

EDUCATION & MALAYSIA BUDGET

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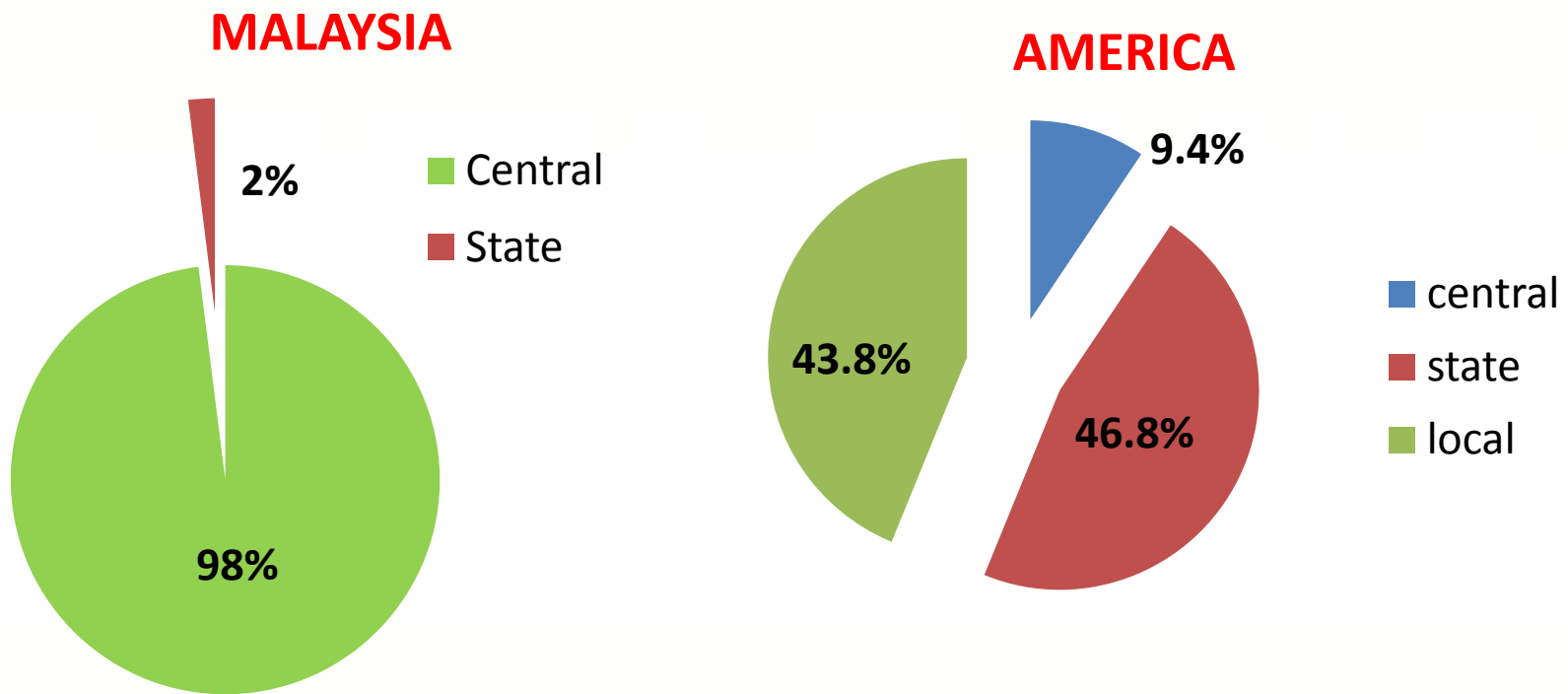
INTRODUCTION

- Education is the most important field once in building and developing quality human capital.
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 - Education and human resource development are the keys to increasing the country's competitiveness
 - Education played a major role for economic growth and development of a country
 - A large expenditure is required to achieve all of that.
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- Vern, Deborah & Rulon (2012) in the book *Financing Education In A Climate Of Change* said that the economist regard education as an investment in human capital. Resource allocations to education are a responsibility of the government at all levels.
- Base on that, our government has aware that investment in education and training is a pre-requisite for prosperity of the country and the well being of the citizens.
- Ministry of Education has launched the Malaysia Education Blueprint 2013-2025 Preliminary Report on 11 Sept 2012 to ensure the national education system is capable of optimising the potential of each Malaysian child.



