



SOLUTIONS TO DEPLOY FINANCIAL RESOURCES FOR EXPENDITURE ON EDUCATION, A CASE STUDY IN VIETNAM

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Abstract

State budget and expenditure from learners' households are the two key sources of finance for the development of education in Vietnam. They are also the mainstay of finance for the education development of poor, low-income countries. Therefore, the effective exploitation and use of these financial resources are very important. This article uses official statistics on the state budget and household expenditure for education in the period from 2009 to 2013 for analysis and evaluation, thereby finding out the difficulties and inadequacies in the policy on exploitation and use of these financial resources. Inadequacies are analyzed from the perspective of using revenues to offset costs in educational services and presented through the following issues: i) Are the revenues adequate to cover costs and does this guarantee training quality from educational institutions? ii) The government encourages educational institutions to be financially self-sufficient, but can its policy enable them to be truly self-sufficient?; and iii) Has the problem of product cost and payment obligation for using training products been thoroughly resolved? As a learner completes a course, the beneficiaries are the learner, the state, the employer and the community. So, is there a clear division of responsibility for contribution in the policy? Based on analysis and assessment of the current financial management on these aspects, the article aims to find out shortcomings and weaknesses, and thereby proposes a number of solutions to improve the policy of mobilizing and using education finance of the country.

Keywords: Budget, expenditure, household, education, exploitation, Vietnam.

1. INTRODUCTION

Financial resources for education are the national and international key to providing quality lifelong learning opportunities for everyone. In most countries, the finance for education is mainly based on two primary sources, namely the state budget and expenditure from learners' households. For poorer countries, the size of both financial sources is very small. Therefore, the appropriate exploitation and use of such sources should be given special attention. The article is intended to analyze and evaluate the actual situation of mobilizing two main financial sources, namely the state budget and household spending on education, with a case study in Vietnam; from which it points out strengths, weaknesses and causes of the problems, and draw lessons on the policy.

Vietnam is a lower-middle-income country. In addition to the investment from the state budget, household contributions are very important for the development of education.

From the government's current mechanism for mobilizing and allocating financial resources and based on official data on expenditures from state budget and by households on education for the period 2009-2013, we analyze and evaluate the following contents:

- 1) The government's tuition fee rate is currently regulated based on the average income of the people and by each socio-economic region. Meanwhile, the prices of training services are calculated on the actual costs and expenses incurred and market prices. This has created a heterogeneity in the balance between revenue and expenditure (the former being calculated on the living standards of different regions and the latter on the prices of training services). As a result, revenues are not geared towards offsetting costs. Financial management entities also do not have the opportunity to proactively collect revenues to cover their costs.
- 2) The product of the training process is the learner. All the costs paid for the services to train a learner can be considered as the cost of such product. According to the principle of goods,

those who benefit from a product are responsible for paying the costs to at least fully cover the cost of the product. But in reality, the beneficiaries of the training product, namely the state, the learner themselves, the employer, and the community in which the learner lives, have failed to complete their obligations proportionately. The shortcoming of the policy is that the government does not create a binding mechanism for the beneficiaries to fulfill their payment obligations.

- 3) From the statistics of the state budget and household expenditure for the five years 2009 - 2013, we analyze the financial aspects of the balance between revenue and expenditure and balance between needs and ability to pay to properly evaluate the efforts by the government and households; at the same time, we point out the difficulties and obstacles that make the exploitation and use of financial resources less effective. While the available financial resources can meet only a very small portion of expenditure needs, the ineffectiveness is a shortcoming that needs to be prioritized for elimination.

From the overall view of the above contents, the article proposes some solutions to the irrationalities of the financial mobilization policy in order to exploit and use the very limited financial resources more effectively. Irrationalities that need to be proposed for adjustment include: i) Changing the method of calculating tuition fees towards the orientation that learners will fulfill their payment obligations for benefiting from training products, and the government will implement social policies on tuition support for low-income people; ii) The government grants the average budget support per learner to educational institutions, regardless of whether they are public or non-public schools, and considers this as its obligation to pay for training products; iii) Ensuring educational institutions' rights to decide on their level of fees so that they can be truly autonomous in covering training costs.

The case study is in Vietnam. But it is also the problem of many low-income countries. As financial resources do not meet the needs of spending on education, it is of ultimate importance to change policies in order to increase capital efficiency. Hopefully, this study can also be a reference for countries with similar socio-economic conditions.

2. LITERATURE REVIEW

The effective exploitation of financial resources to spend on education depends very much on the mechanism and policy of allocating the financial resources. Appropriate mechanisms and policies are introduced based on each country's specific conditions. There are many ways to exploit financial resources for education, but the effectiveness relies much on the transparency and equity of revenue and expenditure, and the constant aim for a balance between them. Below are some typical lessons learned from a number of countries?

In OECD countries, there is a general consensus that in formulating funding policy for schools, it is necessary to take into account the complexity of educational processes, the diversity of educational goals, the different scopes and contexts of management between schools, and institutional influences on policy development. Some policy issues of interest to OECD countries are as follows (OECD, 2017):

- 1) Three key management aspects that have shaped funding policies in many OECD countries are financial decentralization, school financial autonomy, and mechanisms for allocating financial resources. In designing the policy framework for mobilizing finances, it is essential for schools to consider the important role of related parties such as school boards, teachers, school leaders, professional organizations, parents, and teachers, community organizations, and employers.

