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High Tuition Fees in Private Higher Education Institutions in China: A Two-Dimensional Study from the Perspective of Educational Equity

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Abstract. Against the backdrop of China's "Dual Circulation" development strategy and the ongoing marketization of higher education, high tuition fees in private colleges present a symbiotic paradox for educational equity, as they risk exacerbating social stratification while simultaneously expanding the ways in which equity can be realized. This study employs literature review and comparative case analysis to examine the formation mechanisms of high tuition fees from the perspectives of institutional supply and demand stratification, and their dual impact on equity. Building on this analysis, the study proposes an efficiency-compatible equity framework that reconciles equity with institutional and market efficiency. It further recommends establishing a dynamic, data-driven financial aid system leveraging artificial intelligence to better identify and support economically disadvantaged students, creating a regional "APEC Credit Bank" to connect private college courses, faculty, and the international education market, and reforming the education supply structure according to industry demand to foster disciplines in strategic emerging sectors such as artificial intelligence, healthcare, and renewable energy. This research provides a Chinese-informed theoretical and practical model for the coordinated governance of educational equity and market mechanisms on a global scale.

Keywords: Efficiency-compatible equity, Education capacity supply, APEC Credit Bank, Dynamic Compensation mechanism

1. Introduction

As China enters a new stage of development, with domestic circulation as the mainstay and domestic and international circulations reinforcing each other, the strategic role of higher education in improving human capital quality and optimizing the economic structure has become increasingly prominent. Private higher education, as a crucial component of the system, not only contributes to scale expansion, resource integration, and institutional innovation, but also serves as an important driver for the diversification and high-quality development of education. According to the Ministry of Education's Statistical Bulletin on the Development of National Education in 2024, there are 803 private colleges and universities nationwide, accounting for 25.75% of the total, and 10.5224 million private undergraduate and junior college students, representing 27.04% of the total student

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population [1]. Against this backdrop, the "high tuition–high employment rate" phenomenon in private colleges has attracted particular attention. Several private colleges with clear employment orientation and strong educational foundations report graduate employment rates significantly above the national average, with some exceeding 98%. While high tuition fees can enhance labor market efficiency, they also raise barriers to access, effectively excluding students from economically disadvantaged families and highlighting the tension between educational equity and market efficiency. This context provides a critical foundation for re-examining the internal logic and pathways for achieving higher education equity.

This paper examines how the high tuition mechanism in private colleges reshapes the realization of educational equity and addresses whether, and to what extent, high tuition—under the dual constraints of institutional supply and family affordability—undermines or differentiates equity while improving efficiency. Furthermore, it explores whether an educational system can be designed to balance both efficiency and equity goals within the "dual circulation" development strategy. To this end, the study introduces the concept of "efficiency-compatible equity," aiming to move beyond the traditional binary opposition of equity versus efficiency and linking it with human capital allocation theories, such as those proposed by Acemoglu, thereby providing theoretical foundations and policy guidance for emerging economies seeking to jointly promote educational equity and market-oriented reforms [2].

2. Literature review

2.1. Theoretical evolution and practical transformation of educational equity

In theory, the connotation of educational equity has been continuously enriched alongside the development of the social economy and changes in educational policies. Early justice theories, represented by John Bordley Rawls, emphasized "justice as fairness" and advocated for equal access to education for all through institutional arrangements [3]. In the field of educational sociology and policy research, additional theoretical perspectives highlight cultural capital, social reproduction, and institutional critique. For instance, Pierre Bourdieu's theory of cultural reproduction argues that the education system often replicates and reinforces existing social inequalities. This perspective broadens the discussion of educational equity beyond mere resource allocation, emphasizing structural equity and the prevention of implicit exclusion [4].

At the practical level, attention has gradually shifted from macro-level institutional supply to micro-level fairness in educational processes and outcomes. Liu noted that equity in higher education has evolved from focusing solely on quantitative access to emphasizing equal opportunities in quality, and from equity at the starting point to equity throughout the process and outcome [5]. Concurrently, in the context of digitalization and globalization, the practice of educational equity increasingly stresses adaptive equity and inclusive innovation, such as addressing the educational needs of diverse groups through differentiated teaching support and resource allocation policies, thereby promoting a shift from identity-based equality to diversity-oriented inclusion.

2.2. The market-oriented operation and policy adaptation of private education

From an international comparative perspective, there are significant differences in the funding structures and operational models of private higher education across countries. Zhou argues that private higher education in the United States and Japan receives stable policy funding from the

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government, and the policy-based funding systems are relatively complete, forming various types of financial support for private institutions. In China, however, a clear financial support system is still lacking. Current funding is irregular and constitutes only a very small proportion of the overall funding structure of private colleges and universities [6]. High tuition fees provide an economic basis for private colleges to enhance educational conditions, attract excellent faculty, and strengthen practical teaching. At the same time, they may exacerbate disparities in educational opportunities among students from different socioeconomic backgrounds, posing a significant challenge to educational equity. Therefore, the government must carefully balance respect for market mechanisms with the public welfare function of education.