COMPARATIVE EDUCATION FUNDING POLICY IN MALAYSIA AND AMERICA



Source: Odden and Picus, 2000



THIRD THRUST: INCULCATING EXCELLENCE IN HUMAN CAPITAL

Education sector continues to receive the biggest allocation with RM54.6 billion or 21% provided in Budget 2014 in an effort to enhance education excellence.

➤ Upholding excellence in education beginning

- ✓ RM530million would be allocated to run preschool programmes
- ✓ RM209million would be provided to enhance the teaching profession
- ✓ RM168million would be spent to expand Internet access, especially in rural areas
- ✓ RM831million would be allocated to build 33 new schools and upgrading existing ones, including dilapidated schools



- ✓ Special Fund for Building, Upgrading and Maintenance of Schools would get an additional RM450 million.
 - RM100 million would be channelled to national schools
 - RM50 million each to national-type Chinese schools, national-type Tamil schools, mission schools, government-assisted religious schools, boarding schools, Mara junior science colleges and people's religious schools (SAR).

➤ Tertiary Education

- ✓ RM600 million would be provided in research grants to public institutions of higher learning
- ✓ RM100 million will be allocated to continued MyBrain15 programme which finances tuition fees at post-graduate level, especially for executives in the private sector

➤ **Strengthening Skills Training**

- ✓ RM178million to upgrade and replace equipment at JTM training institutes with the latest technology
- ✓ RM330million to Skills Development Fund under the Ministry of Human Resource.
- ✓ RM200million is allocated to upgrade and implement a two-shift approach at the National Youth Skills (IKBN)

