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NGUYEN MANH TIEN

FINANCIAL AUTONOMY OF PUBLIC SERVICE UNITS IN THE EDUCATION SECTOR IN NINH BINH PROVINCE

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SUMMARY OF ECONOMICS DOCTORAL THESIS

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Academic Supervisors: 1. Prof. Dr. Nguyễn Trọng Cơ

2. Dr. Phạm Thị Hoàng Phương

Reviewer 1: ....

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Reviewer 2: ....

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Reviewer 3: ....

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INTRODUCTION

1. Urgency of the topic

Finance always plays an important role and has a direct decisive significance in all activities of levels, units, and organizations. In the process of national administrative reform, the implementation of autonomy and financial autonomy mechanisms in public service units (PSUs) has direct, profound impacts on the effectiveness, efficiency, and sustainable development of the public service provision system. Promoting financial autonomy for PSUs in general and in the education sector in particular has been identified as a major policy and a strategic breakthrough of our Party and State.

This orientation is clearly affirmed through Resolution No. 19-NQ/TW of the 12th Central Committee on ensuring the right to autonomy and comprehensive accountability for task execution, organizational structure, personnel, and finance. Next, Resolution No. 71-NQ/TW dated August 22, 2025, of the Politburo continues to emphasize promoting decentralization and empowerment tied to resource allocation, enhancing autonomy associated with effective inspection and supervision, and ensuring the principle of linking professional management responsibilities with personnel and financial management. Nevertheless, the cognitive process and practical implementation of financial autonomy in the public education sector still reveal inconsistencies and face numerous difficulties and challenges.

Delving into the local context, Ninh Binh is a province with a large area and population, and its public education system is also facing common difficulties like many other localities. In particular, Ninh Binh is facing the moment of merging provincial administrative units according to the National Assembly's resolution (effective from July 1, 2025) to operate under a two-tier government model. The province's public education system has achieved a relatively complete and stable scale, reflecting the characteristics of a locality with average budget resources. The deployment of financial autonomy during this period is both affected by general policies and clearly exposes localized obstacles.

Therefore, researching the topic *"Financial autonomy of public service units in the education sector in Ninh Binh province"* is an appropriate and urgent direction, holding both theoretical value and pressing practical significance.

2. Research objectives and tasks

2.1. Research Objectives

The objective of the thesis is to propose solutions to perfect and strengthen the financial autonomy of public service units in the education sector in Ninh Binh province, suitable for the two-tier local government model until 2035 with a vision to 2045. On the basis of systematizing theory, the thesis evaluates the current status of financial autonomy of public service units in the education sector in Ninh Binh province from 2020 to 2024, the socio-economic context, as well as the current orientations of the Party and State.

2.2. Research Tasks:

The thesis performs 5 tasks: (1) Systematize the theory of autonomy in revenue, expenditure, and distribution of financial results; (2) Build an analytical framework and evaluation criteria system; (3) Assess the current status during the research period; (4) Analyze influencing factors; (5) Propose solutions and recommendations appropriate to the defined research scope,

2.3. Research questions

The thesis focuses on answering the following 7 research questions:

(1) What is the financial autonomy of PSUs in the education sector? What are the contents and evaluation criteria?

(2) What factors influence this mechanism?

(3) How did the status of revenues, expenditures, and distribution of financial results in Ninh Binh take place in the 2021-2024 period?

(4) What level of autonomy has been achieved in terms of state budget utilization and proactivity?

(5) How is the current situation evaluated based on influencing factors?

(6) What are the causes of the current limitations?

(7) What solutions are needed in the coming period to perfect and strengthen financial autonomy in accordance with the new context?

3. Research Scope

Content scope: The dissertation focuses on three core aspects of financial autonomy: revenue autonomy, autonomy in executing expenditure tasks, and autonomy in distributing financial results within public service units in the general education sector.

Spatial scope: The research is conducted in Ninh Binh province for the public general education system; vocational education institutions are excluded.

Temporal scope:

Assessment of current status: The 2020 – 2024 period (this is the period prior to the merger of provincial administrative units on July 1, 2025).

