect.

The authors of this paper reviewed the literature on the funding policy systems since the implementation of reforms on postgraduate training mechanism, and found that problems still exist, for example, the funding sources are insufficient; the information publishing platform for "three assistants" is lacking; the reward for three assistants is insufficient; the payment rate of students' loans is low; the default risk is large and the supervision and feedback mechanism is missing, etc.. The authors adopted stratified random sampling method, and conducted a questionnaire survey among 294 graduates (more than half of the graduate students of this university) in Beijing Wuzi University. The above-mentioned problems are analyzed on the basis of the questionnaire. 294 valid questionnaires were collected, and the questionnaire recovery rate was 100%.

### 2.1 Insufficiency in Funding Sources

At present, the main funding sources of different types of funding for graduate students are shown in Figure 2. It can be seen that, the current graduate funding sources are mainly limited to the financial allocation of the government at all levels, the university's self-financing, and the supervisor's research project funds. Among them, the financial allocation accounts for a major share. According to the properties of quasi-public goods and the principle of cost sharing of graduate education, the government, the university, the supervisors, and the society should jointly fund graduate education, but the social capital did not take an active part in funding (Lu, 2016). When there are constraints on the national financial investment, the excessive dependence on government is not conducive to the construction of a rich multi-level funding system to meet the needs of different students.

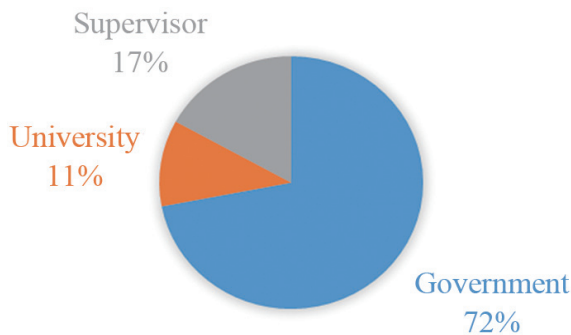
According to the questionnaire, the types of funding for the graduate students of three grades in Beijing Wuzi University are mainly: national scholarships, academic achievement scholarship for first-year graduates, academic achievement scholarship for full-time graduates, state grants, and student loans. The amount of subsidy and the coverage rate is in Table 1. The source structure of yearly awards that the sample students get is shown in Figure 3. From the table and figure, we can see clearly that the funding comes mainly from the financial allocation at all levels of government, accounting for 72%; the proportion of funding from supervisors and the university, is respectively 17% and 11%. The results show that the funding for graduates in this university depends too much on the government, therefore funding sources should be expanded.



**Figure 2**  
**The Main Funding Sources in Universities**

**Table 1**  
**The Main Funding Source and Coverage Rate in BWU**

	Coverage rate	Amount		Coverage rate	Amount
National scholarships	5%	20,000¥	State grants	100%	700¥ a month
Academic achievement scholarship	Coverage rate	Amount	National Student Loan	4.1%	No more than 12,000¥ a year
First prize	10%	10,000¥	Teaching and Management Assistance Allowance	52.7%	no more than 600 ¥ a month
Second prize	30%	6,000¥	Research Assistance Allowance	68.7%	no more than 1000 ¥ a month
Third prize	30%	4,000¥			



**Figure 3**  
**The Source Structure of Funding for Graduates in BWU**

## 2.2 The Problems of “Three Assistants”

### 2.2.1 Lack of Platform for Post Information

At present in China, the “three assistants” post information are released mainly through the student’s WeChat group, QQ group, with only a few schools putting the information on a public website platform. Under the condition of asymmetric information, students can only passively get the information through those who are close to sources of information. Due to the lack of the platform, the teachers who need assistants can’t release the

information of job requirements and reward timely to all students, so that they can’t recruit the students qualified for the post resulting in the reduction of their enthusiasm in doing this. As a result those graduates who want to get practice and reward by doing the assistant job students lose the opportunity.

### 2.2.2 Insufficient Reward Incentives

A performance appraisal system is missing when the “three assistants” post allowance is paid. Take the teaching assistant and management assistant as example, regardless of the amount of work, usually a monthly salary is not more than 600 yuan. Another example is the research assistant, the financial department strictly limits the proportion of labor costs in project funds and the monthly payment is strictly controlled, which does not take the workload and the achievement into consideration. Indeed, the “three assistants” funding is effective in enhancing the students’ practical ability, research ability, responsibility, innovation ability, team spirit, but it also has the nature of a job, which should follow the principle of “more pay for more work, less pay for less work” (Zhang, 2014). Due to the lack of performance appraisal system, students’ enthusiasm

in the work is difficult to mobilize, resulting in the ineffectiveness of “three assistants” in exerting its dual function in funding and educating.