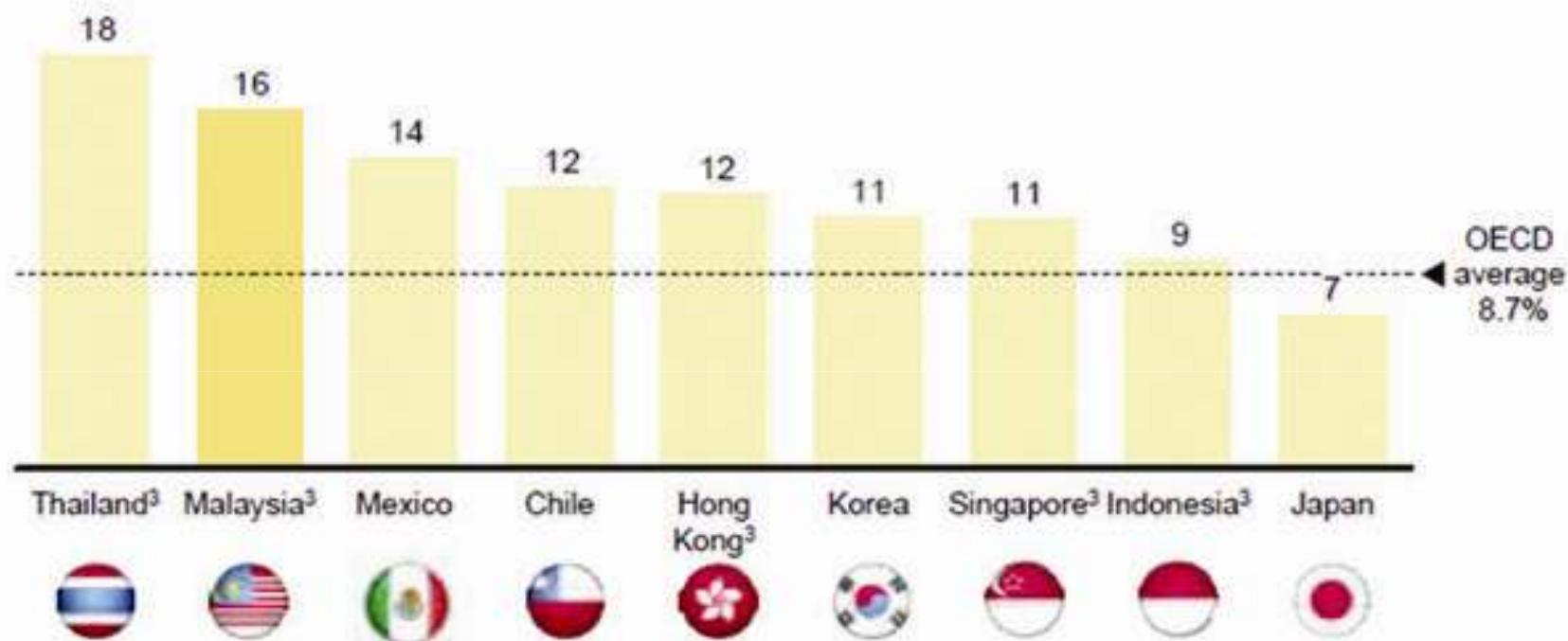
➤ **Schooling Assistance**

- ✓ RM100 to all primary and secondary students. For this, the Government will allocate RM540million which will benefit about 5.4 million students
- ✓ RM250 1Malaysia Book Voucher to each student in pre-university and institutions of higher learning to benefit 1.3 million students involving an allocation of RM325million.



Basic education expenditure¹ as a percentage of total government expenditure for Malaysia and peers²

Percent (2008)



¹ Includes operating expenditure and capital/development expenditure for basic education (primary and secondary)

