



Received: 23-07-2023  
Accepted: 03-09-2023

ISSN: 2583-049X

## **Financial Policy for Education and Budget Spending for the Education Sector in Vietnam**

<sup>1</sup> **Vu Thi Lan Huong**, <sup>2</sup> **Nguyen Thi Tuyet Van**, <sup>3</sup> **Vu Thi Thanh Huyen**  
<sup>1, 2, 3</sup> University of Labour and Social Affairs, Hanoi, Vietnam

Corresponding Author: **Vu Thi Lan Huong**

### **Abstract**

Education and training are important issues that have long been regarded by our party and our state as the top national book and the driving force of socio-economic development. Over the past two decades, state budget investments in education and training have been decided by Congress and the government in the priority direction of boosting investment resources for people. The article explores how to

build financial policy mechanisms for education and training in Vietnam. In-depth research into a number of specific policies is being undertaken in several provinces in Vietnam. The article also explores the state budget investment in education and training in Vietnam over the past few years.

**Keywords:** Financial Policy, Budget Spending, Education, Vietnam

### **1. Introduction**

Education and training are important issues that have long been regarded by our party and our state as the top national policy and the driving force of economic and social development. Over the past two decades, state budget investments in education and training have been decided by Congress and the government in the priority direction of boosting investment resources for people. Public spending on education has been steadily increasing over the years, along with many policies aimed at improving student accessibility, improving the quality of education, and ensuring life for teachers and educational managers. The policies on exemptions from tuition fees and scholarships over the past 10 years have also been issued relatively fully and thoroughly, focusing on the policy objects of ethnic minorities, children with disabilities, poor households, and people living in areas with difficult socio-economic conditions.

Along with investment from the state budget and policies for teachers and learners, the network of non-public educational institutions is continuously expanding from the community to the national level, with a wide range of schools and types of education, thereby significantly improving access to education at all levels and for all ages.

The system of financial policy mechanisms for education and training is continuously being studied and improved. The State Budget Law stipulates: Ensure priority budgeting for the implementation of party and state policies in each period of education and training. At the same time, when allocating the state budget, the State Budget Law also stipulates that "in development investment and regular expenditure, there are specific levels for the areas of education-training and vocational training", which has demonstrated special priority in the allocation of the state budget for education, training, and training. The specialty law in the field of education and training, the education law, the higher education law, and the vocational education law also stipulate that the state prioritizes investment in education. The state budget must play a major role in the total investment resources for education. The government prioritizes investment from the state budget for higher education, and the budget for vocational education is prioritized in the overall state budget expenditure for education and training.

### **2. Overview of the development of financial policy mechanisms for education and training in Vietnam**

The government, the prime minister, and ministries and departments have issued a number of documents detailing the laws and decrees that regulate the financial policy mechanisms for education. The system of documents regulating the policy of security in education aimed at students:

The policy system for the welfare of pupils has been fully implemented at all levels of education, basically targeting all policy subjects: the poor, ethnic minorities in especially difficult areas, deep, remote areas, borders, and islands.

\* A policy regime for teachers to ensure a stable income, giving teachers confidence in their work:

Nowadays, teachers enjoy a lot of treatment. All teachers are entitled to a subsidy of 25 to 50 percent of their salary. In particular, teachers are entitled to an annual allowance (1% of the salary for each year of teaching for 5 years or more). For retired teachers, they are entitled to an annual pension allowance corresponding to the number of years of work. This is a special scheme only for teachers; other disciplines do not have this yearly allowance.

In addition, for teachers, the education managers of specialized schools, in areas where the socio-economic conditions are difficult to enjoy the special policy regimes since 2006 (regulated in Decree No. 61/2006/ND-CP), there are many regimes such as increasing the allowance subsidy to 70%, the initial one-time allowance regime, allowance for water, movement, documentation, nurturing, etc. Officials of the Ho Chi Minh Communist Youth League, the Vietnam Students' Association, and the Vietnam Youth Union in educational and vocational institutions or teachers in charge of these tasks benefit from subsidiary regimes such as reduced teaching hours and subsidies for their duties.

\*System of documents regulating the autonomy of public educational units:

Public educational institutions exercise autonomy in accordance with Decree No. 60/2021/ND-CP regulating the mechanism of financial autonomy of public career units.