Proposed solutions: Orientation to 2035 and vision to 2045.

4. Research methodology

4.1. Document analysis and synthesis method: Research legal documents and policies, systematize theories, and build the evaluation criteria framework.

4.2. Comparison and contrast method: Compare legal regulations with reality, between groups of units, and periods before/after Decree 60/2021/ND-CP.

4.3. Qualitative combined with descriptive quantitative analysis method: Use financial - budgetary data to describe the current state, and use qualitative analysis to clarify causes.

4.4. Expert and in-depth interview method: Gather opinions from educational and financial managers to verify results from secondary data.

4.5. SWOT analysis and influencing factor framework method: Evaluate strengths, weaknesses, opportunities, and challenges, and determine the relationship between mechanisms, governance capacity, and execution results.

5. Scientific Contributions and Practical Significance

5.1. Scientific Significance

Systematizing the rationale: Clarifying the theoretical basis of provincial-level educational financial autonomy, focusing on concepts, objectives, evaluation criteria, and influencing factors.

Theoretical contributions: Perfecting theories on public finance and innovating public service delivery mechanisms under conditions of promoting decentralization and accountability.

5.2. Practical Significance

Lessons learned: Drawing valuable international experiences to apply to the improvement of the educational financial autonomy mechanism in Ninh Binh.

Assessment of current status: Providing a comprehensive picture of revenues, expenditures, and financial result distribution for the 2020-2024 period; clearly identifying results, limitations, and causes in local resource management.

Perfecting the mechanism: Providing a basis for Ninh Binh province to perfect outcome-based budget allocation and build an autonomy roadmap suitable for unit capacity.

Enhancing governance: Proposing solutions to help schools diversify legal revenue sources, optimize costs, effectively use public assets, and modernize management through information technology.

6. New Contributions of the Thesis

Theoretical development: Shifting the focus of financial autonomy research to the general education sector, affirming that autonomy is a comprehensive governance mechanism closely linked to accountability and implementation capacity.

Practical lessons: Summarizing experiences from China and the SBM model (Hong Kong, Indonesia) for local application.

Empirical assessment: Systematizing the current status of educational financial autonomy in Ninh Binh (2020-2024), clearly identifying bottlenecks and core causes.

Specific solutions: Proposing 7 groups of synchronous solutions, associated with local characteristics and the context of institutional change and two-tier local government after the provincial merger

7. Structure of the thesis

Besides the Introduction, Conclusion, and Appendices, the thesis consists of 4 chapters:

Chapter 1: Research overview.

Chapter 2: Rationale on the financial autonomy of public service units in the education sector.

Chapter 3: Current status of financial autonomy of public service units in the education sector in Ninh Binh province.

Chapter 4: Solutions to enhance financial autonomy in public service units in Ninh Binh province.

CHAPTER 1: RESEARCH OVERVIEW

1.1. Overview of international research on the financial autonomy of public service units in the education sector

1.1.1. Studies on the connotations of financial autonomy of public service units in the education sector

In international research, financial autonomy is considered an important pillar of educational autonomy in general. It is not merely a reduction in budget dependence, but rather a process of delegating decision-making power and resource allocation tied to accountability.

Berdahl (1990) defines financial autonomy as a constituent part of university autonomy, manifested in the right to decide on revenues, expenditures, and the use of resources within the legal framework.

Approaching from a governance perspective, Clark (1998) emphasizes that financial autonomy is a prerequisite for transitioning to an "entrepreneurial university" model, requiring strong internal governance capacity to avoid the risk of financial imbalance.

Ashby argues that the level of autonomy reflects the State's trust in the capacity of educational institutions. Reports from the World Bank clarify the shift in the State's role from a "direct payer" to a "commissioner and supervisor", linking autonomy with outcome-based budget allocation.

Johnstone adds the aspect of social equity, warning that expanding autonomy, if accompanied by cost-sharing, will easily create pressure on low-income groups.

The international connotation of financial autonomy generally revolves around 4 elements: the right to decide on revenues, the right to manage expenditures, the right to manage assets, and accountability.