² Peers based on the following categorisation: Asian Tigers (Hong Kong, Singapore, S. Korea, Japan); SEA neighbours (Indonesia, Thailand Singapore), and comparable GDP per capita (Mexico and Chile)

³ Data for 2010

Note: Data from 2008 or 2010 depending on latest available data

SOURCE: Ministry of Education Malaysia; OECD – Education at a Glance 2011; Singstat; Ministry of Finance Thailand; Ministry of Finance Indonesia; Education Bureau of Hong Kong.



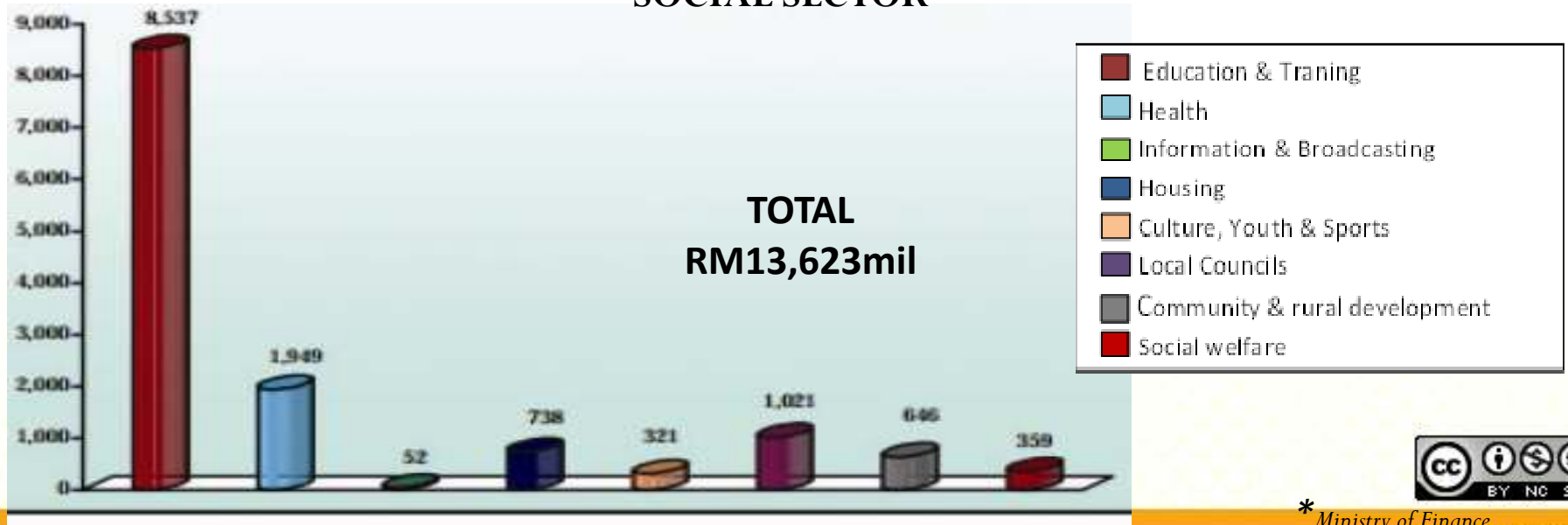
DISTRIBUTION OF ESTIMATED EXPENDITURE 2012