- 2) In allocating financial resources to schools, a series of questions should be taken into consideration: Who is responsible for allocating funds? What is the financial source spent on? What conditions should be set for the allocation? How many financial sources will be distributed? And what are the criteria for determining the amount of funds to be allocated?
- 3) How is the amount allocated to the schools determined? Funding decisions for the next year are primarily based on an assessment of the necessary resources for each school and the following year's incremental costs. In addition, schools may bid to enter into contracts for additional funding provided through a particular program or to create an opportunity for extra resources.
- 4) In fact, public schools' budget allocation mechanisms are also different in the OECD countries. In Austria, budget planning at the school level is mostly predetermined by administrative regulations. In Belgium, operating budgets are determined by state agencies and distributed to schools (or school boards) according to an allocation formula. In Chile, schools are autonomous and self-responsible for their self-mobilized finances but are required to strictly adhere to preferential and special subsidies from the state budget. In the Czech Republic, each school has been considered an independent legal entity since 2003, whose financial balance is mainly decided by its founder. In Kazakhstan, the financial autonomy level of each school is very different, depending on the conditions and mechanisms of the governing body. However, regardless of the different financial allocation mechanisms, the ultimate goal is to ensure a balance between income and expenditure for schools, helping them to best meet training requirements.

Regarding the responsibility of budgeting for schools, Australia and Canada have allocated state budgets for preschools per student. Irrespective of whether students attend a public school or a non-public school, the school is provided with a budget by the state. The granted amount depends on the school's enrollment quota, with the funding quota per student being the same for all types of schools. The governments consider this as a contribution to education costs that the state is responsible for paying to implement universal access to education for 5-year-old preschool children (Le, K.T, 2016).

The document "Education Public Expenditure Review Guidelines" (The World Bank, 2017) affirmed that a financial system for education is intended to pay for the necessary factor inputs to implement educational policies. The availability of financial resources does not guarantee a quality education, but a quality education cannot be achieved without sufficient resources. A financial spending policy can make a clear difference in learning, directly benefit learners and create a mechanism to make up for the shortfall due to low income. Governments are under increasing pressure to make effective use of educational resources, but they often lack guidance on optimal ways to invest and manage school finances. Finding solutions to deploy financial resources for education spending has become urgent. But what is a vital matter is how to ensure that the solutions are effective, efficient and equitable.

Most recently, a study by the UNESCO International Institute for Educational Planning (2021) argued that given most governments' attention to the development of education, the financial policy options for education are promising. Approaches to financial policies for education are encouraged, which may include: Increasing the total government budget through tax revenue, increasing government spending in the education sector, improving budgeting processes and financial resource management, enhancing mechanisms for resource planning and allocation.

In the general context of the world, the Vietnamese government also assessed financial expenditure policies. In the book "Vietnam public expenditure review: Fiscal Policies towards Sustainability, Efficiency, and Equity" (The World Bank and the Government of Vietnam,

2017), the two parties presented important assessments:

- 1) Vietnam has made impressive progress by successfully transforming itself from one of the poorest countries in the world to a lower-middle-income country. Per capita income more than doubled between 2000 and 2014, putting Vietnam among the fastest-growing developing economies.
- 2) The reform period saw remarkable achievements in public financial management, especially in the large-scale implementation of public finance decentralization and the increase of autonomy for local governments as well as public expenditure units.
- 3) Besides, however, there have appeared challenges: constantly growing demand for public spending and living standards of the underdeveloped population have created a burden on the state finances. At the same time, there is a risk of increasing inequality in access to services, especially in vulnerable groups. Financial transparency and accountability have yet to keep pace with the increasing decentralization of management.
- 4) In education finance: Local spending accounts for 85%, meaning the central level only manages 15%. The spending level is just enough to meet the minimum requirements, but not the requirements of comprehensive education development. Of the total expenditure on education, salaries make up over 85%. Therefore, it is recommended that the education sector review the working time of teachers to reach an international level (the average teaching time per teacher in senior high schools is the lowest in ASEAN and that in primary schools is lower by 25% than ASEAN's average). It is also necessary to have policies on financial priority for schools while simplifying the salary and allowance regime for teachers.

The financial need to pay for a unit of educational product (e.g. training cost/student/school year) is an objective factor. A good financial policy is reflected in the reasonable exploitation of revenue and effective spending to best meet the payment needs. When looking at the overall process of implementing the financial exploitation policy for education in Vietnam and considering only the factor of revenue exploitation, we can find that:

- 1) In budget allocation criteria for education, the government has since 2010 allocated the education budget to localities per capita with regional factors being taken into consideration. This quota is built mainly based on the state budget's payment ability without considering whether or not it sufficiently meets spending demands; that is, it does not take into account the offsetting of training costs for schools. In each period, the spending quota has changed and some other adjustments have been added, but basically, it has so far remained unchanged (Vietnam. Prime Minister, 2010, 2016, 2020).
- 2) For household expenditures: In addition to personal spending, learners contribute mainly through tuition fees. How is the tuition fee rate set up? Since 2010, the tuition fee rate has been set on the basis of sharing between the state and learners. This is in line with the socio-economic conditions of each residential area, the actual contribution capacity of the people, the growth rate of consumer price index, and the annual economic growth rate (Vietnam. Government, 2010, 2013, 2015, 2018). A new criterion was added in 2021, namely "according to the roadmap for calculating the prices of education and training services, and ensuring education quality" (Vietnam. Government, 2021). Thus, the level of tuition fee collection is based on the living standards of the population in each locality and its "attachment to the prices of educational services" is only an orientation.
- 3) So far, there have been no binding regulations on mobilizing contributions from employers (enterprises and agencies that employ students after graduation).

