

Research Report on the Development of Private Higher Education in China



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Compilation Information

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Compilation Notes

This report is compiled by the IAPUC Team. It is based on public, traceable sources, prioritizing original disclosures from education authorities, national statistical agencies, international organizations, and stock exchanges. Distinctions are made among statistical reference dates, institutional boundaries, and student definitions across sources, avoiding mechanical concatenation of annual communiqués, administrative registries, and corporate group data.

The report is not concerned with whether "private HEIs will disappear," but rather with which institutions, after the end of the scale dividend, can earn a sustained *raison d'être* through student outcomes, industry connectivity, faculty resources, and governance credibility. Core judgments are supported by data wherever possible, with facts, calculations, and assessments presented separately.

International comparisons draw on Taiwan (China), Japan, Korea, and the United States—representing institutional samples of legally structured exit, high private-sector supply, low fertility with regional restructuring, and nonprofit/for-profit bifurcation respectively. Due to differing statistical boundaries, cross-national proportions are used for structural observation, not quality ranking.

The data cut-off date is July 29, 2026. The transmission of birth cohorts to the university-age pool, institutional typology, and strategic phases constitute scenario analysis, not deterministic forecasts.

Contents

Core Conclusions-----	1
Part I True Position: Scale, Structure, and Resources-----	4
Chapter 1 Research Scope and Analytical Framework-----	4
Chapter 2 After Doubling in Scale, the Sector Enters a Period of Divergence-----	5
Chapter 3 Provincial Competition: Safety Is Not Where Students Are Most Numerous-----	7
Part II Demand Inflection: Demographics, Employment, and Program Returns-----	10
Chapter 4 Demographic Change Will Not Occur Evenly—Impacts Have a Clear Timeline---	10
Chapter 5 Employment Shifts from an Outcome Metric to the Basis of Institutional Pricing-----	11
Chapter 6 Program Restructuring: Stop Chasing Hot Topics, Start Building Capability-----	12
Part III Capability Foundations: Faculty, Governance, and Sustainable Operations-----	14
Chapter 7 The Faculty Resource Gap Is the Hardest Quality Constraint-----	14
Chapter 8 Governance Is Not a Compliance Annex—It Is the Source of Institutional Credibility-----	15
Chapter 9 The Limits of the High-Margin Model: Financial Strength ≠ Educational Strength-----	16
Part IV International Reflections: High Privatization Does Not Equal Low Quality-----	19
Chapter 10 Japan: Private Institutions as Main Suppliers, with Early Warnings and Subsidies-----	19
Chapter 11 Korea: High Privatization Combined with Low Fertility and Capital-Region Concentration Effect-----	20
Chapter 12 Taiwan (China): Turning Exit into a Legal Process, Not Ad Hoc Firefighting----	20
Chapter 13 United States: Both Private—Nonprofit and For-Profit Are Entirely Different----	21
Chapter 14 Four Common Patterns in International Experience-----	23
Part V Strategic Choices: Transformations That Must Be Completed, 2026–2030-----	25
Chapter 15 Four Types of Institutions, Four Different Futures-----	25
Chapter 16 Institutional Side: Building a Student-Return-Centered Operating System-----	26
Chapter 17 Government Side: From a Single Yardstick to Differentiated Governance-----	27
Chapter 18 Three-Phase Scenarios and Action Roadmap-----	28
Conclusion-----	30
Appendices-----	31
Appendix 1 Distribution of Private General HEIs Across 31 Provincial-Level Regions-----	31
Appendix 2 Data Definitions and Calculation Notes-----	33
Appendix 3 Main Data and Source References-----	34

Core Conclusions

One-sentence verdict: China's private higher education institutions are not entering a period of "overall decline," but rather a "period of value demonstration." Over the next decade, the true watershed will not be public versus private, nor institutional size, but whether an institution can prove that its tuition is worthwhile through verifiable learning value-added and employment returns; prove operational stability through sustained teaching investment; and prove that public assets and student rights are not eroded through transparent governance.

1. Private HEIs are already infrastructure of Chinese higher education, not a marginal supplement. In 2025, there were 831 private HEIs nationwide, accounting for 26.24% of all HEIs; private general and vocational undergraduate and junior college enrollment reached 10.6897 million, accounting for 27.04% of the national total. More than one in every four undergraduate and junior college students attends a private HEI. Any policy analysis that treats private HEIs as a "supplementary force" underestimates their systemic importance. [1]

2. Scale growth continues, but the aggregate dividend is ending. From 2012 to 2025, the number of private HEIs grew by 17.5%, enrollment grew by 100.5%, and average enrollment per institution rose from approximately 7,541 to 12,864. However, in 2024–2025, the number of institutions grew by about 3.5% while enrollment grew by only about 1.6%—new supply outpacing new demand, signaling the onset of "institution growth without proportional student growth." [1][2][3]

The biggest shortfall is not campus facilities, but that faculty and teaching resources have not kept pace with student share. In 2024, private general and vocational undergraduate/junior college enrollment accounted for 27.04% of the national total, while related full-time faculty accounted for only about 21.7%. On a simple same-basis calculation, private HEIs had approximately 22.5 students per full-time faculty member, compared with the national average of about 18.1. This "student-share–faculty-share gap" of about 5.3 percentage points explains quality anxiety better than campus area. [2][6][7]

3. The demographic shock is real, but "a comprehensive cliff in 2026" is a misdiagnosis. Births fell from 17.86 million in 2016 to 7.92 million in 2025. Roughly projecting college

entry at age 18, the 2016–2017 birth peak corresponds to a high point in the university-age population around 2034–2035, while the post-2020 birth collapse transmits in a concentrated wave around 2038. What will occur first over the next five years is demographic concentration in metropolitan areas, institutional tier differentiation, and program return divergence—not a simultaneous nationwide depletion of the student pool. [10][11][12]

4. Employment will shift from a promotional metric to a recruitment constraint. The graduating classes of 2025 and 2026 are projected at 12.22 million and 12.70 million respectively. The 14th Five-Year Plan for Education Development explicitly establishes an employment red/yellow-card warning system and strengthens the linkage between employment outcomes, enrollment quotas, and talent cultivation. The greatest danger for private HEIs is not "low employment rates," but being able to publish only an employment rate that cannot explain quality. [13][17][18]

5. Hot programs are not a moat—stable output is. New programs in artificial intelligence, digital economy, and low-altitude technology will rapidly homogenize. The true barriers are faculty, experimental platforms, real projects, industry certifications, and long-term employer networks. Without these foundations, new programs are merely rebranded recruitment; with them, traditional programs can gain new value through digital and industrial transformation. [15][16][42]

6. High profit does not automatically equal high quality. Some listed private education groups continue to maintain relatively high gross or net margins, demonstrating the cash-generating capacity of the tuition-driven model. But what students and society truly need to see are teaching expenditure ratios, full-time faculty growth, practical course delivery, graduation rates, and employment quality. Financial statements prove "ability to make money"; educational outcomes prove "worthiness of existence." [36][37][38][39][40]

7. The common thread in international experience is not the level of private share, but clear exit mechanisms. Japan, while private universities educate about three-quarters of students, uses public subsidies and continuous early warnings to drive structural reform; Taiwan (China) protects students, faculty, and residual campus assets through dedicated legislation; the United States bifurcates private nonprofit and for-profit institutions and

constrains outcomes through federal aid eligibility. China's next phase also needs a complete closed loop of "differentiated evaluation, continuous operational review, student-rights backstops, and orderly exit." [23][24][26][27][32][34]

8. Provincial landscape determines institutional destiny. As of June 2026, Henan, Sichuan, Guangdong, Shandong, and Jiangsu each have more than 45 private general HEIs; Chongqing, Hainan, and Fujian have private shares exceeding 40%. High-density regions offer both mature markets and fiercer homogeneous competition. Recruitment strategies that fail to simultaneously study net population inflow, industrial structure, and public-sector expansion will misjudge "large provinces" as "safe markets." [8]

9. The institutions that ultimately prevail will not be those with the lowest tuition, but those with "the most visible educational returns, the most credible governance, and the most robust cash position." Future brands will be shaped not only by admission scores but by graduation rates, stable employment, employer rehiring, faculty quality, student experience, and risk management.