SOCIAL SECTOR



DISTRIBUTION OF THE ESTIMATED DEVELOPMENT EXPENDITURE 2012

SOCIAL SECTOR



The Provisions Of The Education Sector

Development Plans

Malaysia Plan	Education Expenses (RM million)	Percentage of Total Expenditure (%)
2	537.27	7.4
3	1 671.32	9.0
4	4 840.09	9.8
5	4 687.59	10.1
6	7 760.00	13.3
7	10 210.00	15.1
8	22 660.00	20.6
9	41 114.00	20.6

THE DISTRIBUTION OF EDUCATION BUDGET IN MALAYSIA

Government Policy for School Level Education Budget

- Pre-school, Primary and Secondary
- Government Assistance Grant
- Aid Per Capita (PCG) for Secondary School status
CoR(Chief obligations Center) / PTj
- Subsidy to each student at the institute of Higher Learning
- Scholarships / Education Loan (PTPTN, JPA)
- others



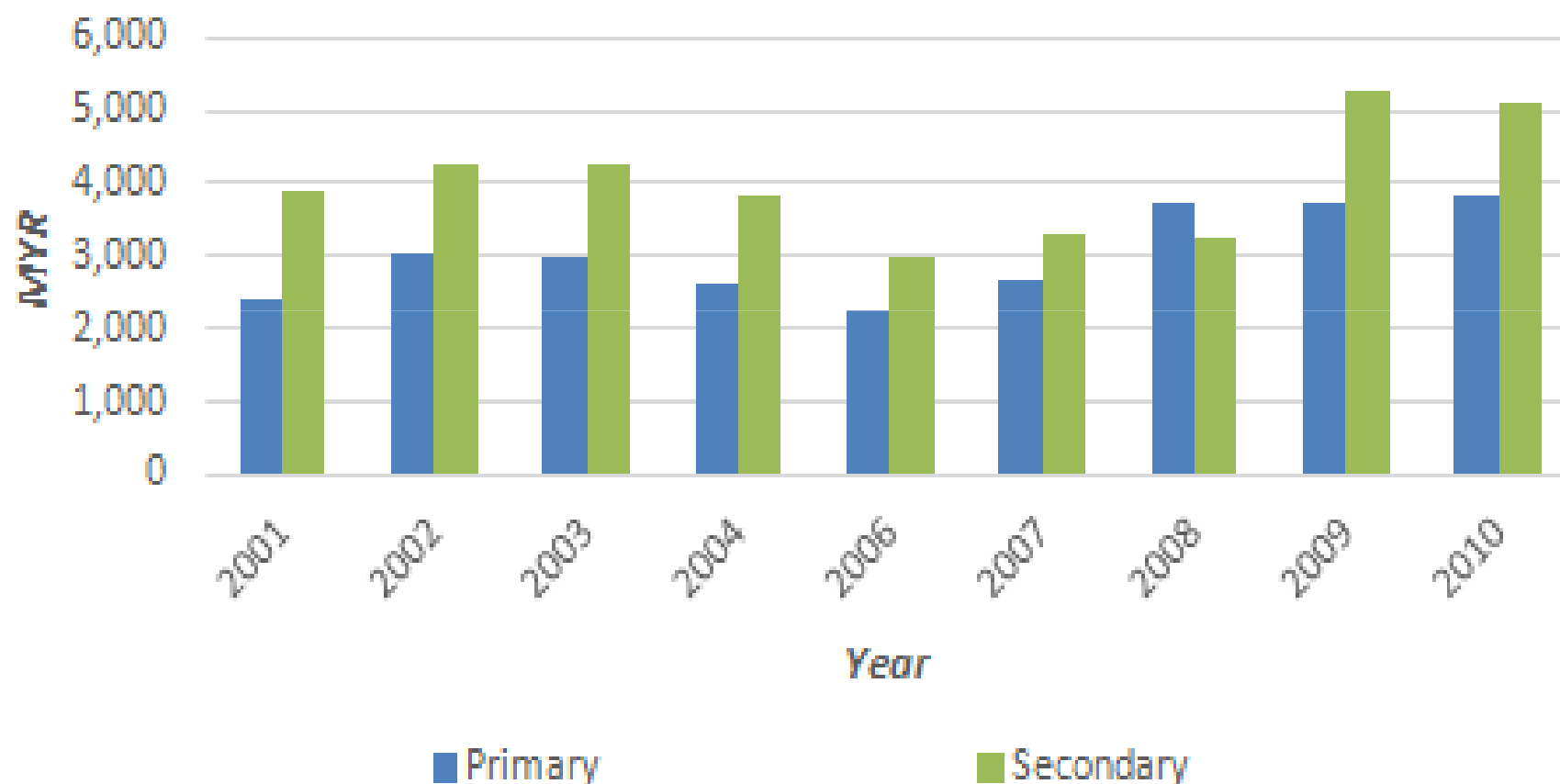


The Total Allocation To The Education Sector Programmes (RM million)

Programme	RMK5	RMK6	RMK7	RM8	RM9
Pre-school	-	61.8	107.4	215.7	807.3
Primary School	784.9	1 184.7	1 396.0	5 369.3	4 837.3
Secondary School	1 436.5	2 050.7	2 447.9	8 748.1	6792.8
Tertiary	2 591.9	3 139.3	2 961.8	13 403.9	16 069.0
Teachers Education	284.9	180.1	458.8	1 368.1	577.7
Others	163.9	793.2	1 065.3	8 816.9	11 272.4
Skills & Training	303.9	615.4	1 661.6	4792.6	4 792.6
Total	5 566.1	8 025.2	10 098.8	42 372.9	45 149.1



Public Education Expenditure: Primary vs. Secondary Per Pupil



ALLOCATION FOR EACH STUDENT ACCORDING TO THE COURSE FOR UNDERGRADUATES IN IPTA

COURSE	Costs incurred by the Government in a year		Student fees paid in a year	
	RM	%	RM	%
SOCIAL SCIENCES	6,270	83.8	1,020	16.2
ECONOMY	7,226	84.4	1,100	15.2
LAW	9,072	86.4	1,240	13.6
PURE SCIENCES	9,072	86.4	1240	13.6
TECHNOLOGY AND ENGINEERING	12,000	88.9	1,400	11.1
APPLIED SCIENCE	11,281	88.3	1,320	11.7
DENTAL SPECIALIST	14,313	88.2	1,700	11.8
MEDICAL	24,356	92.2	1,800	7.3