- 4) The mobilization of the community's financial contributions to education is mainly through the generosity and voluntary spirit of individuals/collectives. Meanwhile, the state only plays the mobilizing and encouraging roles.

As mentioned above, Vietnam's policy on calling for financial resources to spend on education has created an inadequacy in the balance of revenue and expenditure. The regulation on the level of revenue collection and financial allocation is only token and not oriented toward payment to offset costs. The policy has not clearly defined responsibility in paying for educational services. The exploitation of funding sources is not transparent enough in terms of responsibility. This creates a burden on the state budget and great difficulties for schools that have to be financially self-sufficient. The analysis, evaluation and comparison based on statistics drawn from the national education accounts presented in the following sections aim to point out the inadequacies, thereby proposing solutions to the policy on mobilizing finances for education.

3. DATA AND RESEARCH METHODOLOGY

3.1. About the collected data

3.1.1. Data sources

Statistics on the financial sources for education spending of a country are often very complicated and must take time. In Vietnam, it takes more than two years to receive complete settlement data for expenditure from the state budget while for household expenditure, it usually takes five years due to the wait for a periodic investigation by the National Statistics Office. Therefore, despite great efforts, this article can only collect data for the period 2009 - 2013 from two sources:

- 1) Data of the state budget finalization report of the MOF of Vietnam (2009, 2010, 2011, 2012).
- 2) The report "Finance for Education in Vietnam 2009 - 2013, following the national education accounts methodology" conducted by the MOF and MOET of Vietnam in collaboration with the UNESCO Institute of Statistics (2016). In this document, the data of household expenditure on education are obtained by the representatives of the General Statistics Office of Vietnam.

Data supporting the study are the number of learners by school level, type of school and by location for the period 2009-2013, which are available in the database of the Ministry of Education and Training.

They are official data sources recognized by the government. Although it is not the latest data, their use to analyze the situation, detect trends and propose management solutions is still valid.

3.1.2. Reflection range of the data

The article only focuses on research into two main financial sources for education, namely the state budget and household expenditure, in which the reflection range of the data is as follows:

3.1.2.1. Total annual state budget expenditure is summarized by the following criteria:

- 1) Regarding economic matters: i) Expenditure on development investment including expenditure on procurement and repair of assets, and capital construction investment; ii) Recurrent expenditure including salaries and allowances; spending on goods and services; supporting and additional expenditure; and other recurrent expenditure.

- 2) Regarding the economic sector, it is divided into: i) Spending on education for preschool, primary school, junior and senior high school, and other education; ii) Spending for vocational training, intermediate professional education, higher education, postgraduate education and other training.

In Vietnam, all funding sources through the state are included in the state budget, so this financial source is also included in the state budget.

3.1.2.2. Financial expenditure by households on education, including:

- 1) Tuition fees: At the primary level in Vietnam, it is free to study at public schools, while non-public schools may charge a fee. At other levels of education, tuition fees are collected under official regulations.
- 2) In addition, parents may also be asked to pay for items such as additional fees due to out-of-school attendance, contributions to school construction funds; parent funds, student funds, or class funds; purchase of uniforms; textbooks and reference books; papers, notebooks, pens, school bags; additional courses associated with the regular curriculum; travel expenses, rent, insurance; apprenticeship cost or other training.

To avoid double-counting, the scholarship amount that learners enjoy from the budget is deducted from relevant funding sources.

3.2. Research methodology

Based on the gathered official data on expenditure from the state budget and households, we analyze and evaluate the results and effectiveness of the financial policy of revenue and expenditure. We aim to discover the causes, trends and solutions to more effectively exploit financial resources from the state budget and households for education in Vietnam in the future.

4. BASES FOR CALCULATION AND ANALYSIS

4.1. Decentralized mechanism for financial management of education

According to the State Budget Law (National Assembly of Vietnam, 2019) the government clearly assigns revenue and expenditure tasks to provincial-level units. On the basis of the annual allocation of the state budget for education, the Provincial People's Councils decide on the mechanism for granting management levels to the affiliated levels and down to the school unit. This management mechanism, aimed at giving autonomy to the locality, has created diversity in the management of 63 provincial-level units. The analysis and assessment of the current situation will not deal much with diversity in management, but more with the results and efficiency of financial spending, thereby proposing solutions for more effective exploitation.

It is worth noting that, as its name suggests, the State Budget Law mainly governs the financial source which is or is considered to be the state budget. The interoperability in management with financial sources outside the state budget is very weak; specifically, there is no channel for direct allocation and settlement to units relying on the non-state budget.