Table 0-1 Core Indicators of Chinese Private HEIs

Indicator	Latest Value	Comparison Value	Research Assessment
Number of private HEIs	831 (2025)	707 (2012)	17.5% growth over 13 years; institutional expansion has clearly slowed relative to student expansion
General & vocational undergraduate/junior college enrollment	10.6897 million (2025)	5.3318 million (2012)	Doubled in 13 years; now a major carrier of higher education massification
Enrollment share of national total	27.04% (2025)	27.04% (2024)	Stable share indicates the aggregate plateau has arrived
Gross higher	61.30% (2025)	30.0% (2012)	Shift from incremental universal

education enrollment rate			access to competition on quality, structure, and returns
Private full-time faculty	467,300 (2024)	National total ~2.1499 million (same basis)	Faculty share ~21.7%, about 5.3 pp below student share
Independent colleges	154 (2024)	303 (2012)	49.2% reduction; institutional restructuring continues

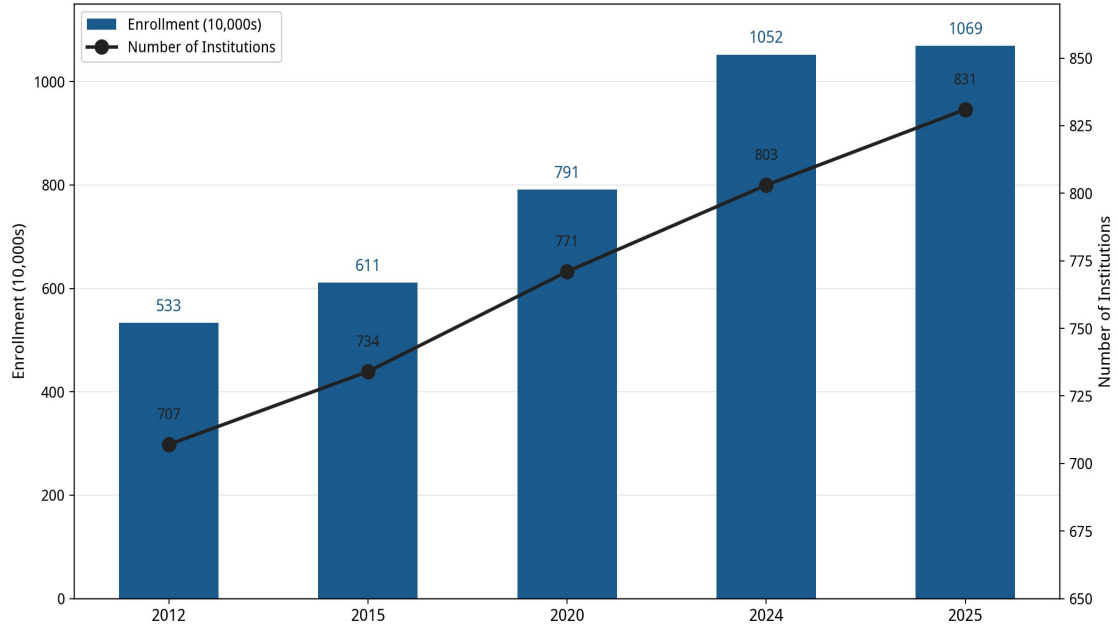


Figure 0-1 Number of Private HEIs and Undergraduate/Junior College Enrollment in China, 2012–2025

Part I True Position: Scale, Structure, and Resources

Chapter 1 Research Scope and Analytical Framework

1.1 Research Scope: Degree-Granting Higher Education Supply, Not "All Social School Operation"

The term "private HEIs" in this report primarily refers to private general undergraduate institutions, undergraduate-level vocational institutions, higher vocational (junior college) institutions, and a small number of adult HEIs within the Ministry of Education's statistical definition. When analyzing enrollment, priority is given to the general undergraduate, vocational undergraduate, and higher vocational junior college definition, excluding non-degree training institutions, international schools, and general education technology companies. This approach is taken because degree education has stronger public attributes: enrollment licensing, degree conferral, campus assets, faculty allocation, and student rights protection.

Three figures must be distinguished. First, the annual statistical communiqué reflects a complete statistical year. Second, the national HEI list reflects the administrative registry at a specific date. Third, listed company disclosures are tabulated by group control scope and accounting period. The 2025 statistical communiqué records 831 private HEIs, while the HEI list as of June 17, 2026 identifies 840 private general HEIs by the remarks column. The difference arises mainly from statistical timing, new institutional establishment and conversion, and definitional boundaries. This report does not mechanically concatenate these two figures but uses them separately for annual trends and provincial structure. [1][8]

1.2 Four Questions to Assess Whether a Private HEI Has a Future

First, do students gain verifiable value-added, not merely a diploma? Second, are programs embedded in real industries, not merely chasing recruitment fads? Third, can the institution sustain investment in faculty, curriculum, and practical conditions without harming teaching due to cash fluctuations? Fourth, are the rights and responsibilities among sponsors, the institutional legal person, and management clearly delineated? These four questions

correspond to educational value, market value, going concern, and public governance—none is dispensable.

The basic analytical formula of this report is: Institutional Viability = (Student Returns × Industry Embeddedness × Teaching Capability × Governance Credibility) ÷ (Regional and Financial Risk). If any factor approaches zero, scale and brand can rapidly become ineffective.

Table 1-1 Four Stages in the Development of Private Higher Education in China

Stage	Main Characteristics	Core Resources	Main Risks
Massification Catch-up Period	Supplying new degree places to meet higher education massification demand	Land, campus facilities, enrollment quotas	Scale over quality
Group Expansion Period	Cross-regional M&A, campus expansion, tuition and dormitory-fee driven	Capital, brand, recruitment networks	High leverage and related-party transactions
Classification & Restructuring Period	For-profit/nonprofit classification, independent college conversion, vocational undergraduate expansion	Licenses, governance, program restructuring capability	Positioning vacillation and compliance costs
Value Demonstration Period	Institutions make brand choices; students vote with employment returns, experience, and data governance	Faculty, curriculum, industry networks, student value-added	Low-return institutions accelerated toward elimination

Chapter 2 After Doubling in Scale, the Sector Enters a Period of Divergence

2.1 Student Growth Far Outpaced Institutional Growth—The Expansion Model Has Changed

In 2012, there were 707 private HEIs nationwide with 5.3318 million students; by 2025, these figures had grown to 831 institutions and 10.6897 million students. Over 13 years, the number of institutions increased by only 124, while enrollment increased by 5.3579 million. In other words, the main expansion over the past decade was not unlimited new institution construction, but capacity expansion at existing institutions, independent college conversion, the addition of vocational undergraduate institutions, and group-based school operation. [1][3]

This expansion improved operational efficiency but also raised per-institution risk. Rising average scale means that once an institution experiences recruitment deceleration, governance failure, or cash rupture, more students are affected and disposal costs are higher. Regulatory logic must shift from "establishment approval" to "continuous operational capability review," and institutional governance must shift from project-construction logic to full-lifecycle cash flow and student-rights logic.

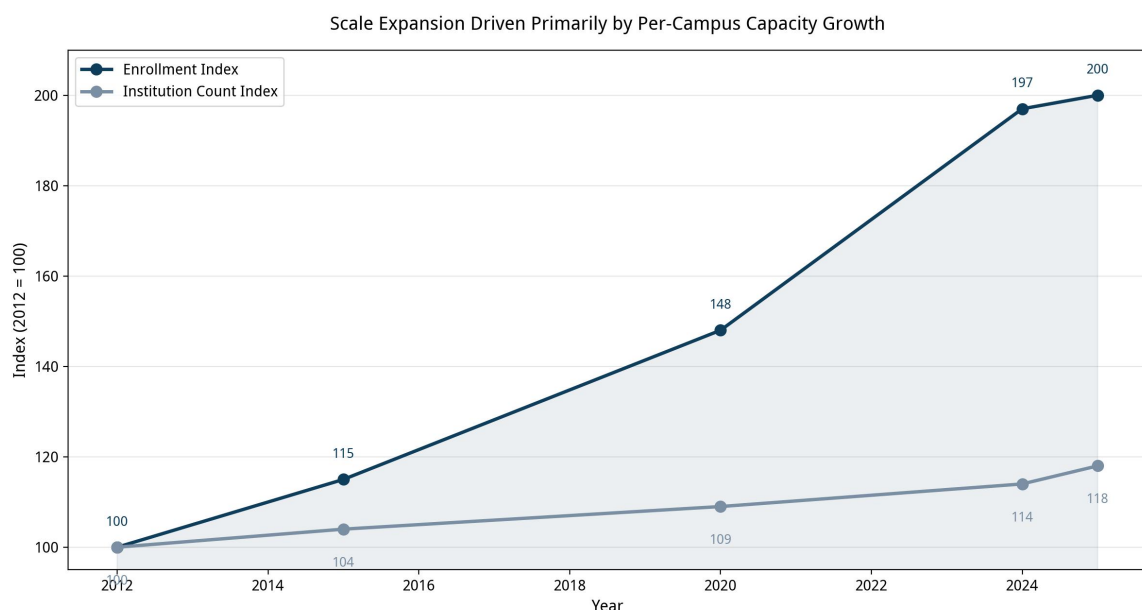


Figure 2-1 Growth Indices of Private HEI Count and Enrollment (2012 = 100)

2.2 New Signal in 2024–2025: Supply Expansion Outpaces Student Growth

In 2024–2025, private HEIs increased from 803 to 831, a growth of about 3.5%; private general and vocational undergraduate/junior college enrollment grew from 10.5224 million to 10.6897 million, about 1.6%. A single year cannot prove long-term oversupply, but it at least indicates that continued growth in institution numbers no longer automatically brings proportional student growth. [1][2]

More alarming is the pattern of "stable averages, deteriorating tails." The national share holding at 27.04% may mask head groups absorbing students across provinces, metropolitan-area institutions maintaining growth, while lower-tier cities and homogeneous institutions continue to lose blood. The industry will not first experience a unified national inflection point, but rather an increasingly long tail.