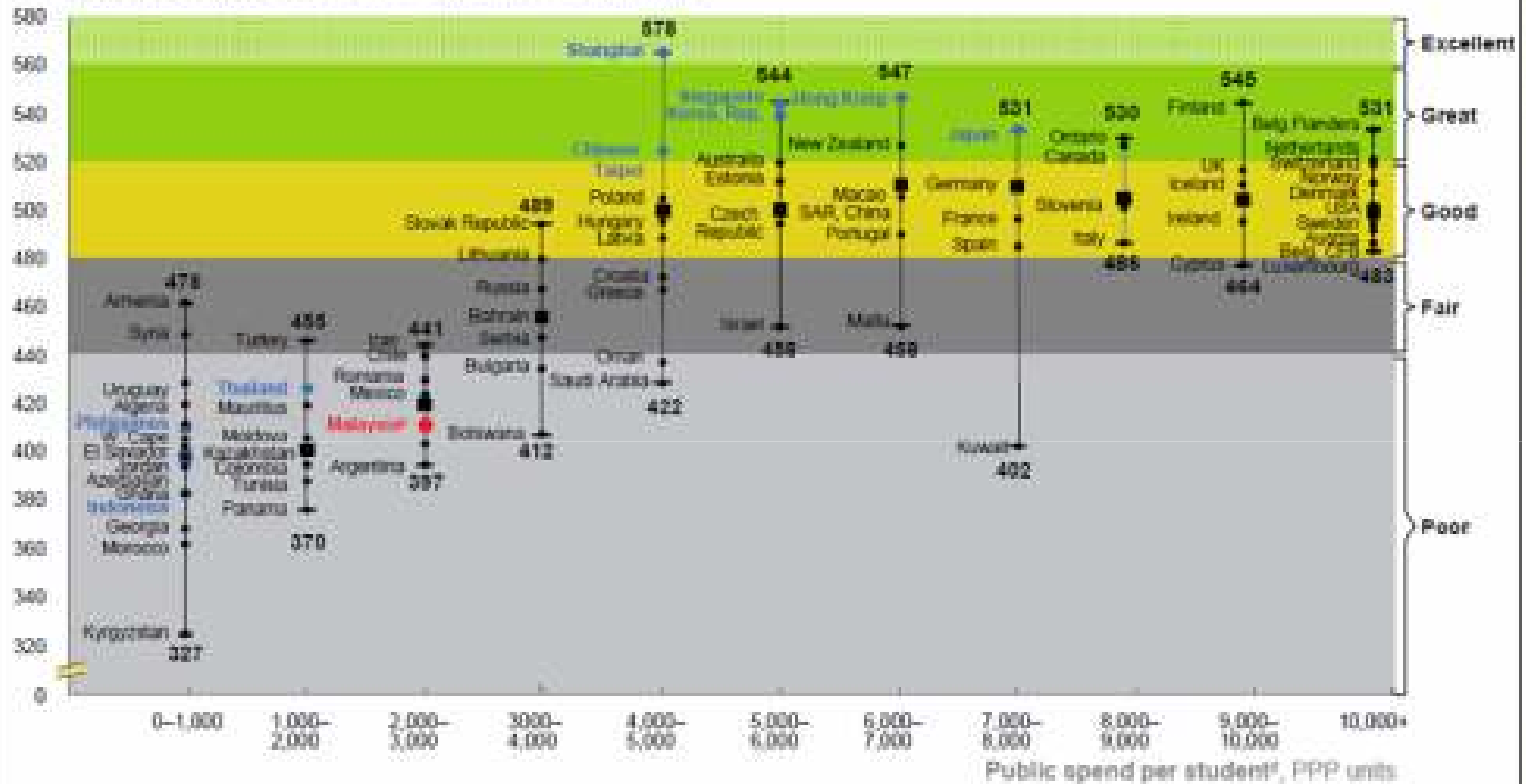
*Source : Bendahari, Uni



Planning and education expenses has shown some positive signs of economic growth, such as :

- ✓ The Growing Number Of Educational Institutions
- ✓ Increase In Enrolment Rates
- ✓ The Increasing Number Of Graduates
- ✓ Increased Energy Output Of Skilled Work
- ✓ The Reduction Of The Unemployment Rate
- ✓ Decrease in the incidence of poverty
- ✓ Increase The Country's GDP

Universal scale score¹ 2009 (max, median, min)



¹ Universal scale based on Hanushek & Woessmann methodology, to enable comparison across systems.
² Public spend per student for basic education (pre-school, primary, and secondary school levels) for 2008 current prices
 Note: Malaysia 2008 public spend is US\$3000

SOURCE: World Bank EdStats; IMF; UNESCO; PISA 2009+, TIMSS 2007, PIRLS 2006; Global Insight, McKinsey & Company

CONCLUSION

- ✓ Expenditure in education is an investments to the human resources trained in developing countries.
- ✓ Government should invest a lot of money in the education sector because the education sector will profit and benefit in building human capital of excellence
- ✓ Develop human capital = develop the country