4.2. Governmental regulations on the collection and spending of tuition fees

Decree No. 145/2018/ND-CP dated October 16, 2018 of the government (Vietnam. Government, 2018) stipulates the mechanism of collection and management of tuition fees for educational institutions under the national education system and the policy on exemption, reduction and support for study expenses. There are two noteworthy points:

- 1) The government promulgates a value learning framework for educational institutions to propose a tuition fee rate in accordance with the principle that the fee should not exceed the ceiling of the framework.
- 2) The tuition fee ceiling is calculated on the average income of residents in each region (not aiming to offset training costs).

4.3. Principles of service pricing in education

Circular No. 14/2019/TT-BGDDT, which provides guidance on the formulation, appraisal and promulgation of economic - technical norms and methods of setting prices for education and training services (MOET of Vietnam, 2019), specifies that the prices of education and training services are calculated on all the costs by the following formula:

$$\text{Prices of education and training services} = \text{Salary cost} + \text{Cost of supplies} + \text{Management cost} + \text{Fixed asset depreciation cost (investment accumulation)} + \text{Other costs and funds}$$

5. RESEARCH RESULTS

5.1. Current status of education spending from the state budget and by households

5.1.1. Total spending

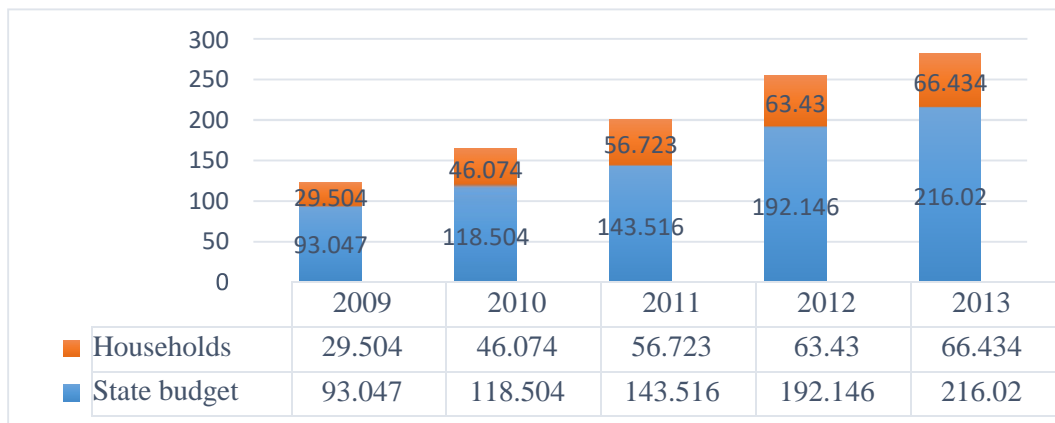


Figure 1: Total expenditure from the state budget and by households (2009-2013)

The data from Figure 1 show that:

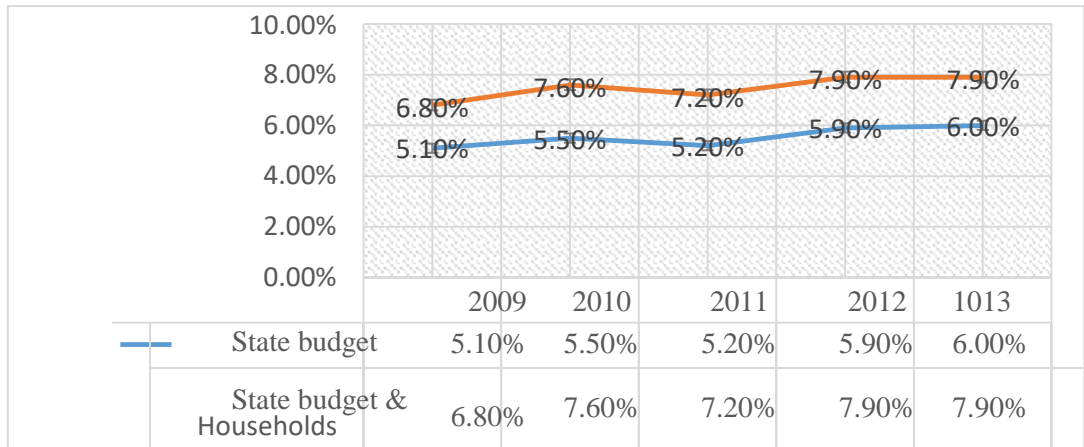
Total expenditure on education from the state budget and by households continuously increased over the years. The ending year (2013) saw an increase of 130.4% compared to the starting year (2009). Overall, spending increased steadily in nominal terms (i.e. excluding inflation) with a sharp increase in 2012 (by 27.6% compared to 2011).

Expenditure from the state budget increased by 132.3% while expenditure by households rose by 127.6 %, showing a higher increase in state budget expenditure. This represents the government's efforts to invest in the state budget for education.

The proportions of expenditures between the state budget and households from 2009 to 2013 are 75.9%/24.1%; 72%/28%; 71.7%/28.3%; 75.2%/24.8%; and 76.5%/23.5%, respectively. Thus, the retention rate in the total expenditure of each spending source is relatively stable.