2.3 Independent College Conversion Completed the First Round of Institutional Clear-Out—But It Is Not the End

The number of independent colleges fell from 303 in 2012 to 241 in 2020, 164 in 2023, and 154 in 2024—nearly halving in 12 years. Conversion resolved issues such as "schools within schools," brand dependency, and unclear property rights and responsibility boundaries, and also drove a number of institutions to convert to independent private undergraduate or vocational undergraduate institutions. [3][5][7][9][21]

But conversion only achieves independent status; it does not equal the formation of independent capability. Many converted institutions still inherit similar programs, similar faculty structures, and similar student catchment regions. The next round of competition will no longer hinge on "whether converted," but on whether an institution can form its own faculty team, program brand, industry-academia cooperation, and governance mechanism after detaching from the parent brand.

Chapter 3 Provincial Competition: Safety Is Not Where Students Are Most Numerous

3.1 Private HEIs Are Highly Concentrated in Populous and Higher-Education-Large Provinces

According to the Ministry of Education's HEI list as of June 17, 2026, Henan has 60 private general HEIs, Sichuan 55, Guangdong 52, Shandong 51, Jiangsu 46, Hubei 45, Hunan 43, and Hebei 42. The top eight provinces together account for 394 institutions, approximately 46.9% of all private general HEIs in the national registry definition. [8]

Private HEIs Concentrate in Populous and Higher-Education-Large Provinces

Source: Ministry of Education, National List of Higher Education Institutions (as of June 17, 2026); compiled by this report. [8]

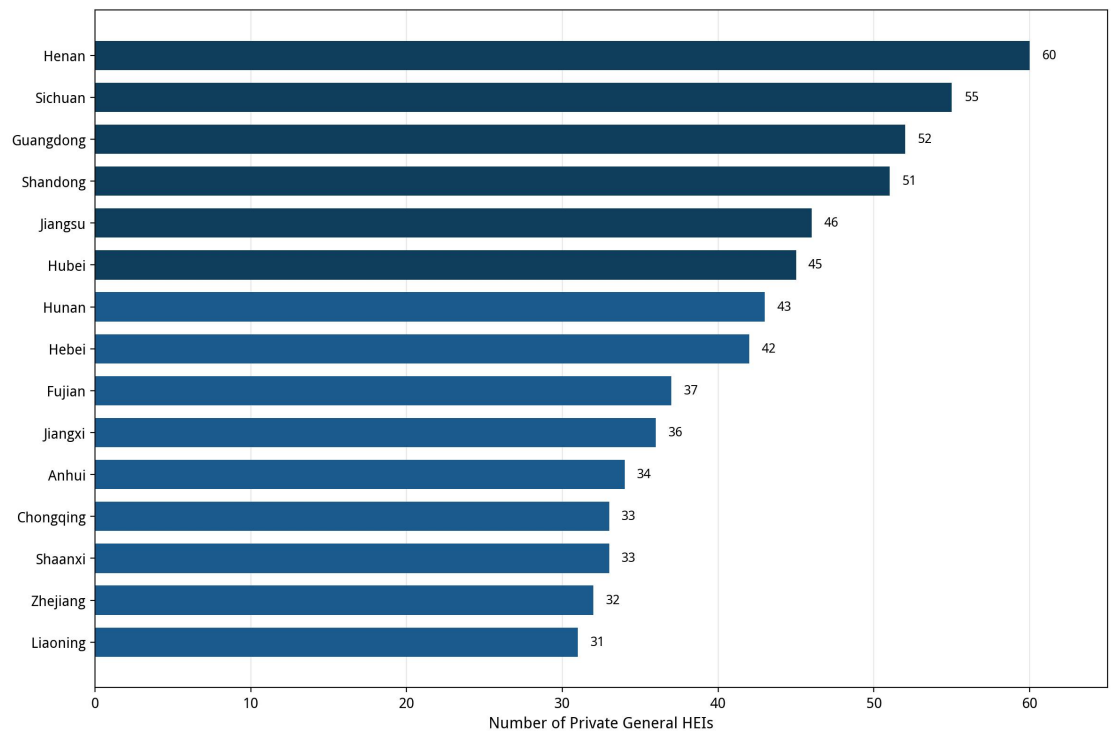


Figure 3-1 Regions with the Largest Number of Private General HEIs, 2026

Concentration in numbers brings three effects: first, a larger local recruitment pool and industrial scenarios; second, stronger competition from public HEI expansion and peer private institutions; third, policy changes, population outflow, or labor market fluctuations create provincial resonance. Institutions cannot look only at gaokao participant numbers; they must

simultaneously examine the 18-year-old population, cross-provincial net inflow, new industrial jobs, peer program supply, and tuition affordability.

Table 3-1 Provincial-Level Regions with High Numbers and Proportions of Private General HEIs, 2026

Region	Private HEIs	Total General HEIs	Private Share
Henan	60	182	33.0%
Sichuan	55	146	37.7%
Guangdong	52	167	31.1%
Shandong	51	171	29.8%
Jiangsu	46	175	26.3%
Hubei	45	134	33.6%
Hunan	43	144	29.9%
Hebei	42	133	31.6%
Fujian	37	90	41.1%
Chongqing	33	77	42.9%

Note: Based on the Ministry of Education's list of general HEIs as of June 17, 2026, identified by the "private" designation in the remarks column; the registry-time definition differs from the annual statistical communiqué. [8]

3.2 High Proportion Means Both Maturity and Vulnerability

Private general HEIs in Chongqing, Hainan, and Fujian account for approximately 42.9%, 41.4%, and 41.1% of local general HEIs respectively; Sichuan, Shaanxi, Hubei, and Henan also exceed one-third. A high private share means local higher education relies more heavily on social forces, and industry risks more readily translate into student placement, employment, and local fiscal problems.

Therefore, for high-share provinces, the government cannot merely conduct annual inspections; it should establish a provincial capacity model that places enrollment quotas, graduate destinations, program redundancy, faculty supply, and institutional cash-coverage months on the same dashboard. For institutions, a high share is not a natural advantage—it means differentiation must begin earlier than in low-density regions.

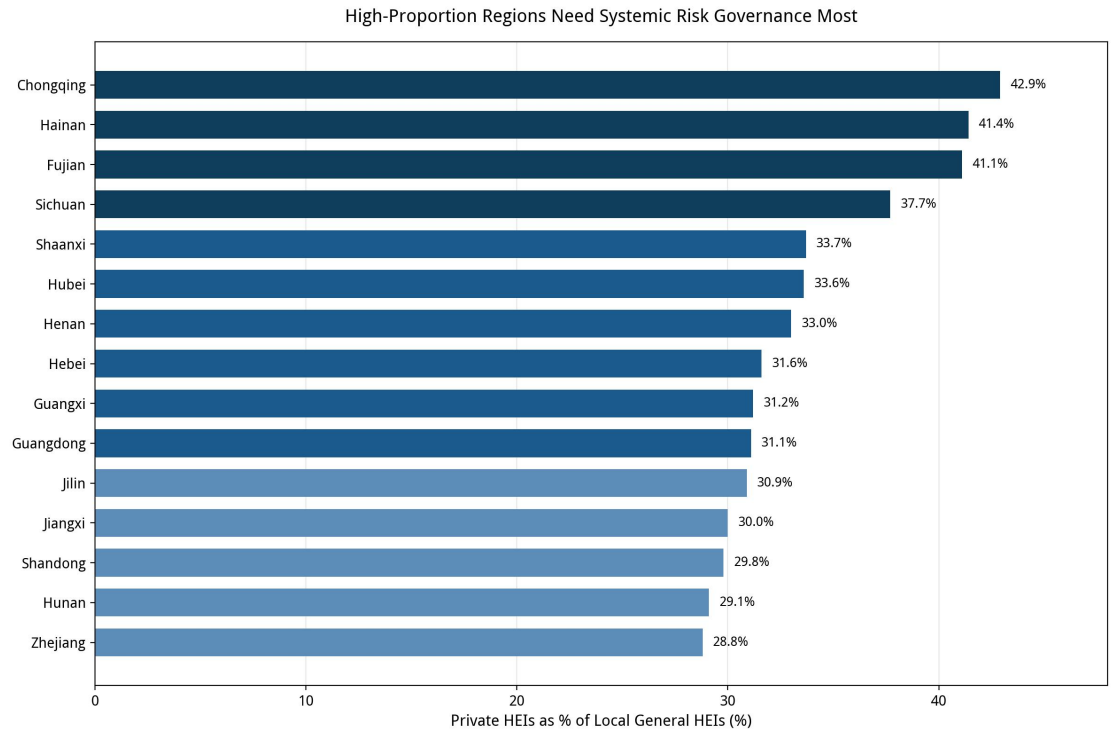


Figure 3-2 Regions with the Highest Proportion of Private General HEIs, 2026

3.3 Regional Strategy Should Upgrade from "In-Province Recruitment" to Three Maps: Student Pool–Industry–City

The first is the student pool map, tracking high school graduates, cross-provincial admissions, and enrollment registration rates. The second is the industry map, tracking job growth, skill levels, enterprise concentration, and compensation. The third is the city map, tracking net population inflow, transport accessibility, cost of living, and public services. Only by overlaying these three maps can one determine whether a program should expand, relocate, pursue joint cultivation, or exit.

