



Analysis on management of philanthropic endowment in Chinese universities

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Abstract: Philanthropic endowment, along with government allocation, tuition fee and extra income, is one of the four major means for funding higher education in China. Research on philanthropic endowment is at its beginning stage, and so it is not yet well known. With a view to providing some useful information to our government, universities and society, this paper aims at making a brief analysis of the status quo and management of philanthropic endowment in Chinese universities.

Keywords: Chinese universities, Philanthropic endowment, Fund management

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INTRODUCTION

Philanthropic endowment has become the fourth greatest major means, after government allocation, tuition fee and extra income, to fund higher education in some advanced countries (Meng *et al.*, 2002). Some scholars call philanthropic endowment "the third distribution" in society, which has been attracting more and more attention from society and is an important way to maintain the fairness and efficiency of higher education. This paper aims to probe into the status quo and mode of managing philanthropic endowment funds in Chinese universities.

STATUS QUO OF SOCIAL FUNDS TO HIGHER EDUCATION IN CHINA

Among various funding sources of Chinese universities, social funds have been increasing from 1996 to 2001: 0.37 billion, 0.585 billion, 1.15 billion, 1.62 billion, 1.52 billion and 1.73 billion, accounting for 1.13%, 1.5%, 2.09%, 2.28%, 1.66% and 1.55% respectively of higher education funds in China (Unit:

Yuan, see Fig.1 and Fig.2).

Though its proportion is still small (about 2%), social funds has lightened the burden of our government and families, giving impetus to the construction and development of universities. Social funds have been playing a more and more important role in higher education (Meng *et al.*, 2003). Compared with social funds in advanced countries, that in China lags far behind but has greatest potential increase, which deserves further research.

STATUS QUO OF PHILANTHROPIC ENDOWMENT IN CHINESE UNIVERSITIES

Philanthropic endowment in Chinese universities comes mainly from individuals, communities, enterprises and government, among which the majority comes from alumni and overseas Chinese donations. As there is no official statistics available, we collected the figures through the Internet and interviews with people regarding university funds. The result can be seen in Table 1.

Table 1 Annual revenue of some Chinese university funds (Unit: Thousand Yuan)

Fund names	Annual revenue				
	2000	2001	2002	2003	2004
Tsinghua University Fund. (DNTUEF, 2004)	— 190000 ⁽¹⁾	259700 ⁽²⁾ 498230 ⁽³⁾	145400	157750	52570 ⁽⁴⁾
Shanghai Jiaotong University Fund. (DSJUEF, 2004)	12420 ⁽⁵⁾	24840 ⁽⁶⁾	19510	59090	45690
Development Committee of Nanjing University ⁽⁷⁾	50000	64000	90000 139000 ⁽⁸⁾	38000	—
Zhejiang University Fund. ⁽⁹⁾	3230	6870	5960	6880	40220 ⁽¹⁰⁾

⁽¹⁾Date is the total revenue of the fund from April, 1994 to September, 2000;

⁽²⁾Donations to Tsinghua University surged up in 2001 because of the 90th anniversary of Tsinghua University, reaching 259.7 million Yuan;

⁽³⁾The total sum of donation reached 498.23 million Yuan at the end of 2001;

⁽⁴⁾This is the revenue of Tsinghua University in the first six months of 2004;

⁽⁵⁾This is the total revenue of Shanghai Jiaotong University from April, 2000 to March, 2001;

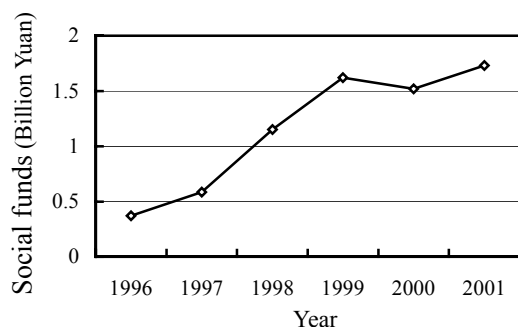
⁽⁶⁾This is the total revenue of Shanghai Jiaotong University from April to December of 2001;

⁽⁷⁾Dates come from the report of Nanjing University at the 7th China University Foundation Forum in Northeastern University, Aug., 2004;

⁽⁸⁾Donations to Nanjing University surged up because of the 100th anniversary of Nanjing University. Of 139 million Yuan planned donations to Nanjing University, 90 million Yuan was actually received;

⁽⁹⁾Dates come from the financial report of Zhejiang University Education Foundation, 2004 (unpublished date);

⁽¹⁰⁾New regulations on the management of philanthropic endowment were implemented in 2004, the Zhejiang University Fund checked all the assets and grouped all donations to the Zhejiang University Fund. The total sum increased greatly

**Fig. 1 Social funds in Chinese universities****Table 2 Projects funded by Mr. Y.C. Tang in Zhejiang University (DZUEF, 2004)**

Categories of projects	Content of project
Construction	4.1 million US\$ for the construction of students' center and teaching buildings
Development of subjects	2.06 million US\$ for the Disciplinary Development Fund, funding of senior visiting scholars, engaging of World Prestigious Scholars, holding of international conferences, programs implementing international students exchange and program implementing preschool education development, etc.
Scholarship	360000 US\$ for scholarships
Art communities	360000 US\$ for organizing art communities

¹Annual report of Peking University Education Foundation, 2002

Fig. 3 compares the annual revenue of some Chinese university funds.