5.1.2. Share of spending in GDP

Figure 2: Share of education spending in GDP (2009-2013)



From the proportions in Figure 2, we can evaluate the following:

The proportion of expenditure from both financial sources either increased or decreased over the years, but reached a stable level of 7.0% of GDP and especially a fairly high level of 7.9% in the ending years. It is noteworthy that the expenditure from the state budget tended to increase gradually and reached 6.0% of GDP. Compared with the correlation of some lower-middle-income countries, this is a remarkable effort by the Vietnamese government. According to UNESCO Bangkok (2016) data in 2011:

- 1) The average state budget expenditure on education of East Asian countries was 3.8% of GDP while the figure was 5.2% of GDP for OECD countries, 2.8% for Indonesia and 3.1% for Singapore. At the same time, Vietnam mobilized up to 5.2% of GDP to spend on education.
- 2) The share of the state budget expenditure on education in the total public expenditure of the government reached 20% in 2010 and has always remained above that level until now. In 2011, the rate was 12.7% for the US, 13.3% for the UK, 16.1% for East Asian countries and 12.0% for OECD countries.

The above figures clearly show the Vietnam government’s interest, efforts and determination in budget investment for education. This also results from its consideration of education as the leading national policy in the educational development policy of the State.

5.1.3. Current status of satisfaction level of education needs

From the expenditure data for each level of education and the data of students at those levels, it is easy to calculate the average expenditure per student. This is the indicator that we are most interested in looking at because it directly represents how well education needs are met. Figure 3 shows the ratio of financial expenditure between educational levels in the national education system.

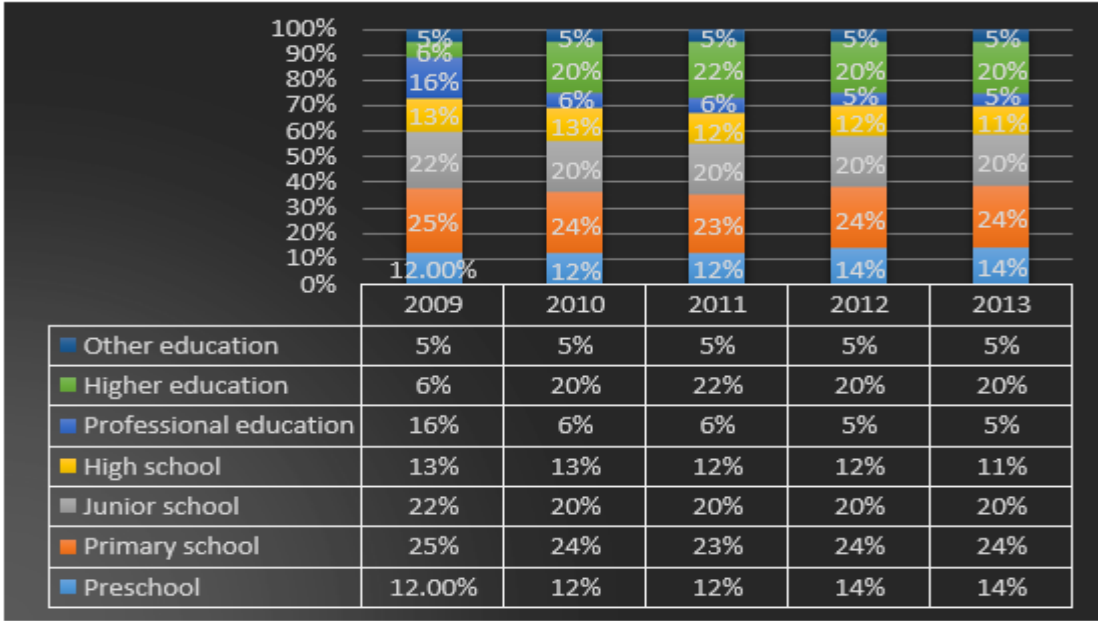


Figure 3: Proportion of state budget and household by education level (2009-2013)

Education spending from preschool to senior high school accounted for the highest proportion in the sector's expenditure, averaging 70% of the total budget in the period 2009 - 2013. Pre-school education was a particularly high priority in this period. Thanks to the preschool universalization program for 5-year-old children launched in 2010, the proportion of expenditure increased from 12% in 2009 to 14% in 2013.

The state budget expenditure per student was almost equal between the education of pre-school, primary school, junior and senior high school, at about 7-9 million VND in 2013. Spending for students in higher education was significantly higher. With household contributions added, the average expenditure per student from pre-school school to senior high school increased to 9-12 million VND, while the figure was 27.5 million VND for intermediate professional education and 25.8 million VND for higher education. Higher education accounted for the highest proportion of household expenditure (45.3%), while primary education made up 12.6% (Figure 4).