Part II Demand Inflection: Demographics, Employment, and Program Returns

Chapter 4 Demographic Change Will Not Occur Evenly—Impacts Have a Clear Timeline

4.1 Births Halved—Setting the Direction for Long-Term Contraction

National Bureau of Statistics data show that births were 17.86 million in 2016, 12.00 million in 2020, 9.02 million in 2023, 9.54 million in 2024, and 7.92 million in 2025—a 55.7% decline from 2016 to 2025. This trend irreversibly depresses the traditional 18–22-year-old higher education student pool in the 2040s. [10][11][12]

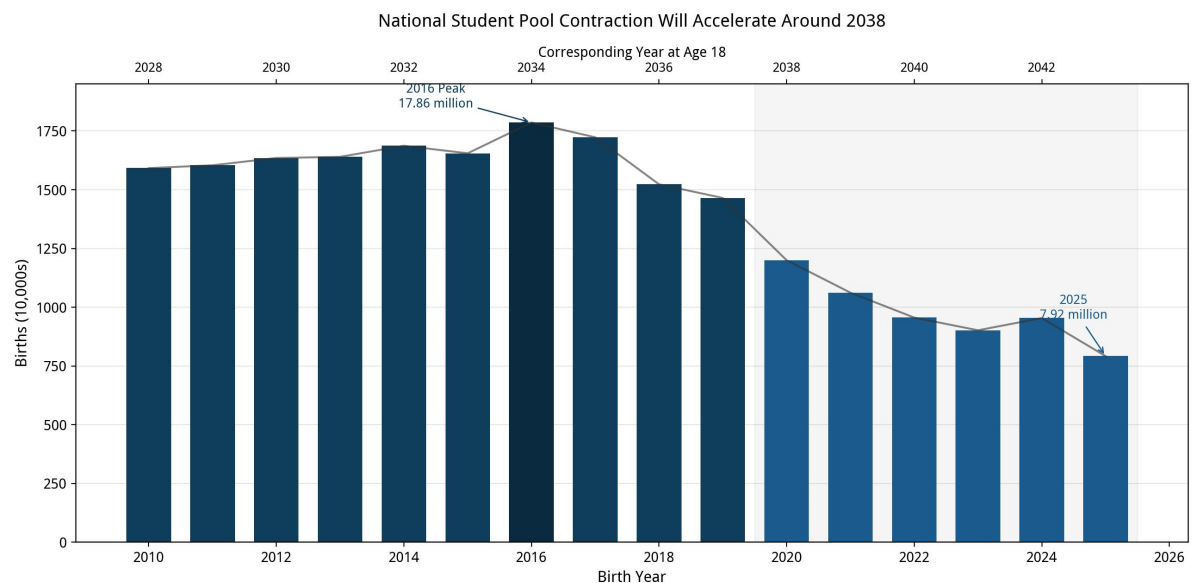


Figure 4-1 Birth Population Changes and Their Lagged Transmission to University-Age Population

Note: University years are mechanically shifted by adding 18 years to birth years, used only to identify direction and timing, not as enrollment forecasts. Source: National Bureau of Statistics annual communiqués. [10][11][12]

4.2 The Real Danger Is Treating Long-Term Problems as Short-Term Slogans, or Short-Term Divergence as Long-Term Irrelevance

For 2026–2030, births from the mid-2010s still support a relatively large age cohort, and the gross higher education enrollment rate may continue to rise. The national total may not

immediately contract, but weakly positioned institutions will feel pressure early, as students concentrate in central cities, higher-tier institutions, and programs with clearer returns.

For 2031–2037, differentiation among institutions will accelerate. Institutions without clear program brands may need higher recruitment costs, scholarships, or channel fees to maintain scale, with cash flow deteriorating before the student total. For post-2038, as the low-birth cohorts of 2020 and beyond enter higher education, the traditional fresh-graduate market will experience nationwide, sustained contraction.

Therefore, the most robust strategy is neither to bet that "the demographic cliff won't come" nor to pursue across-the-board contraction now, but to accomplish three things during the high-position window: establish flagship programs, reduce over-reliance on single-source tuition, and develop adult and international student sources. Institutions have approximately ten years of active transformation window, but truly effective capability building requires at least three to five years.

Chapter 5 Employment Shifts from an Outcome Metric to the Basis of Institutional Pricing

5.1 Graduate Totals Continue to Rise—The Scarcity of Ordinary Diplomas Declines

The 2025 graduating class of national general HEIs is projected at 12.22 million, and the 2026 class at 12.70 million—an increase of 480,000 in one year. Higher education universal access has raised overall human capital but also weakened the old logic that "a diploma guarantees a job." Private HEI students often bear higher tuition, making families more sensitive to employment returns, advancement opportunities, and urban settlement. [17][18]

This means private HEIs cannot compete only on admission lines with other institutions; they must also compare input-output with "repeating the gaokao, direct employment, vocational training, studying abroad, and adult education." The true ceiling on tuition pricing is not what local fee policies allow, but what graduates' income gains, career stability, and mobility opportunities can support.

5.2 "Employment Rate" Is a Necessary Metric but No Longer Sufficient

A single employment rate is susceptible to statistical timing, advancement to further study, flexible employment, and short-term contracts. Even with a high employment rate, institutions may face problems of low salaries, low program relevance, short-term turnover, and lack of social insurance. What truly builds recruitment reputation is what positions students enter, how quickly they stabilize, whether they use learned capabilities, and whether they continue to grow after several years.

**Table 5-1 Minimum Indicator Set That Private HEIs Should Disclose for
"Employment Quality"**

Dimension	Suggested Indicators	Why More Important Than "Employment Rate"
Obtaining Work	Placement rate at 6 months post-graduation, share of flexible employment, advancement rate	Distinguishes genuine employment from temporary destinations and continuing education
Work Quality	Median starting salary, social insurance coverage rate, contract duration	Avoids a few high-salary or short-term positions inflating the average
Program Match	Program relevance rate, job skill level, job-transition rate	Tests whether curriculum builds transferable capabilities
Sustained Stability	6/12-month retention rate, reasons for first departure	Observes whether positions are sustainable, not just the graduation snapshot
Equitable Outcomes	Disaggregated results for disadvantaged students, women, rural-origin students	Prevents overall averages from masking disadvantaged students falling behind
Employer	Rehiring rate, promotion rates,	Shifts industry-academia cooperation from

Feedback	employer net promoter score	signing counts to real hiring outcomes
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5.3 Employment Red/Yellow Cards Will Reshape Program Portfolios and Recruitment Authority

The 14th Five-Year Plan for Education Development explicitly proposes strengthening the linkage between employment outcomes, enrollment quotas, and talent cultivation, and implementing a red/yellow-card warning system for graduate employment. For private HEIs, this is not a general initiative but a repricing of recruitment assets: programs with persistently weak employment quality will lose quotas, brand, and cash flow; programs with strong employment will gain more students and policy space. [13]

Institutions should establish program-level profit-and-loss statements, but these must calculate not only tuition revenue and faculty costs but also graduation rates, stable employment, student complaints, experimental resource usage, and employer rehiring. A program that recruits easily but has weak employment and high dropout rates may be temporarily profitable financially but is already losing educationally.

Chapter 6 Program Restructuring: Stop Chasing Hot Topics, Start Building Capability

6.1 The Faster the Chase for New Programs, the More Vigilant One Must Be Against "Rebranding Without Re-engineering"

The state is encouraging urgently needed, emerging, and interdisciplinary programs, and the 2026 vocational education program catalog added 27 more programs. Policy windows bring recruitment opportunities but also induce homogenization. If an institution merely renames e-commerce as digital commerce or computer science as artificial intelligence—without changing faculty, curriculum, equipment, or corporate projects—the new program will quickly become the next batch of low-employment programs. [15][16][42]

Deciding whether to launch a new program should satisfy at least five conditions: regional job growth for three consecutive years; core faculty already in place; verifiable experimental and training conditions; enterprises willing to provide real projects and positions;

and the institution's ability to demonstrate evidence of graduate capabilities. If two or more of these five are missing, new programs should in principle not be added.

6.2 Program Clusters Achieve Economies of Scale Better Than Individual Programs

Individual hot programs have short life cycles, while program clusters can share foundational courses, experimental platforms, enterprise networks, and faculty. For example, intelligent manufacturing should not consist only of "robotics engineering" but should form coordination among mechanics, electrical engineering, industrial software, quality management, and digital supply chains. Health services should not consist only of nursing but should connect rehabilitation, elderly services, health management, and medical informatization.

The key to program cluster construction is not the number of names but the degree of sharing: foundational course sharing rate, equipment utilization rate, cross-program project share, enterprise mentor reuse, and employment industry concentration. The higher the sharing, the better an institution can adjust scale during student fluctuations without duplicate investment.

6.3 Traditional Programs Are Not a Burden—Low Value-Added Is

Programs such as accounting, business administration, English, and art design have abundant supply but still have stable social demand. The problem is not the program name but whether the curriculum remains at basic operations that can be replaced by software. Accounting should shift toward data, internal control, and business-finance integration; English should connect cross-border business, technical documentation, and area studies; design should connect digital products, manufacturing, and brand growth.

Therefore, program exit should be based on student value-added and job demand, not simply "new replacing old." For institutions with weak foundations, transforming three existing programs is often more valuable than adding ten hot new programs.