With Resolution No. 29-NQ/TW on basic, comprehensive education-training innovation of the Ministry of Education and Training, the government has directed the ministry of education and training to implement seriously and effectively Decree No. 43/2006/NND-CP, with particular emphasis on the innovation of financial work in educational institutions and training in the direction of: innovation of management mechanisms, use of financial resources, expansion of income resources, increase income for workers, establishment of funds for rewards, welfare care for the lives of workers, and reinvestment in training activities.

Following the adoption of Resolution 29/NQ-TW, the government has requested the Ministry of Education and Training to direct the promotion of financial autonomy for public higher education institutions and has also issued Resolution No. 77/Nq-CP on the pilot innovation of the operational mechanism for public higher education institutions for the period 2014–2017. This has encouraged public higher education institutions to actively exploit, rationally, and efficiently use resources to improve the quality of training and reduce spending on the state budget while increasing access to higher education for poor students, subject to policy. On the basis of the overall evaluation of the implementation of Resolution 77, under the direction of the government, the Ministry of Education and Training has finalized the draft Decree regulating the mechanisms of autonomy of public higher education institutions, which proposes to promote the transfer of self-reliance and financial self-responsibility to public higher educational institutions.

Some localities have effectively implemented financial autonomy with their own educational institutions, granted financial self-government, and secured regular spending on local schools. In addition to regular expenditure, the local government has allocated basic construction capital to

support the construction of national-standard schools and strengthen schools and classrooms.

The Ministry of Education and Training has issued a decree regulating exemptions from tuition fees, support for tuition costs, and mechanisms for collecting and using tuition for public educational institutions in the national education system. The government is committed to implementing a policy of free tuition for children under the age of five, secondary school students in public schools, and supporting the payment of non-public basic tuition fees for children and university students, especially for villages, communities with special difficulties, minority communities, deep areas, and remote areas, in accordance with the provisions of the Constitution of 2013, Resolution 29. The Ministry of Education and Training has specified this in the draft Education Law (amended). At the same time, we actively implement credit programs for students, raise the level of credit for students, and facilitate students belonging to poor households and near-poor families who have difficulties borrowing, studying, and starting a business.

Institutions are granted autonomy in determining the level of tuition fees, the cost of training, personnel, equipment, and the performance of their duties; in addition, they are exempt from corporate income tax on interest on bank deposits to invest in facility development, establish a student support fund, and provide backup to schools with real corporate tax payments.

\* Policies that encourage and mobilize private capital for the development of education and training:

Implementing the Socialization of Public Career Services of the Party and the State, the Government issued Decree No. 69/2008/ND-CP dated May 30, 2008 on policies to encourage socialization of activities in the fields of education, vocational education, health, culture, sports, and the environment. In addition, tax, land, and credit policy incentives to encourage social investment in education and training are also set out in specialized documents on taxation and other land.

\* To serve specific educational development goals, the government and the Prime Minister have also approved a number of specific education schemes.

The system of innovative education development schemes in education has been enacted, covering professions, sectors, and areas of difficulty such as the Foreign Languages Scheme, the scheme "Training Scientific and Technical Personnel in Foreign Institutions with the State Budget and the scheme "Training PhD-qualified faculty for universities and colleges in the period 2010-2020."

Based on the real needs and capacity of the local budget, many localities also issue their own schemes and policies to develop education and training in accordance with the conditions and specifics of their localities, etc.

Currently, the system of legal corridors for the development of education and training has been enacted quite fully and synchronously, covering all the issues of training and vocational education. Most of the policy regimes for teachers and students are based on the basic salary issued by the state. So, ensure that the level of expenditure for these policies increases in line with the state's salary adjustment. At the same time, these documents are constantly being studied, modified, or new policies issued to serve the development of education and meet the economic and social

requirements of the new situation.