1.1.2. Studies on criteria and evaluation methods for the financial autonomy of public service units in the education sector

Regarding evaluation criteria, international scholars have developed various measurement methods. One direction is measuring through the structure and degree of revenue diversification to reflect financial autonomy capacity. Another approach by Berdahl evaluates through a system of financial rights such as the right to determine tuition fees, retain financial results, borrow capital, and invest in assets. Notably, the European University Association (EUA) developed the "University Autonomy Scorecard" with comprehensive indicators measuring revenue decision-making rights and the level of State control. The OECD recommends shifting the focus from evaluating the "level" to the "effectiveness" of financial autonomy, focusing on transparent resource utilization linked to output results. Many studies also use qualitative methods and case studies to assess the impact of autonomy within specific institutional contexts.

1.1.3. Studies on factors influencing the financial autonomy of public service units in the education sector

International research points out 4 core groups influencing the effectiveness of financial autonomy implementation: (i) Institutional and policy framework; unstable State intervention in tuition fees or asset management will cause apprehension for educational institutions. (ii) Budget allocation mechanism; outcome-based allocation will create more favorable conditions compared to input-based provisioning. (iii) Internal governance capacity; a lack of skills in medium-term planning and cost control will increase risks when empowered. (iv) Socio-economic conditions and supervision mechanisms; the income of the population and a transparent supervisory framework directly affect the ability to mobilize resources and prevent the abuse of power.

1.1.4. General remarks on international research works

These works have provided a very comprehensive theoretical foundation from both theoretical and practical perspectives. However, most studies are built on the foundation of developed countries with mature educational service markets and high levels of decentralization. Therefore, applying these models and criteria to the context of transitional countries like Vietnam needs to be done selectively, suitable to the specific institutional context and budget mechanisms.

1.2. Overview of domestic research on the financial autonomy of public service units in the education sector

1.2.1. Domestic studies on financial autonomy in public educational service units

In Vietnam, studies define financial autonomy as the State granting proactive rights to units in creating, managing, and using resources tied to accountability. Autonomy does not mean the State completely cuts off budget support, but rather it is a transformation in management methods. The development of this theoretical system is evidenced by the mechanism changes from Decree No. 43/2006/ND-CP, Decree No. 16/2015/ND-CP to Decree No. 60/2021/ND-CP. Studies affirm that autonomy contributes to enhancing proactivity, creating incentives to exploit revenues, and using budgets economically and effectively. However, this effectiveness depends heavily on the financial governance capacity of the unit, including budgeting and expenditure control capabilities. Most current studies still approach the issue by describing the mechanism and assessing the level of autonomy, without delving into an analysis of implementation effectiveness at the local level.

1.2.2. Domestic studies on evaluation criteria and implementation results of financial autonomy of public service units in the education sector

Regarding methods and evaluation criteria, domestic studies often rely on superficial quantitative indicators such as: the ratio of self-financing for regular expenditures, the growth rate of service revenues, or the ability to generate additional income. Some studies expand the evaluation to the aspect of enhancing proactivity in budgeting, as well as promoting accountability, openness, and transparency. However, the biggest limitation is the failure to build a systematic criteria framework for evaluating effectiveness; it leans more towards assessing the "level" rather than implementation effectiveness, and lacks studies utilizing comprehensive data at the local level.

1.2.3. Domestic studies on factors influencing the financial autonomy of public service units in the education sector

Domestic studies agree that the synchronization and stability of the legal document system is a prerequisite. The current budget allocation mechanism is primarily based on "inputs" (staffing, training scale), which reduces optimization incentives and limits proactive rights. The financial governance capacity of the staff, especially skills in budgeting and internal control, is the key factor determining the efficiency of resource utilization. In particular, local socio-economic conditions and the income level of the people directly impact the ability to mobilize socialization, explaining the differences in autonomy among regions. Although these factors are identified, scholars often analyze them separately rather than connecting them into a comprehensive analytical framework verified by local data.