Part III Capability Foundations: Faculty, Governance, and Sustainable Operations

Chapter 7 The Faculty Resource Gap Is the Hardest Quality Constraint

7.1 Mismatch Between Student Share and Faculty Share

In 2024, total enrollment in private general undergraduate, vocational undergraduate, and higher vocational junior college institutions was 10.5224 million, with approximately 467,300 related full-time faculty; the national comparable enrollment was 38.9126 million, with approximately 2.1499 million full-time faculty. On a simple ratio calculation, private HEIs had about 22.5:1, versus the national average of about 18.1:1. [2][6][7]

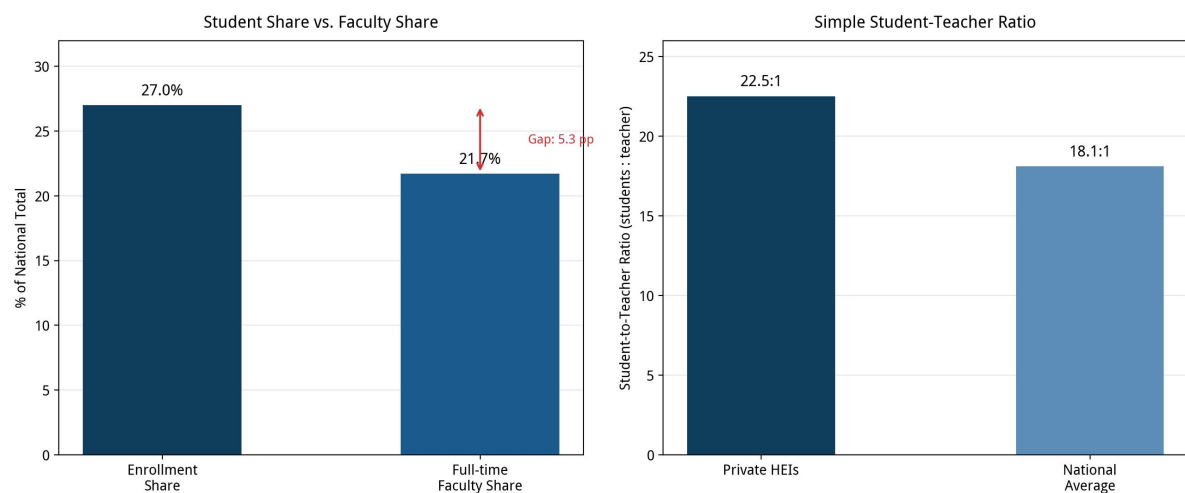


Figure 7-1 Gap Between Student Share and Full-Time Faculty Share in Private HEIs, 2024

Note: Faculty definition is the sum of full-time faculty in general undergraduate, undergraduate-level vocational, and higher vocational junior college institutions; ratios are calculated by this report and are not equivalent to the Ministry of Education's formally published converted student-faculty ratio. [2][6][7]

The faculty gap will not manifest uniformly as empty classrooms but as three hidden problems: expansion of general education and large lecture classes; practical courses taught by low-cost part-time instructors; and core faculty burdened with excessive administrative and recruitment tasks. The end result is that courses appear to be fully offered, but students receive insufficient guidance, feedback, and project experience.

7.2 Private HEIs Need a "Core Faculty Balance Sheet"

Each program should at minimum publicly disclose or internally track: number of core course coordinators, full-time ratio, three-year attrition rate, industry practical experience, faculty development investment, and number of projects supervised per faculty member. Institutions cannot count faculty solely by degrees and titles, because the value of a nominal professor is entirely different from that of a stable teaching team.

Faculty investment must be reframed from "labor cost" to "educational capacity." Priority should be given to core course faculty, practical training instructors, academic advisors, and career mentors; redundant administrative positions and low-utilization construction should be reduced. For institutions in an expansion phase, faculty and curriculum budget growth should not chronically lag student growth.

7.3 "Dual-Qualified" Cannot Mean "Industry People Giving a Few Lectures"

A true dual-qualified structure involves three connections: industry personnel participating in course design and evaluation; institutional faculty continuously engaging in industry practice; and students completing assessable tasks in real production or service processes. Merely signing appointment letters, giving lectures, or arranging visits cannot form teaching capability.

Chapter 8 Governance Is Not a Compliance Annex—It Is the Source of Institutional Credibility

8.1 The Core Contradiction of Private HEIs: Private Investment and Public Attribute Coexist

Sponsors invest capital and bear risk, yet the institution forms social impact through state-recognized degrees and public resources. Students prepay years of tuition and cannot exit as easily as ordinary consumers. Therefore, institutional assets, tuition revenue, and related-party transactions must be subject to stricter constraints than ordinary enterprises.

The 2021 revised implementation regulations require that revenue of nonprofit private schools be placed in supervised accounts and explicitly stipulate that related-party transactions must be open, fair, and equitable, and must not harm the interests of the state, the

institution, faculty, or students. For HEIs, the compliance bottom line is not "complete contracts" but whether transactions are necessary, prices are fair, and teaching investment is not squeezed. [19]

Table 8-1 Key Policy Inflection Points Affecting Private HEIs

Time	Policy or Institution	Substantive Impact on Private HEIs
2016–2017	Implementation of private education classification management system	For-profit and nonprofit institutions diverge in registration, fees, assets, and taxation
2020–2021	Acceleration of independent college conversion; revision of implementation regulations	Independent operation, asset ownership, related-party transactions, and sponsor responsibilities redefined
2023–2025	Discipline and program adjustment and optimization reform	Employment outcomes, regional demand, and enrollment quotas begin to form hard linkages
2024	Update of the Degree Law and degree authorization review system	Applied master's opportunities expand, but quality thresholds and periodic verification strengthen simultaneously
2025	Release of the Outline for Building a Leading Education Nation	Classified development, industry-education integration, digitalization, and independent talent cultivation become main themes
2026	Release of the 14th Five-Year Plan for Education Development	Explicit guidance to regulate private education; strengthened employment red/yellow cards, AI+ education, and differentiated investment

8.2 Institutional Governance Must Separate Three Types of Power

First, the sponsor's major investment and strategic oversight power. Second, the board's corporate governance and risk responsibility. Third, the president and academic organizations' educational and teaching management authority. When these three are conflated, short-term financial goals tend to substitute for educational goals, academic decisions get squeezed by operational departments, and major related-party transactions lack independent review.

It is recommended that all larger private HEIs establish independent audit and risk committees, teaching quality committees, and student rights committees; related-party transactions should be reviewed by disinterested members; budgets should separately list teaching investment, student services, and risk reserves; and major construction projects must demonstrate their contribution to student outcomes.

8.3 Continuous Operational Capability Should Become an Annual Public Report

Traditional annual inspections focus more on licenses, party building, finance, and basic operational conditions. But when the student pool changes rapidly, a "continuous operational report" is also needed: three-year enrollment scenarios, cash-coverage months, debt maturities, faculty stability, refund capability, and student transfer contingency plans. The report should be jointly responsible for by the institution, the sponsor, and the audit firm.

Chapter 9 The Limits of the High-Margin Model: Financial Strength ≠ Educational Strength

9.1 Tuition and Dormitory Fees Remain the Primary and Most Stable Cash Source

The revenue structure of listed education groups is universally centered on tuition and dormitory fees, collected in advance by academic year, providing stable cash flow. Kepei Education's 2026 fiscal year interim disclosure shows revenue mainly from tuition and dormitory fees; China Education Group also discloses that large contract liabilities are primarily prepaid student fees. This model can support campus construction and scale expansion but is highly sensitive to enrollment fluctuations. [39]

Table 9-1 Latest Operational Disclosures of Selected Hong Kong-Listed Private Education Groups

Group	Latest Disclosure	Scale/Revenue	Observable Signals
China New Higher Education Group	2024/2025 academic year	Enrollment ~139,000	Cross-provincial recruitment and rising undergraduate share; emphasis on student experience and employment
Chunlai Education	As of August 2025	Revenue ¥1.791 billion; net margin 46.7%	Scale growth brings high cash returns, also raises need for educational reinvestment
Kepei Education	2024/2025 academic year	Full-time ~77,000; undergraduate ~69,000; undergraduate share ~89.6%	Continues relying on tuition and dormitory fees
Xinhua Education	2025/2026 academic year	Revenue ¥658 million; full-time ~43,200	Revenue growth 1.5% in 2025; adjusted net profit down 12.7%
Yuhua Education	As of August 2025	Revenue ¥2.497 billion; adjusted net profit attributable to parent ¥914 million	Need to establish verifiable links between high profitability and faculty investment/teaching quality

Note: Different groups have different accounting periods, business boundaries, and adjustment basis; not suitable for simple ranking. Data in this table are used only to observe business models. Source: HKEX disclosure documents. [36]/[37]/[38]/[39]/[40]

9.2 Educational Reinvestment Needs to Shift from "Promise" to "Indicator"

Some groups have relatively high net margins, which cannot be used to simply judge quality, but raises a necessary question: Has profit growth simultaneously brought growth in full-time faculty, teaching expenditure, experimental practice, and student support? If student growth outpaces faculty growth, and depreciation growth outpaces teaching investment, short-term profit may be borrowing against long-term reputation.

It is recommended that institutions disclose at least five financial-education ratios: teaching and student services expenditure as a share of revenue; full-time faculty compensation as a share of revenue; teaching facilities as a share of capital expenditure; scholarships as a share of tuition; and related-party transactions as a share of total expenditure. Only by connecting where money goes to student outcomes can society judge whether "high tuition, high profit, high investment, high return" forms a closed loop.