### 3. Some Local-Specific Policies

In accordance with the provisions of paragraph 9 of Article 30 of the State Budget Law, the Provincial People's Council has the power to: "Decides on the budgetary arrangements for a number of local-specific expenditure tasks in addition to the arrangements, standards, and budgetary standards issued by the Government, the Minister of Finance to carry out the tasks of socio-economic development, ensuring order and social security on the ground, in accordance with the balance of the local budget;

At the same time, in accordance with the provisions of paragraph 3 of article 21 of Decree No. 163/2016/ND-CP dated December 21, 2016 of the Government detailing the implementation of certain articles of the State Budget Law, which stipulates the powers and responsibilities of the People's Council at the provincial level: "Decides on the budgetary arrangements for certain expenditure tasks of a specific local nature in addition to the arrangements, standards, standards of spending issued by the Government, the Prime Minister, the Minister of Finance to carry out the task of socio-economic development, ensuring order, social security on the ground, in accordance with the balance of the local budget, the central budget does not support. In particular, pay, salary, and subsidy schemes must be consulted by the Finance Ministry, the Ministry of Internal Affairs, the Department of Labour—Invalid and Social Affairs, and the ministries of industry and the direct sector before making a decision.

Thus, in addition to the policies set out in the documents of the government that the Prime Minister mentioned above (support for lunch, exemption from tuition fees, and support for tuition costs), the local authorities can specify specific policies in accordance with the balance of the local budget. Some localities have issued the following special policies:

#### ▪ Bac Ninh Province

On December 6, 2018, the People's Council of Northern Ninh Province issued Resolution No. 149/2018/NQ-HND regulating a number of regimes and policies to support the development of early childhood education and non-public general education in the province for the period 2018-2025. It sets out a number of policies, as follows:

Direct support for tuition fees for children in non-public educational institutions (pre-schools, private independent youth groups) in industrial parks and bordering industrial areas in the province: A child is a child of a worker, a common worker who works in an industrial district with a labor contract signed by an enterprise (certified by the enterprise with a labor contract and social insurance, health insurance, unemployment insurance, etc.) and studies in non-public educational institutions in industrial districts or communes (schools, towns) adjacent to the industrial area; children living in specialized educational establishments outside the state are supported by tuition fees equal to the tuition costs of the public educational facilities established on the same territory.

Support for early childhood educational institutions and teachers to improve the quality of education and childcare, including the following four support content:

- Land rental and free land rental: investors in the implementation of non-public early childhood

education development projects benefit from land preferential policies and tax exemptions as prescribed by the government;

- Bank interest rate support: For investments in the construction of non-public schools, borrowing capital is supported by loan interest rates at the preferential loan rates of credit institutions, designated by the state in accordance with the provisions of the government on the development and management of social housing in the government's annual announcement, not more than 6.5% per annum. Interest support period from the date of commencement of the settlement under the contract with the bank (commercial bank, credit institution, etc.), not more than 5 years.

Investment support for the procurement of equipment and equipment for early childhood education: Groups, private independent classes, and specialized educational institutions: From 20 to 40 children, support is not more than VND 100 million per facility; from 41 children and above, support is not more than VND 300 million per establishment. Private independent youth groups in industrial parks with a size of 12 children/groups or more, with support not exceeding VND 50 million/group; Preschool: From 50 children to 100 children, with support of up to VND 400 million per school; from 100 children to up to 900 million VND per school.

Social insurance, unemployment insurance, health insurance, and occupational accident insurance Occupational diseases: 50% social insurance, unemployment insurance, health insurance, occupational accident insurance - Occupational diseases (regulated by the minimum wage established by the government) for officers, physical teachers working in kindergartens, and independent youth groups established after the entry into force of this resolution, which the employer is obliged to pay to the social security agency. A five-year support period since non-public educational institutions were established and operational.

#### ▪ Hai Phong City

The People's Council of Haibon City adopted Resolution No. 54/2019/NQ-HND dated December 9, 2019 on the policy of supporting tuition fees for students from pre-primary school to secondary school in Haibon City. In accordance with this, children of early childhood, students of general school who are practically studying at the institutions of primary childhood education, and special educational institutions are established, licensed to operate according to the provisions of the law on the territory of the city of Haibon, and have a passport or temporary residence registration or confirmation by the police authorities of living in the city. The city supported 100% of the tuition fee at the level of tuition decided by the city's people's council.