We analyze the statistics about the “three assistants” job attendance and the reward for it in Beijing Wuzi University. The statistics showed that 52.7% of the students once worked as teaching assistants, their reward is generally 300-400 yuan/month; 68.7% of the students worked as research assistants, the reward is generally 400-800 yuan/month. 69.7% of the students think that “three assistant” reward does not match their labor, up to 20.3% of graduates who once worked as research assistant did not get a penny. It is obvious that there are still room for the university to improve their appraisal system and payment standard, especially to improve the management of research assistant reward to ensure that the students working as research assistant obtain financial aid.

### **2.3 Big Default Risk and Low Release Rate of Student Loan**

The current credit system and mechanism of China are not perfect, so is the amount of information collection, the accuracy, the supporting laws and regulations on the personal credit system. So there are some difficulties in making sure who is needy. Besides, some graduate students lack the repayment consciousness and credit awareness, resulting in the large risk of default of the national student loan. According to the national student loan risk compensation mechanism at present, when each student successfully applies for the national student loan, universities need to pay a certain risk compensation to the bank for loans, therefore the university standard for student loan is very harsh, resulting in the low release rate. According to the researches of Ma Qiang, Cai Maohua, Bao Jinyong, Graduate student loans accounted to the proportion of 4.11% in China, while the average student loan ratio in the majority of the developing countries is about 20%, which is even higher in developed countries (Ma et al., 2013).

The present survey shows that the graduate student loan rate is only 4.1% in Beijing Wuzi University. Based on a careful verification of the economic status of needy students, the rate of loans and the loan amount all needs to be raised to meet the students’ demand for loans.

### **2.4 The Incompleteness of Supervision and Feedback Mechanism in Funding**

To establish a funding policy system in line with the actual needs of the graduate student, which combine both efficiency and equity, to help students reduce the economic difficulties, to mobilize students’ enthusiasm in learning and research, is an important starting point for graduate funding. However, what is the university graduate funding status? How effective? What problems exist? What are the demands of the students? Since the current supervision and feedback mechanism is not

complete, it is very difficult for universities to ensure openness of funds issued, the fairness, and impartiality resulting in the inability to find out the funding problems, the inability to keep a real-time dynamic tracking, and the inability to accurately grasp the focus of improving the funding policy system.

## **3. SUGGESTIONS ON THE IMPROVEMENT OF GRADUATE STUDENT FUNDING SYSTEM**

### **3.1 On the Improvement of the Structure of Funding Sources**

At present, the main source for college graduate funding is from the government finance at all levels, followed by the university self-financing, and supervisors’ research project funding, funds from social forces are scarce. In order to improve the funding sources, to increase the share of social capital in graduate funding, enrich the forms of funding, all sectors of the society, the beneficiary of graduate education, need to be called on to actively set up graduate scholarships and grants in universities. The ratio of the input and output of this type of fund needs to be raised, and the reasonable return mechanism needs to be established. Three forms of funding can be referred to as the following:

#### **3.1.1 Special Scholarship**

Funded by individuals or enterprises, named after the personal or business name, universities and investors can come to an agreement on the selection criteria, the amount of subsidy and other details. The university should strengthen ties with alumni, enterprises, foundations enthusiastic with graduate education, attract them to school with their advantage disciplines. For example, University of Electronic Science with its electronics as its characteristic specialty, can attract enterprises such as HUAWEI, TCL, IBM and other companies to set up a special school scholarship there.

#### **3.1.2 Single Scholarship**

Colleges and universities may consider the establishment of single scholarship on academic performance, scientific research, cultural and sports activities, volunteer work, entrepreneurial innovation and other activities, to encourage students to develop a specialty, to support their diversified development.

#### **3.1.3 Directional Scholarship**

Graduate students who are awarded the directional scholarship sign an agreement, in which they agree to work after graduation in a certain enterprise or area for a certain period, or to meet other requirements. This form of scholarship can not only help students to solve the financial problem, but also help certain regions or industries find the personnel they needed.