9.3 The Second Revenue Curve Must Be Consistent with Institutional Mission

Reducing tuition dependency does not mean blind commercialization. More sustainable revenue includes enterprise-commissioned training, government-purchased public training, adult continuing education, technical services, applied research, alumni donations, and international students. These bring revenue and can also improve curriculum and employment. Low-related real estate, supply chain, or off-campus commercial projects should not be packaged as "diversification." Whether a business is worth doing depends on whether it can enhance student learning, faculty capability, industry connectivity, or institutional cash safety—if it enhances none, it is not an educational second curve.

Table 9-2 Early Warning Matrix for Private HEI Risks

Risk Domain	Yellow Signal	Red Signal	Response Action
Recruitment	Enrollment registration rate declining for 2 consecutive years; out-of-province	Quota completion rate below 80% for 2 consecutive years	Reduce quotas, merge programs, halt new campuses

	student share falling rapidly		
Teaching	Core program full-time faculty attrition exceeding 10%	Student-faculty ratio deteriorating and practical courses insufficiently delivered	Lock faculty budgets, halt non-teaching capital expenditure
Employment	Placement rate acceptable but program relevance persistently declining	6-month stable employment and social insurance coverage markedly declining	Restructure training plans and internship enterprise pool
Finance	Cash coverage below 12 months; short-term debt increasing	Arrears in wages, refunds, or supplier payments	Fund supervision, sponsor capital injection, risk takeover
Governance	Inadequate related-party transaction disclosure	Institutional assets or funds illegally occupied	Special audit, transaction restrictions, accountability
Reputation	Complaints and dropout rates rising simultaneously	Major fraudulent recruitment or campus safety incident	Suspend recruitment, third-party investigation and rectification

Source: This report is based on the "Implementation Regulations of the Private Education Promotion Law" and international exit case studies. [19][24][25][34]

Part IV International Reflections: High Privatization Does Not Equal Low Quality

Chapter 10 Japan: Private Institutions as Main Suppliers, with Early Warnings and Subsidies

10.1 Private Universities Are the Mainstay of Japanese Higher Education

Japan's Ministry of Education, Culture, Sports, Science and Technology (MEXT) 2025 data show 810 universities, of which 85 are national, 101 are public, and 624 are private;

university enrollment totals 2.9724 million, of which 2.1932 million are in private institutions. Private universities account for approximately 77.0% of institutions and 73.8% of students. This demonstrates that private institutions as the main supplier does not necessarily reduce systemic publicness—the key lies in corporate governance, subsidy conditions, and quality oversight. [26]

10.2 Under-Enrollment Is Already Widespread, but Risk Is Concentrated in Small and Local Institutions

The MEXT Minister confirmed at a September 2024 meeting that 59% of private universities did not meet their enrollment quotas in fiscal 2024; yet the national overall quota fulfillment rate remained 98.2%, and the three major metropolitan areas reached 99.9%. This data set is very important: "under-enrollment at most institutions" and "overall system collapse" can coexist; risk comes from distribution, not averages. [27]

Japan has designated fiscal 2024–2028 as a concentrated reform period, supporting private universities in reducing quotas, transforming education and research functions, and concentrating resources. China should learn from its "continuous signal" thinking: a single year of under-enrollment is not a death sentence, but consecutive under-enrollment, cash deterioration, and declining teaching investment must trigger structural adjustment.

10.3 Public Subsidies and Student Payments Jointly Sustain Private Supply

In fiscal 2025, the average first-year payment for new undergraduate students at private universities was approximately ¥1,507,600, of which tuition was approximately ¥968,100. Higher family payments coexist with public subsidies, and the government influences institutional reform through subsidy conditions. The implication for China is: government support for private HEIs need not mean undifferentiated appropriations; it can purchase explicit public outcomes through student aid, service purchases, and competitive projects. [28]

Chapter 11 Korea: High Privatization Combined with Low Fertility and Capital-Region Concentration Effect

11.1 High Private Share, but Unit Investment and Regional Differentiation Pressures Are Prominent

OECD data show that in 2023, approximately 79.7% of Korean higher education students attended independent private institutions, ranking among the highest of economies with data; in 2024, the higher education completion rate for the 25–34 age group reached 71%, the highest in the OECD. High participation has not eliminated structural problems; instead, it has made differentiation in degree level, institutional prestige, and employment returns more salient. [29][30]

The OECD also notes that Korea's 0–4-year-old population in 2023 was 40% lower than in 2013; even including private and overseas expenditure, Korea's per-student higher education expenditure is approximately \$14,695, below the OECD average of \$21,444. High privatization, low fertility, and insufficient unit resources jointly squeeze local HEIs. [29]

11.2 RISE Decentralizes HEI Support to Regions, Binding Institutional Destiny to Local Development

Korea has been fully rolling out RISE since 2025, planning to place at least half of the Ministry of Education's higher education support budget under regional coordination, and to cultivate approximately 30 "Glocal" universities by around 2027. The policy logic is not to evenly rescue every institution, but to enable HEIs restructure around regional industry and population strategies. [31]

For Chinese private HEIs, the most valuable lesson is not the project name but the funding logic: local governments purchase talent retention, enterprise innovation, public training, and regional services—not campus area. Only by proving itself to be local development infrastructure can an institution gain stable public cooperation.

Chapter 12 Taiwan (China): Turning Exit into a Legal Process, Not Ad Hoc Firefighting

12.1 The Low-Fertility Shock Has Transmitted from the Student Side to the Institutional Side

In academic year 113 (2024–2025), there were 140 junior colleges and universities, of which 93 were private; total enrollment was 1.0744 million, of which 614,900 were private (57.2%). From academic years 108 to 113, total junior college and university enrollment fell from 1.2132 million to 1.0744 million, a decline of approximately 11.4%; institutions fell from 152 to 140, a reduction of 12, of which 11 were private. [23]

12.2 The Exit Ordinance Places Students, Faculty, and Campus Assets Before Sponsors

The 2022 relevant exit regulations established mechanisms for special counseling, enrollment suspension, student placement, corporate dissolution, and residual property disposition. The official exit list shows that as of August 2025, 17 junior colleges and universities had ceased operations. The institutional focus is not punishing institutions but allowing risks to surface early, preventing students and faculty from bearing all losses at the last moment. [24][25]

Mainland China already has fund supervision, annual inspection, and educational operation licensing systems. The next step can further clarify cross-institution transfer credit recognition, prepaid tuition protection, faculty and staff wage priority, residual campus asset public-interest disposition, and sponsor accountability—turning "orderly exit" into a predictable institution.

Chapter 13 United States: Both Private—Nonprofit and For-Profit Are Entirely Different

13.1 Many Private Institutions, but Students Remain Primarily in the Public System

U.S. IPEDS data show that in fall 2024, Title IV HEI enrollment was approximately 20.0669 million, of which 14.4681 million were public, 4.2750 million were private nonprofit, and 1.3238 million were private for-profit; the two private categories together account for

approximately 27.9%. In the 2024–2025 academic year, there were 5,626 Title IV institutions, including 1,674 private nonprofit and 2,083 private for-profit, with private institutions accounting for approximately 66.8% of the total. Many institutions with small average size is a key feature of the U.S. private system. [32][33]

13.2 Federal Aid Eligibility Constitutes a Hard Constraint on Continuous Operation

From the 2023–2024 to the 2024–2025 academic year, 103 institutions lost Title IV eligibility, of which 63 were private for-profit institutions; eligibility changes may result from closure, merger, loss of qualification, or withdrawal from federal aid participation. Public funds are not unconditional subsidies but levers for outcome-based oversight. [34]

The United States also shows clear differentiation: from the 2012–2013 to the 2022–2023 academic years, the number of private nonprofit four-year institutions remained generally stable, while private for-profit four-year institutions declined by 61%. The implication for China is that regulation cannot treat all "private" institutions as one category; nonprofit mission, for-profit returns, group control, and public fund usage should be subject to different transparency and risk requirements. [35]

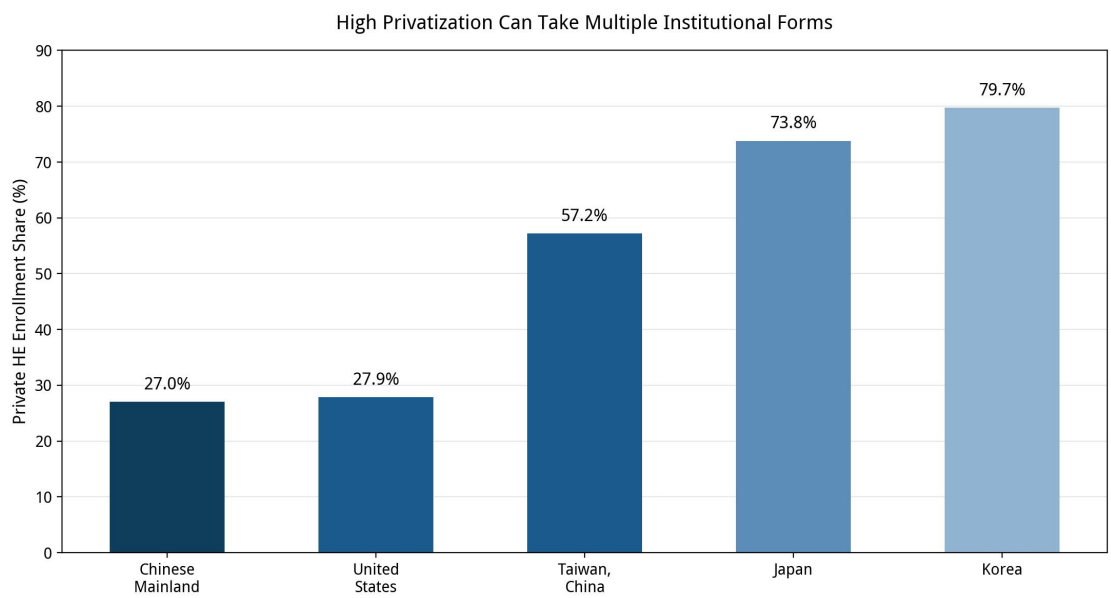


Figure 13-1 Private Higher Education Enrollment Share in Representative Countries and Regions