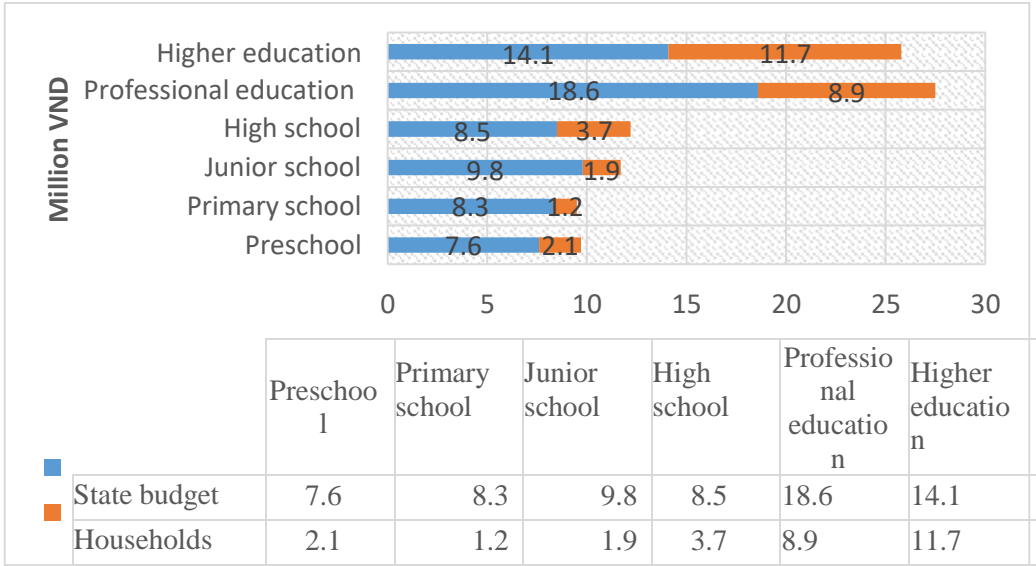


Figure 4: Financial expenditure per student in 2013

From the obtained data, it can be seen that:

5.1.3.1. The level of financial expenditure depends on the policies of the government:

The expenditure level for pre-school before 2010 was lower and household contribution rate was usually about 30%. However, since the government issued the policy of preschool universalization for 5-year-old children, the level of financial expenditure (from both state budget and households) has increased, higher than primary school level. Similarly, since the government invested in vocational education development, financial expenditure for vocational training has skyrocketed, surpassing the average expenditure per student in higher education.

5.1.3.2. The level of financial expenditure per student is too low to cover training costs

- 1) State budget expenditure: According to data from the UNESCO Institute of Statistics (UIS), the average governmental expenditure per student in 2016 for primary school level in Vietnam was lower than that of North Korea, Thailand, and Japan; while the expenditure for junior high school level was only lower than that of Japan and higher than Philippines, Indonesia, Hong Kong, Malaysia; but at the senior high school level, it was much lower than in Malaysia and Brunei (MOET and General Statistical Office of Vietnam, UNESCO Institute for Statistics, 2016). For education levels that are universalized, state budget expenditure accounts for a higher proportion, and for other education levels, household expenditure is higher. Meanwhile, living standards of the population are low and uneven.
- 2) Household expenditure: Also based on UIS data (2012), total financial expenditure on education in the private sector in the period 2000 - 2010 in Australia, Japan, Laos, New Zealand, Philippines, Korea, Thailand and India was common from 1 % to 2% of GDP. The country with the highest share was South Korea, up to 3.2% in 2009. In Vietnam, the proportion of private sector spending on education in the period 2009 - 2013 was 1.7%, 2.1%, 2.0%, 2.0% and 1.9%, respectively, which was common in many countries (MOET and General Statistical Office of Vietnam, UNESCO Institute for Statistics, 2016). As such, household spending on education was not so low relative to their income, it was a trying level. However, similar to the public sector, due to the small size of household income, the revenue could only meet the spending requirements of education at a low level.
- 3) A view from the price of educational services:

In 2019, after the Ministry of Education and Training issued Circular No. 14/2019/TT-BGDDT guiding the formulation, appraisal and promulgation of economic - technical norms and methods of setting prices for education and training services (MOET of Vietnam, 2019), some higher education institutions based their collection of tuition fees on all training costs.

As a result, the fees were too high as opposed to the contribution capacity of many students and exceeded the ceiling prescribed by the government in Decree 145/2018/ND-CP (Vietnam.Government, 2018).

In the article "Financial reform in Vietnamese higher education" dated October 26, 2014, the Education Dialog Group (Vu, T.T.A and Ngo, B.C, 2014) pointed out that the majority of public universities in Vietnam were setting tuition fees under the government's regulations, which were kept at too low a ceiling. If based on the average tuition fees of American universities, the tuition fees in Vietnam need to increase to about 40 million VND/year while compared to China, they need to increase to about 25-30 million VND/year. Meanwhile, other sources of income such as revenues from services, science and technology services, aid, sponsorship and donation are also too low, averaging only about 3% of the total school revenues.

The average training cost per student in some countries for a bachelor' degree (Le, K.T, 2016)are as follows: Vietnam 630 USD, USA 19,000 USD, China 3,500 USD, Singapore 9,000 USD, Thailand 2,500 USD; for master's degree: Vietnam 750 USD, USA 19,000 USD, China 5,000USD, Singapore 10,000 USD, Thailand 5,000 USD; and for a PhD degree: Vietnam 900 USD, USA 20,000 USD, China 6,000 USD, Singapore 12,000 USD, Thailand 6,000 USD. These numbers show the inadequacy in covering training costs.