## 3.2 On the Improvement of the “Three Assistants” Program

### 3.2.1 Set Up “Three Assistants” Information Release Platform

We strongly recommend universities to set up “three assistants” information release platform which can be logged in through the campus network in order to solve the problem of information asymmetry. Teachers can put up ads about the job requirement and reward information of teaching assistant, research assistant, management assistant through the platform and the students interested in the posts can search through the platform to find suitable jobs. Tsinghua University early in 2007 opened the “three assistants” website, provided convenience for both staff and students over the years, which played an important role in promoting the dual function of “three assistants” program (Gao et al., 2012).

### 3.2.2 To Increase the “Three Assistants” Reward Incentive

The value of labor needs to be reflected in “Three assistants” job and the principle of “more pay for more work” need to be followed. It means the incentives need to be increased. The performance appraisal mechanism of quantization can be introduced and there should be strict assessment of actual workload, work time, achievement, which can not only encourage graduate students to arrange a reasonable time, to improve work efficiency, but also will raise their work enthusiasm.

## 3.3 On the Raise of National Student Loan Rate and the Construction of the Supervision Mechanism

According to the low release rate of national student loan, and the insignificant aid effect, we suggest that the relevant state departments accelerate the improvement of China’s personal credit system, to issue relative laws and regulations. We suggest that universities strengthen the education on honesty and integrity, establish credit archives, and guide students to consciously establish repayment consciousness. Effective repayment supervision mechanism needs to be constructed to strengthen the constraints and punishment on the dishonesty in order to reduce the risk of graduate student loans. On this basis, the release rate of national student loan will gradually improve, which can help graduates to improve their independent consciousness and the repayment pressure will also encourage them to study hard so as to improve their future repayment ability.

## 3.4 On the Strengthening of Supervision and Timely Feedback

### 3.4.1 Strengthening Supervision

In order to ensure the effective role that graduate funding system plays, supervision needs to be strengthened, compelling supervision agencies need to be set up exerting authority not only on the science of index, the rationality,

but also on openness, fairness, impartiality of the whole selection process, forbid the misconducts in selection process. Openness means to maintain the transparency of information, to make the funding policy, funding criteria known to all. Paper materials are recommended to be handed out to students and related information be uploaded to the graduate department website. Fairness is equality of opportunity, namely, all students who meet the standards have the opportunity to be the candidates and awarded the scholarship following the same standards and rules. To ensure impartiality, every student can be supported with a fund that matches with their actual situation that helps them complete their studies smoothly. Supervision agencies should be responsible for ensuring that every aspect of the selection process will be open and transparent, get related information timely public and notified. At the same time, appeal channels should be opened allowing students to complain and challenge the selection results, and get timely response.

### 3.4.2 Timely Feedback

Information analysis platform can be constructed with the Internet and modern information technology, to establish a professional support system in order to grasp the actual implementation of funded work (such as the input of scholarships and grants, the students get supported, etc.). We suggest that there should be a timely statistics of overall funding type and the amount of subsidy per student obtains per academic year, of their academic achievement and living conditions. Through the dynamic tracking and analysis of data, the evaluation mechanism is established, and timely feedback of fund effect will be found out, therefore the problems existing in the work of graduate funding will be timely detected, and targeted solutions will be proposed accordingly.

---

## REFERENCES

---

- Gao, C. L., Guo, Z., & Cui, Y. P. (2012). Strengthen supervisor responsibilities, comprehensively arrange funding system, steadily reform graduate cultivation mechanism. *Academic Degrees & Graduate Education*, 11.
- Lin, C. T., Li, Z. F., Wang, Q., Wu, X. F., & Lian, X. (2011). Grasp the cultivation mechanism reform opportunity, promote the innovation in graduate student aid work. *Academic Degrees & Graduate Education*, (12), 15-19.
- Lu, D. B. (2016). University graduate student funding difficulties and countermeasures. *Journal of Yancheng Teachers University (Humanities & Social Sciences)*, (02), 118-120.
- Ma, Q., Cai, M. H., & Bao, J. Y. (2013). Foreign university graduate student aid system and its revelation for the local colleges and university education administration. *Education and Vacation*, (27), 96-98.
- Zhang, Y. (2014). Finance function analysis of “three assistants” to graduate students. *The Party Building and Ideological Education in Schools*, (08), 90-91+94.