1.3. General evaluation of related research works

1.3.1. Inherited contents with consensus

Research both domestically and internationally has approached the issue relatively comprehensively from both theoretical and practical perspectives, specifically:

First: Consensus that financial autonomy is the core component of educational autonomy, reflecting the degree of decentralization associated with the efficiency of public resource utilization and accountability.

Second: Emphasizing the decisive role of a stable and transparent institutional framework and appropriate budget allocation mechanisms for the effectiveness of autonomy implementation.

Third: Initially shifting the focus from measuring the "level" (granted authority) to evaluating "effectiveness" through a combination of financial, governance, and educational performance criteria.

Fourth: Orientation towards comprehensive autonomy in organization, personnel, and finance; transitioning from direct funding to beneficiary support and promoting socialization.

1.3.2. Research gaps and orientations

By systematically contrasting and synthesizing documents, the thesis identifies 5 core research gaps that establish the urgency of the topic:

First, a gap in the level and scope of research: Studies primarily approach from a macro level, focusing on higher education or vocational education. There is absolutely no in-depth research evaluating the implementation of financial autonomy mechanisms in public general educational institutions at the provincial level, especially in Ninh Binh.

Second, a gap in evaluation content: Most current works confuse or equate the measurement of "autonomy level" (only measured by the percentage of self-financing for regular expenditures) with the "effectiveness of implementing the financial autonomy mechanism".

Third, a gap in the criteria framework and evaluation methods: No study has built a unified criteria framework that synchronously combines financial criteria, internal governance criteria, and criteria linked to the effectiveness of implementing educational tasks.

Fourth, a gap in analyzing influencing factors and their links to solutions: Factors such as institutions, budget mechanisms, staff capacity, or regional conditions have not been placed within a comprehensive analytical framework to clearly see their mutually binding relationships.

Fifth, a gap in the contemporary context: All previous studies were set in the context of a 3-tier government organization. No study has researched educational financial management in a local context preparing to operate under a 2-tier local government model (Ninh Binh province merging from July 1, 2025).

The selection of Ninh Binh province for this research aims to address the aforementioned theoretical and practical gaps, providing a rationale for perfecting the financial autonomy mechanism in accordance with the actual context.

CHAPTER 2: RATIONALE ON THE FINANCIAL AUTONOMY OF PUBLIC SERVICE UNITS IN THE EDUCATION SECTOR

2.1. Public service units in the education sector and the finance of public service units in the education sector

2.1.1. Concept and role of public service units in the education sector

According to the regulations of Vietnamese law, PSUs are organizations established by competent state agencies, having legal personality, providing public services serving state management and social activities, and having their funding fully or partially guaranteed by the State. In the national education system, PSUs include institutions from preschool, general education to vocational and public higher education, performing the function of providing educational services according to State standards. Unlike profit-driven enterprises, the ultimate goal of public educational institutions is to optimize the use of public resources to raise people's intellectual level, develop human resources, and ensure social equity. These units play a leading role in providing essential services, ensuring citizens' right to learn, especially vulnerable groups and disadvantaged areas. In terms of public financial management, schools are both budget beneficiaries and subjects directly using, managing resources, and being accountable to the State. The effective operation of these units directly impacts the sustainable socio-economic development of both the locality and the country.

2.1.2. Classification of public service units in the education sector by the level of financial autonomy

Classification based on the level of financial autonomy is an important basis for the State to determine the level of budget support, the scope of assigned authority, and evaluate the effectiveness of implementing the autonomy mechanism at each unit. Accordingly, public educational institutions are divided into four groups:

Group 1 (Self-financing regular and investment expenditures): Has the highest level of autonomy, self-financing all operating and investment costs from lawful revenue sources. Commonly applied to large higher education institutions.

Group 2 (Self-financing regular expenditures): Autonomous in regular operating costs but still needs State support for development investment projects.

Group 3 (Self-financing a portion of regular expenditures): This is a very common group in general education. Units can only self-finance a portion of funding from service revenues, while the majority is still provided by the state budget.