6. DISCUSSION

6.1. Difficulties and inadequacies

Based on the current financial spending on education from two sources of state budget and learners' households as analyzed above and from the perspective of the national financial policy, we can indicate some difficulties and shortcomings as follows:

- 1) The government has had high political determination through making education a top national policy with education investment from the state budget as of 2010 reaching over 6% of GDP and equal to 20% of total public expenditure. It has been a great effort which should be recognized. However, due to the small GDP value, the state budget can only meet the basic needs of education at a minimum despite the government's efforts. Compared with the cost levels of other countries, there exists an imbalance between cost requirements and very low satisfaction levels. This is one of the major obstacles in ensuring the quality of education of the school systems.
- 2) The Vietnamese people are traditionally studious and always prioritize investments in the education of their children. As a result, the proportion of education expenditure from household income is high. However, the income of the population is not high and uneven across regions. So household contributions are insufficient to meet the educational development needs. Household costs mainly cover the personal needs of learners while household contributions to tuition fees as a responsibility to pay for training products are very low. The current prescribed tuition fees are only symbolic and not intended to offset costs.
- 3) The above-mentioned context of spending from the state budget and by households shows that the cost offset in education services becomes inadequate and unreasonable, which is reflected in the following issues:
 - a. First, the actual revenue is not adequate to cover the costs. Revenue from the state budget is only available to some schools that are not financially autonomous, while others, both public and non-public, are not eligible. The government provides budget support to schools depending on how much it can afford, not on the criterion of covering training costs. Tuition fees are also based on the living standards of learners and by region, regardless of how much tuition fees can cover the training costs. The revenues from training services of the schools are very low (meeting about 3% of the total costs), due to the inflexible mechanism. Because of these difficulties, educational institutions have had to make enormous efforts to ensure the possible level of training quality in the context of limited financial resources.
 - b. Second, the government encourages educational institutions to be financially self-sufficient (Government and Prime Minister of Vietnam, 2015), but the mechanism cannot guarantee them true self-sufficiency. The reason is that the prices of training services are calculated on actual and market prices while the tuition fees are controlled by a ceiling which is not based on costs, but on the income of residents in different socio-economic regions. In poorer countries, income is often much lower than social costs, which creates a big gap in the

balance of revenue and spending. And in fact, schools have limited rights to their revenue. Even though they have more autonomy, it does not make much sense, as their financial resources are insufficient for spending.

- c. Third, the problem of product cost and payment obligation for benefiting from the product has not been completely resolved. When the learner as a training product graduates, there are four beneficiaries of the product, namely the learner themselves, the government, the business/employer, and the community where the learner lives. So the obligations to pay the training costs must be the responsibility of all four subjects, depending on the extent to which they benefit from the product. But in the current management practice, the division of responsibility for cost contribution has not been included in the government's current mechanism for financial revenue and expenditure. Specifically, the learner pays tuition fees in a symbolic sense, the government's budget allocation mechanism is not yet intended to fulfill its payment responsibility for benefiting from the product, enterprises have no responsibility to contribute anything except for ordinary taxes, and the community makes spontaneous contributions mainly out of kindness. These irrationalities have left the problem of offsetting training costs unsolved. On the other hand, the unequal payment responsibility from the state budget (with some schools being supported, some others not, and non-public schools are completely not supported by the state budget) has created inequality in financial conditions in the competition between different types of schools in the education system. Investment in non-public schools has become unattractive, which has slowed down the socialization of education.
- 4) The aforementioned difficulties and inadequacies require the perfection of some policies on the exploitation and use of financial resources for education. It is change of the mechanism for determining tuition fees, change of the mode of state budget support by learners, institutionalization of the responsibility for paying training costs into the state law, and proper implementation of social policies to ensure the payment ability of the poor or disadvantaged. This is the basis for our recommendation of some key solutions to improve the policy on effective exploitation and use of financial resources for education.

6.2. Solutions

In order to effectively exploit financial resources from the state budget and households to overcome difficulties and inadequacies and assist educational institutions in their difficulties, we propose solutions based on the principle of "product cost" and "payment obligation for product use". That is, if the training cost per student is 100 (currency units), the government should have a mechanism for the school to collect at least 100. Subjects responsible for payment are those who benefit from the training, including: learners, the state, employers and the society.

6.2.1. Solution1: Implementing state budget support for students whether they study at a public school or a non-public school.

Currently, the government only provides state budget support to public educational institutions that cannot afford all their own expenses, but not to non-public educational institutions. This creates unfairness in the responsibility to pay training costs and competitive opportunities among different types of schools.

To cope with that inequality, on the basis of training service prices calculated under Circular No. 14/2019/TT-BGDĐT (MOET of Vietnam, 2019), the management agency should determine the average support level (e.g. 50) to the training providers based on the number of students they have enrolled in accordance with state regulations. The fact the students at public

and non-public schools are equally supported is considered the state share in the responsibility to pay for the benefits of training products.