Due to the different selection of statistical fields and factors in various universities, there may be some variations in all the cited figures. However, the outline of philanthropic endowment in Chinese universities can still be clearly seen. Figures on the distribution of these funds are regrettably not available. Philanthropic endowment in universities are mainly used to support the construction and renovation of campus and research facilities, to fund key courses, key disciplines and key laboratories, and to finance scholarships and fellowships as well as to provide financial help to poor students. Peking University's receipted of 0.89 billion Yuan donations from 1989 to 2001¹, facilitated greatly the university's aim of becoming one of the top universities in the world. The usage can be seen in Fig. 4.

Although philanthropic endowment is only at its first stage of exploration, accounting for a small portion in higher education in China, some universities have achieved remarkable success. Especially on their anniversaries, philanthropic endowment grows rapidly in those universities. The potential of philanthropic endowment is very great. We should do a case study of those successful cases, analyze the experiences and understand the rules of philanthropic endowment. Next we are going to analyze the donation case of Mr. Y.C. Tang in Zhejiang University.

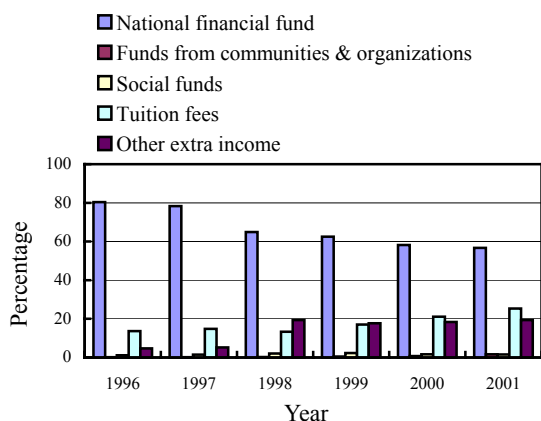


Fig.2 Sources of funds in Chinese universities (SACS, 1997-2003)

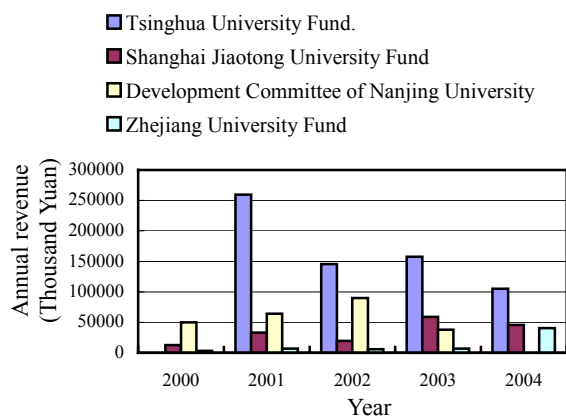


Fig.3 Annual revenue of some Chinese university funds

A CASE STUDY OF EDUCATIONAL ENDOWMENT

Mr. Y.C. Tang donated 6.88 million US\$ to Zhejiang University, for funding projects involving infrastructure, development of disciplines, scholarships and art communities. The detailed funded projects can be seen in Table 2 and Fig.5.

The Y.C. Tang Disciplinary Development Fund have financed the programs of 64 senior visiting scholars, engagement of 69 World Prestigious Scholars, holding of 43 international conferences, 19 programs of international student exchange and co-operation. The art communities funded by him have enhanced art appreciation of students and prestige of

the university. The Students Center Building funded by him has become a wonderful place for student colorful campus life. The Mathematics Building funded by him has attracted world top mathematics masters to teach in Zhejiang University. His generosity to Zhejiang University will surely be remembered forever.

The impetus for Mr. Y.C. Tang’s continuous donations to Zhejiang University comes from his deep love to his mother university, his great solicitude for education in China, the understanding and communication between him and leaders of the university, the good planning, solicitation, management, supervision and reporting as well as the significance and prestige that his donations have brought to the university.

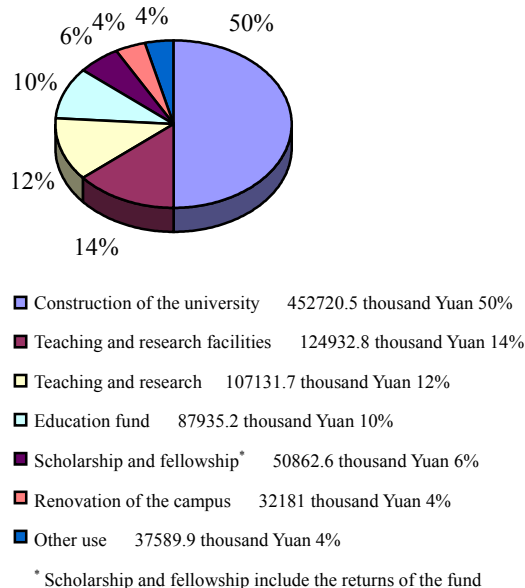


Fig.4 Proportional use of donation of Peking University

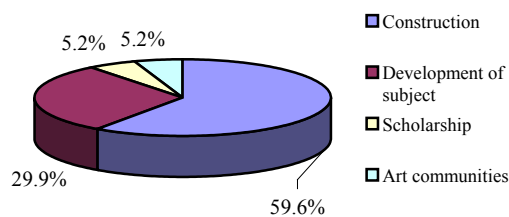


Fig.5 Distribution of projects funded by Mr. Y.C. Tang in Zhejiang University

CONCLUSION

To sum up, the following three points are indispensable for Chinese universities to succeed solicitation for more philanthropic contributions: good planning of project to move donors, good management and expenditure of donations to assure donors, good report and publicity to encourage donors. Furthermore, we should learn from the advanced experiences and modes of management of funds in foreign universities, improve the comprehensive strength and prestige of our universities and pay more attention to the significance of philanthropic endowment. It is not only an exploration of the diversification of education funds but also a significant move towards the reform of China's investment in higher education.

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