Group 4 (State budget guarantees regular expenditures): The lowest level of autonomy, applied to institutions in remote and difficult areas to ensure social equity and access to education.

2.1.3. Finance of public service units in the education sector

The finance of public educational institutions has 6 basic characteristics that directly govern the effectiveness of implementing the autonomy mechanism:

First, revenues heavily depend on the state budget, especially the general education block. Non-budget revenues (tuition fees, services) account for a small proportion and are strictly regulated by the State.

Second, the expenditure structure is "rigid" and inflexible. Salary and allowance expenditures always account for an overwhelming proportion, reducing the room to restructure investment resources for professional activities.

Third, the ability to fully calculate educational service costs is still limited due to social welfare orientations. Most labor costs and asset depreciation are still subsidized by the State, making autonomy primarily stop at consuming the allocated estimates.

Fourth, the management and use of public assets are strictly bound by law, causing difficulties in exploiting assets to generate revenue.

Fifth, the level of decentralization and financial governance capacity of school management teams are uneven, directly creating disparities in the effectiveness of autonomy implementation.

Sixth, local socio-economic conditions directly dictate the ability to mobilize socialization, creating a major challenge for low-income areas.

2.2. Financial autonomy of public service units in the education sector

2.2.1. Concept of financial autonomy of public service units in the education sector

Financial autonomy in education does not aim to commercialize schools, but rather is the State granting proactive rights to units in creating, managing, distributing, and using resources tied to accountability. The nature of financial autonomy consists of three core elements: (i) autonomy in resource management; (ii) accountability; and (iii) the supervision mechanism of the State and society. Due to the essential public service nature, financial autonomy here is "conditional autonomy", where the state budget still plays a leading role.

The thesis defines: Financial autonomy of PSUs in the education sector is the unit being granted proactive rights by the State in creating, distributing, and using financial resources to improve operational efficiency, reduce the budget burden, and promote self-responsibility.

2.2.2. Objectives of financial autonomy of public service units in the education sector The autonomy mechanism aims at 5 strategic objectives:

(1) Improving the quality of education and training: Creating resources to invest in facilities, attract and retain good teachers, and innovate teaching methods.

(2) Enhancing the efficiency of resource utilization: Forcing units to make responsible spending plans, seek optimal saving solutions, and maximize asset capacity.

(3) Reducing the burden on the state budget: Shifting from provisioning to commissioning tasks, helping reallocate resources to disadvantaged areas and mobilizing socialization.

(4) Increasing proactivity, creativity, and accountability: Granting executive power combined with the requirement to transparently disclose all financial activities.

(5) Diversifying services: Allowing the development of joint programs and soft skills to meet the practical needs of the market.

2.2.3. Contents of financial autonomy of public service units in the education sector

2.2.3.1. Autonomy in revenues

Units have the right to exploit tuition and fees within the State's prescribed framework, requiring the development of a collection scheme and a commitment to corresponding quality. Schools can expand revenues from other public services (short-term fostering, articulation, independent testing). Simultaneously, units can generate revenue through leasing idle assets, joint ventures, or attracting sponsorships, aids, and scholarships from social organizations and enterprises.

2.2.3.2. Autonomy in executing expenditure tasks

This is the proactive right to allocate budgets to meet operational needs based on 4 contents: (1) Proactively building internal spending regulations and expenditure norms, prioritizing spending for professional activities, human resource quality, and scientific research. (2) Flexibly using additional income to improve teachers' lives, create reward and welfare funds, and reinvest for development. (3) Proactively deciding on investments (for fully autonomous units) to upgrade facilities and mobilize credit capital for key projects. (4) Flexibility in organizational structure and labor utilization, arranging suitable job positions and paying competitive salaries.

2.2.3.3. Autonomy in distributing financial results

After covering expenses, the positive difference between revenues and expenditures is independently decided by the school to be allocated into 4 types of funds:

- *Career activity development fund:* Used to reinvest in upgrading facilities, purchasing machinery, developing technology, and professional training.
- *Reward fund:* Encouraging individuals and collectives with outstanding achievements.
- *Welfare fund:* Caring for the material and spiritual lives, and supporting employees.
- *Income stabilization reserve fund:* Ensuring income when there are financial fluctuation risks. The remainder after fund allocations is directly spent as additional income for employees based on work performance. For general education, financial results depend on cost savings, hence distribution autonomy is manifested through internal control and transparency.