3. A two-dimensional analysis of educational equity

3.1. Guaranteed equity: institutional bottom line and implementation mechanism

The core of guaranteed equity lies in ensuring that all students can access higher education regardless of financial hardship. In response to the high tuition fees in private colleges, China has initially established a diversified financial aid system, comprising national student loans, scholarships and grants, tuition reductions, and the "green channel." For example, some institutions have effectively alleviated financial pressure for certain students through targeted scholarships and grants. However, current financial aid policies still face challenges, including insufficient accuracy in identifying eligible students, significant regional disparities, and limited funding. These issues highlight the urgent need for mechanism innovation to enhance the precision, relevance, and overall effectiveness of financial aid.

3.2. Differential equity: market logic and path innovation

Differential equity acknowledges the diversity of educational needs and the varying financial capacities of members of society, with its theoretical foundation rooted in Maslow's hierarchy of needs. Private colleges leverage market mechanisms to provide "quality-for-price" educational services, addressing the effective demand of some families for higher-quality and more distinctive education. Research indicates that high-income families in China exhibit a relatively low price elasticity of demand (approximately 0.32) for quality higher education services, suggesting that this group is relatively insensitive to rising tuition fees. This demand characteristic provides a market basis for private colleges to implement high-tuition strategies, thereby establishing a positive cycle of "high tuition–high investment–high quality–high employment." Within this model, the surplus resources generated by high tuition fees can produce an "inclusive feedback" effect through scholarships and grants, enhancements in educational quality, and infrastructure improvements, ultimately fostering a competitive and equitable pattern in dynamic development.

4. Discussion and policy recommendations

4.1. Theoretical innovation and contribution

The Efficiency-Compatible Equity framework encompasses four interrelated mechanisms. First, the price screening mechanism relies on market signals to identify groups with the willingness and ability to pay, providing an initial accumulation of resources for private colleges and universities. Second, the resource aggregation mechanism increases educational investment through tuition income, enhances school facilities, and attracts quality faculty, thereby improving educational

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quality and employment competitiveness. Third, the quality improvement mechanism not only addresses differentiated educational needs but also consolidates the resource base through brand effects and economies of scale. Fourth, the back-for-all mechanism redistributes some of the surplus resources to students through scholarships and grants, educational poverty alleviation programs, and infrastructure sharing, compensating and supporting disadvantaged students.

The theoretical innovation of this framework is reflected in three aspects. First, it reconceptualizes the relationship between educational equity and market efficiency, demonstrating that the two are not necessarily opposed but can form a virtuous cycle under certain institutional arrangements. Second, it emphasizes the dynamic and processual nature of educational equity, highlighting that its realization is an evolutionary process involving multi-party participation, resource flows, and institutional adaptation. Finally, the framework integrates the human capital allocation theory from economics with the resource redistribution theory from sociology, offering a novel interdisciplinary conceptual tool for understanding educational equity.

4.2. Policy recommendations

Based on the above analysis, this paper proposes the following policy recommendations. First, establish an intelligent and precise dynamic education compensation mechanism. Leveraging big data, artificial intelligence, and related technologies, develop a dynamic assessment system for family economic conditions to enable accurate identification of financial aid recipients and differentiated determination of financial aid levels. Efforts should be made to increase the coverage of financial aid for economically disadvantaged students in private colleges and universities from the current 15% to over 30%. Pilot a “graduate income-sharing” student loan repayment model to enhance the sustainability and fairness of financial aid policies.

Second, establish a cross-regional credit accumulation and transfer system. Actively promote the creation of an “Asia-Pacific Credit Bank” under the APEC framework to align curricula, faculty standards, and credit management systems across private colleges, facilitate regional sharing and mutual recognition of quality educational resources, and enhance the international competitiveness of China’s private higher education.

Third, advance reforms to optimize the structure of education supply. Guide private colleges to align closely with the national “dual circulation” strategy and industrial upgrading needs, developing disciplines and specialties in emerging fields such as artificial intelligence, digital technology, healthcare and elderly care, and new energy. Promote strategic adjustments to talent cultivation structures, achieving differentiated development and mutually beneficial synergies with public colleges and universities.

5. Conclusions

The phenomenon of high tuition fees in private colleges exhibits a distinct “double-edged sword” effect. On one hand, it reflects differential equity under market mechanisms, helping to optimize the allocation of educational resources and enhance the efficiency of human capital. On the other hand, it may undermine guaranteed equity and increase the risk of marginalizing vulnerable groups. From the perspective of the “symbiotic paradox,” this paper analyzes the complex effects of high tuition fees across the dual dimensions of institutional supply and demand stratification, and proposes the theoretical framework of “efficiency-compatible equity,” offering a novel lens for understanding the relationship between educational equity and market mechanisms. This study has certain limitations, notably its focus on macro-theoretical construction and policy analysis. Future research could

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conduct micro-level empirical studies to investigate the differentiated impact of tuition policies across regions and types of private colleges, and could further extend to vocational education to explore multiple pathways through which market mechanisms contribute to building a skilled society.

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