This solution is first to create fairness in the state's payment responsibility, and then to help non-public schools to gain a more equal competitive opportunity. There should not be concern that this will lead to a state budget shortfall. It is because if non-public schools have the opportunity for development, they will ease the state burdens of investment in material and technical facilities, and maintenance of the training apparatus of the schools, which benefits are much larger than the state budget.

To implement this solution, it is necessary to amend and supplement the State Budget Law in order to create a channel for allocation and support to non-public educational institutions.

6.2.2. Solution 2: Changing the tuition fee mechanism, towards both coverage of training costs and settlement of social policies of the state.

With the state support (50), the remaining training cost to be covered is 50 (100 - 50). It is necessary to determine the students' contribution responsibility in form of tuition fees (e.g. example is 20). Not all students can afford such rate of 20. Through social policies, the government should implement tuition fee exemption and reduction and provide support for disadvantaged people so that they can pay tuition fees at the common rate (20).

In order to effect this solution, the current policies on tuition fee exemption and reduction, and on support for training costs need to be adjusted and revised by a new approach: Tuition fees should be calculated on training costs, while the standard of living factor should be resolved by the state's offset policy.

6.2.3. Solution 3: Stipulating responsibilities of revenue-generating businesses and non-business units in coordinating and sharing training costs with schools.

This is common in other parts of the world. Therefore, Vietnam can learn from the experiences of other countries to institutionalize them into the provisions of the law. For example:

- 1) Revenue-generating businesses and non-business units should admit students for practice/internship, arrange them in temporary positions with real work, assess their performance and offer compensation. Businesses and non-business units involved in the labor use should undertake a certain stage of the training process.
- 2) All businesses and non-business units should share resources and technical equipment in the form of common use with training institutions in order to increase the abundance of libraries, learning materials, laboratories, practice workshops, etc. for training activities.

Good implementation of this solution also helps offset training costs (e.g. 10). Thus, the remaining cost to be covered is 20 (100 - 50 - 20 - 10).

6.2.4. Solution 4: Creating a mechanism and environment for educational institutions to conduct scientific research, technology transfer and revenue-generating social services.

So far, the group of training and vocational schools has gradually generated revenue from these activities but at a very low rate (about 3% of income), due to the mechanism being inconsistent and not open. The group of preschools and high schools is still in confusion. Hence, the government needs stronger and more consistent directions to implement this solution well. If successful, schools will generate additional revenue (e.g. 15), the remaining cost to be made up is 5 (100 - 50 - 20 - 10 - 15).

6.2.5. Solution 5: Strengthening the role of professional associations (study promotion association, former teacher association, etc.), and political and social organizations to mobilize



funds for study and talent promotion, thereby supplementing funding for the shortfall (which is 5). It is advisable to see this as the responsibility of the social community to contribute to training costs, not simply charity or benevolence.

7. CONCLUSION AND RECOMMENDATIONS

From the research results, we can draw some lessons about the policy of mobilizing and using national financial resources for education as follows:

First, for poorer countries with low-income populations, the state budget is still the main source of investment for education. The government's efforts are the decisive factor in the development of education.

Second, with the small size of state budget and expenditure from learners' households, poorer countries need to have a mechanism for appropriate financial exploitation and use in order to meet the minimum spending needs of education. The rationality of financial policies needs to be solved in a multi-dimensional way through balancing needs and capabilities and through the responsibility to pay for training products. The responsibility for payment should be made equal to all who use the product, including the state. Only then will we create an equal environment in competition, thereby encouraging all types of schools to develop together.

Third, the financial autonomy of educational institutions needs to be truly guaranteed by the right to determine their rate of revenue to cover their costs. Once the right to collect revenue is not geared toward covering adequate costs, it is not possible to enable true financial autonomy.

We propose that the government redesign the policy framework for mobilizing and using education finance, with the implementation responsibilities of main related parties as follows:

- 1) The MOF should coordinate with the MOET in formulating an overall policy on mobilizing and using finances in education with the following principles: i) The prices of educational services are calculated according to the market mechanism which is enough to ensure the quality of education in the country's conditions; ii) Clearly defining the responsibilities and contribution levels of the State, individual learners, employers and the community in paying training costs; and iii) Through supplemental policies, it is necessary to ensure a balance between revenue and expenditure upon requiring schools to be financially self-sufficient.
- 2) The National Assembly and the government should promulgate legal documents to institutionalize issues of the new financial policy into the state law.
- 3) The MOET in collaboration with the UNESCO Institute for Statistics should perfect the methodology of National Education Accounts and put it into use to verify, monitor and evaluate the implementation of the new financial policy for education on a regular basis.

The application of the solutions to more effectively exploit the state budget and household spending on education is of great necessity and significance for limited financial resources. The above solutions act as an overall approach. Upon application, it is necessary to rely on the practical context to concretize them as appropriate. The proposed solutions require the change of some contents of national policies. Therefore, in order to achieve this, it is necessary to get the determined engagement by the relevant ministries and branches, and the strong consensus by the government.

While there are still difficulties in financial resources, the suggested solutions will hopefully help remove some obstacles, improve the effectiveness of capital mobilization and use, and contribute to further enhancing the quality of education. We hope that our analyses from the

case study of Vietnam in this article will be a useful reference for interested readers. We also wish to obtain opinions and discussions so that the addressed issues will become more useful./.

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