2.2.4. Evaluation criteria for the financial autonomy of public service units in the education sector

2.2.4.1. Quantitative criteria (financial indicators)

Evaluating revenue autonomy: Consists of 4 indicators: (1) The ratio of guaranteeing regular expenditures from service revenues (determining the level of autonomy); (2) The proportion of non-budget revenues (measuring the degree of diversification); (3) The growth rate of autonomous revenues; (4) Average additional income per worker (reflecting the ability to improve lives).

Evaluating expenditure task autonomy: Consists of 4 indicators: (1) The ratio of direct spending for professional work; (2) The ratio of additional income spending to the total salary fund; (3) The growth rate of investment spending; (4) The regular expenditure saving rate (showing optimal management capacity).

Evaluating financial result distribution autonomy: Consists of 4 indicators: (1) The allocation rate of the career development fund (showing long-term vision); (2) The ratio of additional income spending; (3) The allocation rate of reward and welfare funds; (4) The allocation rate of the reserve fund.

2.2.4.2. Qualitative criteria

Group of criteria evaluating the Governance - Operation situation: (1) The degree of proactivity in making and assigning estimates; (2) The degree of proactivity in organizing implementation; (3) The degree of completeness and compliance with the budget cycle (input or output management); (4) The degree of openness and transparency in revenues and expenditures; (5) Accountability to management agencies and society.

Group of criteria associated with educational tasks: (1) Ensuring the execution of educational tasks (maintaining teaching, universal equity); (2) The connection of autonomy with professional innovation (allocating spending for innovation, digital transformation); (3) Developing the teaching staff (linking financial allocation with work performance).

2.2.5. Factors influencing the financial autonomy of public service units in the education sector

2.2.5.1. Objective factor group

Factors belonging to policies and the legal environment: The synchronization of the legal document system, the system of economic - technical norms, and the roadmap for correctly pricing services. Substantive decentralization and empowerment from state management agencies, as well as credit investment policies and inspection/supervision, shape a safe space for autonomy.

Factors belonging to the socio-economic environment: Economic growth rate and the income level of local people directly affect the ability to collect tuition fees and mobilize socialization. Labor market demand, competition among schools, and the attitudes and beliefs of society also determine the room for the school's revenue generation.

2.2.5.1. Subjective factor group belonging to internal capacity

Governance and executive capacity of leaders: Strategic vision, financial planning ability, decision-making, and innovation.

Quality of teaching staff and workers: Professional qualifications, responsible attitudes, and especially the capacity of the accounting - financial apparatus in complying with discipline.

Facilities and equipment: Modernity helps improve training quality and exploit revenue generation.

Capacity to attract learners and exploit services: Training quality, brand reputation, ability to diversify services, and marketing.

Internal spending regulations and control system: Transparency and strictness of regulations help prevent waste and loss.

2.3. International experiences and lessons for Ninh Binh in the financial autonomy of public service units in the education sector

2.3.1. International experiences

China's experience: From a full subsidy mechanism before 1978, China has gradually reformed into a "multi-source investment, multi-channel finance" mechanism. Through strategic projects (Projects 211, 985), the Chinese Government changed the funding mechanism from "input" to "output" funding (funding based on key projects and quality). Schools are allowed to establish development funds, international joint ventures, and strongly self-determine spending. China's education system currently operates under a three-dimensional governance model of "State - Market - Society", perfectly combining diverse revenues, government funding by project, and delegating controlled self-determination rights.

School Based Management (SBM) model: The School-Based Management (SBM) model was strongly applied in the 1980s in the United States and Canada, and subsequently expanded to Australia, New Zealand, the United Kingdom, Hong Kong, Indonesia, and many other countries. This model implements the decentralization of financial decision-making power directly to the school with the participation of the School Council (including the Principal, teachers, parents, and community representatives). This model maximizes accountability based on students' learning outcomes and ensures transparency in budget spending monitoring. Parents can directly participate in monitoring cash flows and verifying transactions, thereby optimizing the use of resources tailored to the specific needs of that locality.