Note: Statistical boundaries differ. Japan = universities; Taiwan (China) = junior colleges and universities; Korea = independent private higher education institutions; United States = Title IV institutions; China = general and vocational undergraduate/junior college. Used for institutional comparison, not ranking. [1][23][26][30][32]

Table 13-1 Comparison of Private Higher Education in Representative Countries and Regions

Country/Region	Private Enrollment Share	Institutional Features	Current Pressure	Implication for China
Japan	Universities ~73.8% (2025)	School corporate nonprofit primarily; public subsidies coexist with strict financial oversight	59% of private universities under-enrolled in 2024	Allow private as main supplier, but must establish continuous early warnings and structural reform
Korea	~79.7% (2023)	High tuition, high privatization; government uses project funding to drive regional restructuring	Low fertility combined with capital-region concentration effect	Local HEIs must embed in regional industries, not survive in isolation
Taiwan (China)	~57.2% (AY 113)	Exit law explicitly provides for student placement, corporate dissolution, and residual property disposition	Enrollment declined ~11.4% from AY 108–113	Build student-rights backstops first, then let low-quality supply exit orderly

United States	~27.9% (2024)	Private nonprofit and for-profit bifurcation; federal aid eligibility is a hard constraint	Small institution closures, mergers, and for-profit contraction	Layered regulation by legal status, outcomes, and public fund exposure
Mainland China	27.04% (2025)	Classified management, local oversight, general and vocational education parallel	Resource investment, employment returns, and regional student differentiation	Shift from uniform compliance to differentiated evaluation, outcome transparency, and risk disposal

Note: Statistical boundaries differ across countries; this table is for institutional structure comparison, not direct ranking. Sources: Ministry of Education, OECD, NCES, Japan MEXT, and Taiwan (China) education statistics.

[1][23][26][27][30][32]

Chapter 14 Four Common Patterns in International Experience

14.1 Private Can Be the Main Supplier, But Public Responsibility Does Not Thereby Diminish

Japan and Korea have far higher private shares than China, and the United States also has many private institutions. What determines quality is not the ownership label but whether accreditation, subsidy conditions, information disclosure, student choice, and exit systems can form constraints.

14.2 Demographic Contraction First Hits Weakly Positioned and Homogeneous Institutions

Japan's overall quota is nearly full yet 59% of private universities are under-enrolled; Korea's capital-region concentration coexists with local decline; Taiwan's private institutions decline faster than public ones. Averages will not bear risk for tail institutions.

14.3 Public Funds Should Purchase Public Outcomes, Not Compensate All Losses

Japan supports reform through subsidies; Korea reshapes functions through regional projects; the United States constrains operations through federal aid eligibility. China can expand competitive support for private HEIs, but it must correspond to explicit outcomes such as disadvantaged student aid, scarce talent cultivation, regional public training, employment quality, and open resources.

14.4 Exit Mechanisms Must Be Established Before a Crisis

The worst disposal method is ad hoc coordination after an institution's cash is exhausted. Student transfers, credit recognition, student records, faculty wages, prepaid tuition, and residual assets must be institutionalized in advance. Only when exit is predictable can the industry truly achieve survival of the fittest.

Part V Strategic Choices: Transformations That Must Be Completed, 2026–2030

Chapter 15 Four Types of Institutions, Four Different Futures

Table 15-1 Strategic Divergence of Four Types of Private HEIs

Type	Identifying Features	Priority Strategy	Practices to Stop
Flagship Applied Universities	Strong cross-provincial recruitment, clear program brands, master's cultivation capability	Build high-level applied research platforms and professional degree systems	Using enrollment expansion to substitute for quality upgrading
Regional Industry-Oriented HEIs	Close ties with local manufacturing, health/elderly care, cultural tourism, and digital industries	Establish enterprise co-recruitment, co-cultivation, and co-evaluation mechanisms	Signing numerous cooperation agreements without jobs or projects

Urban Professional HEIs	Located in net population-inflow cities; strong demand for services and new occupations	Strengthen digital business, health, design, urban services, and adult education	Blindly copying comprehensive university discipline structures
Vulnerable Homogeneous HEIs	Weak location, homogeneous programs, high faculty turnover, cash highly dependent on tuition	Shrink scale, merge programs, seek trusteeship or orderly exit	Continuing to borrow for expansion and undercutting prices for students

15.1 Flagship Institutions Must Move from "Applied Undergraduate" to "Applied Research University"

Flagship private undergraduate institutions no longer lack scale; the next step is to build professional degrees, applied research, and industry-standard capability. Master's programs are not brand decoration but thresholds that test faculty, platforms, and organizational capability. Institutions should form closed loops of graduate cultivation, technical services, and undergraduate teaching around a few advantageous fields. [22]

15.2 Regional Industry-Oriented Institutions Must Become Talent Communities with Local Enterprises

The core of this type is not the slogan "serving the local area," but whether enterprises are willing to jointly invest in equipment, mentors, and positions, and whether graduates stably employ locally. Institutions can co-build program clusters with industry chain leaders, share training centers with SMEs, and provide on-the-job training and technical upgrading for the locality.

15.3 Urban Professional Institutions Must Capture the Adult and New-Occupation Market

Opportunities in net population-inflow cities lie not only with 18-year-old students but also with career changers, working professionals, international students, and skill upgrading.

Institutions should break degree courses into stackable certificates, offering weekend, blended, and enterprise-customized learning—while ensuring credit quality and learning support.

15.4 Vulnerable Institutions Need to Shrink Early, Not Cover Old Problems with New Debt

For institutions with consecutive enrollment shortfalls, faculty attrition, and tight cash, the later the adjustment, the higher the student placement cost. Priority should be given to halting new campuses and non-teaching construction, merging low-efficiency programs, reducing quotas, and introducing trusteeship, merger, or transformation plans. Exit is not failure; dragging on until students can no longer be protected is governance failure.

Chapter 16 Institutional Side: Building a Student-Return-Centered Operating System

16.1 Reallocate Budgets Around Program Outcomes

Annual budgets should not start from departmental historical baselines but from program cluster goals. Programs with strong employment, high learning value-added, and stable faculty receive increments; programs with weak outcomes but public value receive time-limited improvement budgets; chronically low-return programs enter exit procedures.

16.2 Put Recruitment, Teaching, Employment, and Financial Data on One Dashboard

Many institutions' data are scattered across the admissions office, academic affairs office, career services office, and finance office, causing problems to be explained piecemeal. A truly effective dashboard must be integrated by "program-cohort-student origin-student group": which students enter, what they learn, how much resources are spent, where they go, and whether they stabilize.

Table 16-1 Core KPIs for Shifting from "Recruitment Center" to "Student Value Center"

Domain	Core KPIs	Suggested Frequency	Governance Use
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Student Outcomes	Graduation rate, 6/12-month stable employment, program relevance, median starting salary	Semiannual/Annual	Decide program expansion, maintenance, or exit
Teaching Quality	Core course attainment rate, practical course actual delivery rate, student learning value-added	Semester	Decide curriculum and faculty resource allocation
Faculty	Student-faculty ratio, dual-qualified faculty share, faculty attrition rate, faculty development investment	Quarterly/Annual	Identify capability hollowing-out
Recruitment Quality	First-choice rate, registration rate, dropout rate, student regional concentration	Recruitment season/Semester	Monitor brand and student-source risk
Financial Resilience	Cash-coverage months, teaching investment rate, debt service, refund reserves	Monthly/Quarterly	Ensure continuous operation
Governance Compliance	Related-party transaction share, audit rectification closure rate, complaint handling time	Quarterly	Constrain sponsor and management behavior

Source: Designed by this report.

16.3 AI's Value Is Not Fewer Faculty, but More High-Quality Feedback

The 14th Five-Year Plan for Education Development proposes advancing AI across all education stages and the "AI + Education" initiative. For private HEIs, AI can be used for foundational knowledge diagnosis, assignment feedback, curriculum resource generation, employment position matching, and administrative automation—but it should not become a reason to cut faculty. [13]

As content acquisition costs fall, students need more mentorship, real projects, experimental practice, and peer collaboration. AI will reduce the scarcity of "delivered content" and increase the value of faculty who "design learning, evaluate capability, and connect to industry." Institutions should reinvest the administrative and repetitive teaching costs saved by AI into personalized guidance.

16.4 Brand Building Must Shift from Advertising Exposure to Evidence

Communication

The most persuasive recruitment content is not campus aerial photography and slogans but program curriculum maps, real projects, graduate destination distributions, employer rehiring, faculty teams, and student work. Institutions should allow the public to see distributions rather than only averages, and to see problem improvement rather than only honors.