### 4. The Situation of Investment from the State Budget for Education and Training in Vietnam over the Past Time

The management mechanism and allocation of state budget resources to educational institutions for training and vocational education (investment tax, regular expenditure) are implemented in accordance with the general provisions of the State Budget Law, the Public Investment Law, and the guidelines. The 2015 State Budget Law clearly defines the function of managing the state budget expenditure tasks in each state budget level, including the tasks for training

education, in particular: regulation of the central budget and local budgets on training education careers in articles 36 and 38 of the Law on State Budget and has specific instructions in Decree 163/2016/ND-CP. At the same time, the efficiency of allocation, management, and use of the budget is enhanced through financial planning—a three-year budget that allows units to be proactive in the development of operational plans, teaching tasks, and training that enhances the quality and effectiveness of teaching and learning throughout, improves efficiency, and avoids loss and waste of resources.

The standard system of allocation of the state budget also specifies expenditures on education and training, as well as priority for localities with difficult conditions and subsidies for people with difficult circumstances. The regular budget allocation for training education for the period 2016-2020 is set out in Decision 46/2016/QD-TTg dated October 19, 2016, which provides for the allocation of the state budget according to the population in school age (from 1 to 18 for education and after 18 for training and vocational teaching) and is divided into 4 regions: municipal, plain, mountain (ethnic countrymen in the plain), and Highlands (an island). These criteria calculate incentives and support for policymakers and locals in difficult areas. In particular, Decision 46/2016/QD-TTg also stipulates that for those localities where the regular spending rate for teaching and learning activities is less than 18% of the total spending for educational careers, it will be added to guarantee the salary ratio of 82%, and the minimum spending ratio for learning and teaching activities is 18%.

With regard to investment capital developed from the state budget, the provisions for the allocation of resources are also clearly defined as regards the principles, criteria, and criteria for allocating investment capital for the development of state budget resources for the period 2016–2020 according to criteria on population, socio-economic conditions, and budgetary capabilities. And priority programs such as the Objective Programme for Mountain Education, Ethnic Minorities, and Disadvantaged Areas; the Occupational Education—Employment and Safety at Work.

## 5. Conclusion

Resolution No. 29-NQ/TW of the Central Committee on Fundamental, Comprehensive Innovation in Education and Training and the Action Plan of the Education Sector The government's Program of Action to Implement the Resolution of the Twelfth Party Congress continues to set many goals and solutions for the development of universal education. On May 30, 2019, the Secretariat issued Conclusion No. 51-KL/TW on continued implementation of Central Resolution No. 8 of the Central Committee on Fundamental, Comprehensive Innovation in Education and Training to Meet the Requirements of Industrialization, Modernization in the Socialist Market Economy, and International Integration.

The budget for early childhood education, general education, vocational education, and higher education is clearly separated from the budget for the training and nurturing facilities of the political system and the armed forces. Strict, public, and transparent monitoring of the use of funds.

The state concentrated investment in building a number of universities, key training sectors, and pedagogical universities. Implementation of ordering mechanisms on the

basis of economic-technical standards, quality standards of certain types of training services (without distinction of the type of training facility), and guaranteeing payments corresponding to quality suitable for the profession and training level Transparency of joint activities, training linkages, and use of public resources; ensuring harmony between benefits and reinvestment accumulation.

## 6. References

1. Congress, State Budget Act, 2015.
2. Congress, Education Law No. 43/2019/QH14, dated June 14, 2019.
3. Congress, Law on Higher Education No. 34/2018/QH14, dated November 19, 2018.
4. Congress, Law on Vocational Education No. 74/2014/QH13, 2013.
5. Congress, Public Investment Law No. 39/2019/QH14, dated June 13, 2019.
6. Government, Government Decree No. 61/2006/ND-CP: Decree on policy for teachers and educational managers working in specialized schools, in areas with difficult socio-economic conditions, 2006.
7. Government. Resolution No. 77/NQ-CP dated October 24, 2014 on pilot innovation of operational mechanisms for public higher education institutions for the period 2014-2017, Hanoi, 2014.
8. Government. Decree No. 60/2021/ND-CP dated June 21, 2021 regulating the mechanism of financial autonomy of the public career units, Hanoi, 2021.
9. Resolution No. 29-NQ/TW of November 4, 2013.
10. Government, Decree No. 69/2008/ND-CP dated May 30, 2008 on policies to encourage socialization of activities in the fields of education, vocational education, health, culture, sports, and the environment, 2008.
11. Government, Decree No. 163/2016/ND-CP dated December 21, 2016.