2.3.2. Lessons learned for Ninh Binh

From international realities, Vietnam in general and Ninh Binh in particular can draw 4 strategic lessons to promote effective and sustainable financial autonomy:

First, perfecting synchronous mechanisms and policies: Autonomy must go hand in hand with accountability. Barriers regarding personnel mechanisms and spending norms must be removed; granting actual autonomy must be tightly linked to quality accreditation mechanisms and independent financial supervision.

Second, enhancing the capacity to mobilize capital from multiple sources: The Government and localities should encourage the mobilization of socialization from enterprises, but strictly not consider general education tuition as the main revenue source to avoid commercializing education. The budget needs to focus funding on key projects.

Third, policies to ensure social equity: It is necessary to establish and expand scholarship funds to support poor students. At the same time, autonomy should not be applied uniformly across the board; it must be classified reasonably, applying different roadmaps for schools in favorable areas and schools in difficult areas.

Fourth, improving governance capacity: Innovating the internal governance model to ensure democracy and transparency. This is a key factor for schools to effectively use autonomous capital and flexibly allocate resources for spending to attract and retain good teachers and improve education quality.

Sub-conclusion of Chapter 2

Chapter 2 has established a theoretical framework and a synchronous, comprehensive analytical criteria system on the financial autonomy of PSUs in the education sector. Clarifying the connotations, characteristics, evaluation criteria system, and international experience lessons has provided a sharp scientific "toolkit", serving as a direct basis for assessing the reality of educational budget management in Ninh Binh province in Chapter 3 and shaping breakthrough solution groups in Chapter 4.

CHAPTER 3: CURRENT STATUS OF FINANCIAL AUTONOMY OF PUBLIC SERVICE UNITS IN THE EDUCATION SECTOR IN NINH BINH PROVINCE

3.1. Socio-economic conditions and the public education system in Ninh Binh province

3.1.1. Socio-economic conditions impacting public education

During the 2020-2024 period, Ninh Binh province was subject to the intertwined impacts of many socio-economic factors, which simultaneously created pressure on the education budget and set requirements for strong innovation in financial resource management. The province's GRDP growth rate recovered strongly from 2022, reaching 8.62%, and 8.56% in 2024; average income per capita increased from 67.4 million VND in 2020 to 96 million VND in 2024. Local state budget (LSB) revenue reached 39,898 billion VND in 2024. However, the province's economic scale remained at an average level compared to the Red River Delta, making LSB room limited in expanding investment spending.

Despite this, the province consistently maintained priority for education, reflected in the fact that budget expenditure for education always accounted for a large proportion, ranging from 24.5% to 25.6% of total LSB expenditure (increasing from 3,210 billion VND in 2020 to 4,380 billion

VND in 2024). This priority was accompanied by 3 structural aspects directly impacting financial autonomy: (1) pressure to increase regular expenditures (mainly salaries) under limited budget conditions; (2) the requirement to maintain a dispersed network of schools and classes meeting geographical characteristics; and (3) pressure from general education innovation and social welfare policies on tuition fee exemption and reduction. These factors shaped the nature of financial autonomy here primarily as "management autonomy within the budget framework", not yet autonomy based on revenue diversification.

3.1.2. Network of public educational institutions in Ninh Binh province The public education network in Ninh Binh is massive and maintained stability over the years. In 2024, the whole province had 476 institutions (154 preschools, 146 primary schools, 141 lower secondary schools, 27 upper secondary schools, and 8 continuing education centers), serving over 207,300 students with 16,650 teachers. Although the number of students slightly decreased, the scale of teachers decreased very slowly to meet professional norms. The maintenance of this large and dispersed network incurred extremely large fixed costs (salaries, operations), which is a structural factor narrowing the room for implementing financial autonomy.