Chapter 17 Government Side: From a Single Yardstick to Differentiated Governance

17.1 Differentiated Evaluation: Research, Applied, and Skill-Based Cannot Use the Same Indicators

The core contribution of applied private undergraduate institutions is high-quality talent cultivation, industry services, and regional employment; they should not simply replicate research university publication metrics. Vocational undergraduate and higher vocational institutions should highlight skill levels, real production projects, and career growth. Classification is not lowering standards but aligning standards with mission. [13][14]

17.2 Enrollment Quotas: From Historical Inertia to Outcomes and Capacity

Enrollment quotas should comprehensively consider employment quality, faculty resources, training conditions, registration rates, and regional demand. Programs with consecutive yellow cards should be reduced; high-quality scarce programs should expand; new programs should simultaneously submit evidence of job demand, faculty readiness, and practical conditions.

17.3 Public Support: From Identity-Based Subsidies to Students and Outcomes

Support for private HEIs can be increasingly achieved through disadvantaged student aid, government-purchased training, public training platforms, scarce program incentives, and competitive research projects. Funds follow students, courses, and public missions—maintaining fairness while avoiding unconditional bailouts.

17.4 Risk Disposal: Establish a Student-Priority Exit Chain

At the provincial level, risk-institution lists, transfer-receiving institution pools, credit mapping, tuition risk reserves, and student record trusteeship should be established. When red signals appear, first freeze high-risk capital expenditure and related-party transactions, then arrange student and faculty placement—not place "maintaining the legal person's nominal existence" before the right to education.

Chapter 18 Three-Phase Scenarios and Action Roadmap

18.1 2026–2030: Window Period—Core Task Is Completing Capability

Reconstruction

The national university-age population still provides support, and policy drives higher education quality improvement and expansion. Private HEIs should use the period of relatively stable cash and student sources to reduce low-efficiency programs, supplement faculty, build employment data, reduce debt, and develop second revenue curves. If resources continue to be directed toward campus expansion in this phase, initiative will be lost after 2030.

18.2 2031–2037: Divergence Period—Core Task Is Defending Flagship Programs and Cash

Recruitment differences among institutions widen, and cross-provincial competition intensifies. Weak-brand institutions' customer acquisition costs rise, and scholarship and channel investment erode profits. Institutions must stabilize student sources with a few strong programs, smooth cycles with adult and enterprise education, and avoid reactive disposal with cash early warnings.

18.3 Post-2038: Contraction Period—Core Task Is Adapting to a Smaller but More Diverse Market

Traditional fresh-graduate scale continues to decline, and student ages and learning paths become more diverse. HEIs will shift from one-time four-year education to lifelong learning platforms. Institutions that cannot provide stackable, transferable, verifiable learning outcomes will be replaced by more flexible education providers.

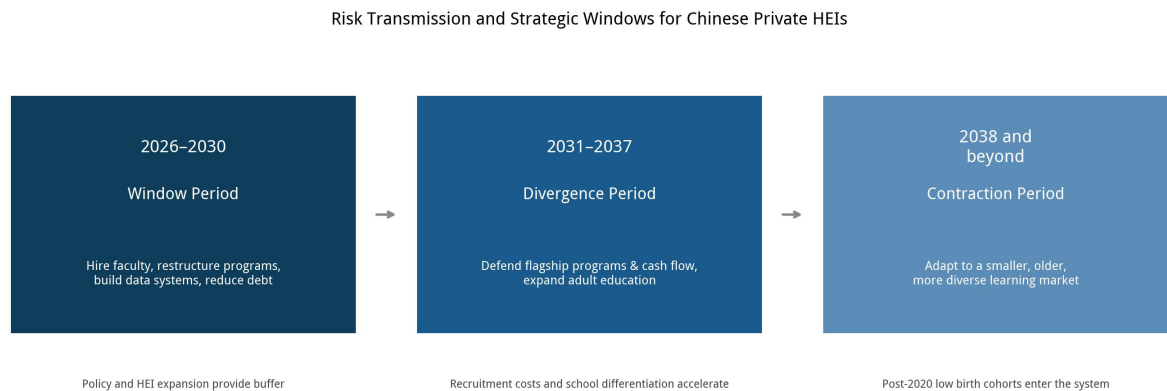


Figure 18-1 Risk Transmission and Strategic Windows for Chinese Private HEIs

Table 18-1 Action Roadmap, 2026–2030

Year	Institutional Focus	Government Focus	Outcomes to Achieve
2026	Complete four baseline tables: programs, faculty, employment, finance	Unify data definitions, establish graded early warnings	See true baseline, halt ineffective expansion
2027	Reduce weak programs; build 3–5 industry program clusters	Substantively link enrollment quotas with employment red/yellow cards	Resources concentrate on programs with returns
2028	Establish enterprise co-courses and long-term internship position pools	Industry-academia cooperation shifts from signing to shared outcomes	Expand government service purchases and competitive projects

2029	Form second curve: adult education, international students, social training	Improve transfer placement and exit fund mechanisms	Reduce over-reliance on single-source tuition
2030	Complete classified positioning and governance system restructuring	Publish differentiated evaluation and continuous operational reports	Form a comparable, exitable, sustainable new order

Conclusion

China's private HEIs have accomplished the important task of higher education massification over the past period: with approximately one-quarter of institutions and student scale, they have absorbed enormous educational demand. In the next phase, society will no longer ask "is there a place to study?" but will continuously ask "what was learned, can a good job be found, is the tuition worthwhile, is the institution reliable?"

The true inflection point of the industry is not the day student numbers turn from growth to decline, but the day families begin screening institutions by returns, governments begin allocating enrollment by outcomes, faculty begin choosing platforms by career development, and capital begins repricing by governance risk. That inflection point has already arrived.

Over the next decade, the core competitiveness of private HEIs can be compressed into three sentences: prove tuition is worthwhile through outcomes, prove operational reliability through investment, and prove long-term trustworthiness through governance.

Appendices

Appendix 1 Distribution of Private General HEIs Across 31
Provincial-Level Regions (2026)

Supplementary Table 1 Distribution of Private General HEIs Across 31
Provincial-Level Regions (2026)

Region	General HEIs	Private Total	Private Undergraduate	Private Junior College	Private Share
Beijing	92	15	6	9	16.3%
Tianjin	56	12	11	1	21.4%
Hebei	133	42	21	21	31.6%
Shanxi	84	12	7	5	14.3%
Inner Mongolia	54	10	2	8	18.5%
Liaoning	115	31	22	9	27.0%
Jilin	68	21	12	9	30.9%
Heilongjiang	81	21	12	9	25.9%
Shanghai	69	19	8	11	27.5%
Jiangsu	175	46	26	20	26.3%
Zhejiang	111	32	21	11	28.8%
Anhui	126	34	14	20	27.0%
Fujian	90	37	17	20	41.1%
Jiangxi	120	36	20	16	30.0%
Shandong	171	51	26	25	29.8%
Henan	182	60	22	38	33.0%

Hubei	134	45	33	12	33.6%
Hunan	148	43	22	21	29.1%
Guangdong	167	52	25	27	31.1%
Guangxi	93	29	11	18	31.2%
Hainan	29	12	3	9	41.4%
Chongqing	77	33	9	24	42.9%
Sichuan	146	55	18	37	37.7%
Guizhou	80	16	9	7	20.0%
Yunnan	91	22	10	12	24.2%
Tibet	8	0	0	0	0.0%
Shaanxi	98	33	23	10	33.7%
Gansu	49	6	3	3	12.2%
Qinghai	13	1	1	0	7.7%
Ningxia	24	5	5	0	20.8%
Xinjiang	68	9	4	5	13.2%

Data source: National List of Higher Education Institutions issued by the Ministry of Education (as of June 17, 2026); this report has been compiled based on the remarks column. [8]

Appendix 2 Data Definitions and Calculation Notes

1. Number of private HEIs: Annual trends use the Ministry of Education's National Educational Development Statistical Communiqué; provincial distribution uses the National List of General HEIs as of June 17, 2026, identified by the "private" designation in the remarks column. The two have different timing and scope and are not directly compared for increases/decreases.

2. Private undergraduate/junior college enrollment: Uses the sum of general undergraduate, vocational undergraduate, and higher vocational junior college, excluding

adult undergraduate/junior college, non-degree education, and online education. The 2024 simple student-faculty ratio uses the sum of full-time faculty in corresponding institution types and is not equivalent to the Ministry of Education's formally published converted student-faculty ratio.

3. Demographic transmission: The "corresponding year at age 18" in figures mechanically adds 18 years to birth years, used only to identify long-term timing; actual enrollment is also affected by gross enrollment rate, gaokao repetition, junior-college-to-undergraduate transfer, international students, adult students, and cross-regional mobility.

4. International comparison: The definitions of institutions, statistical levels, and inclusion of non-degree institutions differ among Japan, Taiwan (China), Korea, the United States, and mainland China. This report compares only institutional structures and risk disposal, and does not use proportions as quality rankings.

5. Listed companies: Data come from HKEX announcements; group scope, accounting periods, currencies, and adjusted profit basis differ. This report does not use them to evaluate individual institutional quality, only to identify tuition-driven, cash flow, and reinvestment issues.

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