3.1.3. Management and decentralization mechanism for public education in Ninh Binh province and its relationship with financial autonomy

The management mechanism complied with the 2015 State Budget Law, the 2019 Education Law, and Decree 60/2021/ND-CP. The Provincial People's Council decided on the total revenue-expenditure level and allocation structure; the Provincial People's Committee assigned estimates and autonomy rights. The Department of Education and Training managed professional aspects, regulating personnel norms (making salary expenditures "rigid"); the Department of Finance appraised estimates and controlled expenditures. District-level People's Committees directly managed the preschool, primary, and lower secondary school systems. This decentralization mechanism limited the substantive autonomy rights of educational institutions to managing regular non-salary expenditures within the allocated budget.

3.1.4. Classification of the level of financial autonomy of public educational institutions in Ninh Binh province

Educational financial autonomy in Ninh Binh during the 2020-2024 period was clearly stratified and remained at a low level,. The majority of institutions (including preschools, primary schools, and lower secondary schools) belonged to Group 4, where the state budget fully guarantees expenditures; only a few upper secondary schools and continuing education centers belonged to Group 3, self-financing a portion of their regular expenditures. The implementation was characterized by caution and strict control, leading to a narrow scope of autonomy and a high level of dependence on the state budget,. This reality limits the ability to promote proactivity and efficiency in utilizing the financial resources of public educational institutions.

3.2. Current status of financial autonomy of public service units in the education sector in Ninh Binh province

3.2.1. Current status of revenues and revenue autonomy of public service units in the education sector in Ninh Binh province in the 2020-2024 period

The revenue structure clearly revealed an imbalance, completely dominated by the state budget. State budget revenues continuously increased from 3,210 billion VND (2020) to 4,380 billion VND (2024), accounting for 92.71% to 92.86% of the sector's total revenue. This dependence even tended to increase, reflecting that education remained an essential public service fully subsidized by the State. Meanwhile, revenues from tuition fees and services only accounted for 6.13% to 6.32%. Total non-state budget revenues (including tuition fees and other revenues) fluctuated around 7.1% - 7.3%, reaching 337 billion VND in 2024. The reason was that tuition fees were subject to strict State management, combined with exemption and reduction policies for disadvantaged areas. Therefore, the expectation of expanding financial autonomy by increasing general education tuition fees was unfeasible. In short, revenue autonomy rights were almost formalistic; schools only exercised the right to "arrange and use the budget".

3.2.3. Current status of expenditures and autonomy in executing expenditure tasks of public educational institutions in Ninh Binh province in the 2020-2024 period

This was where the "structural bottleneck" of education finance was most clearly manifested. Total regular expenditures for public education increased from 1,693 billion VND (2020) to 1,951 billion VND (2024), an increase of 15.3%. However, salary and allowance expenditures consistently "swallowed" about 74.4% of the budget. When classified by flexibility, up to 74.4% were "rigid" expenditures (salaries, allowances), 14.6% were "semi-rigid" (mandatory norm-based expenditures); and only 11% (about 480 billion across the sector) were flexible expenditures to actually exercise autonomy rights.

Particularly, the expenditure variance analysis showed that in the total increase of 258 billion VND over the period, up to 85% (219 billion VND) was forced into salary and allowance increases. Spending on professional activities only accounted for 12.7% of the increase, while other spending accounted for 2.3%. The budget scale increased, but the space for principals to innovate professionally was narrowed, turning spending autonomy rights into fragmented "technical autonomy". The input-based expenditure control mechanism, following closed norms at the State Treasury, also reduced flexibility and limited autonomy implementation effectiveness.

3.2.4. Current status of financial results and autonomy in distributing financial results of public service units in Ninh Binh province in the 2020-2024 period

Fiscal discipline was maintained very well; the whole sector always had a positive difference between revenues and expenditures, increasing from 247 billion VND (2020) to 337 billion VND (2024). However, this accumulation rate was very thin, fluctuating only from 7.14% to 7.29% compared to total revenue. The education system was characterized more by "static balance" than "dynamic accumulation".

The distribution of this modest surplus was divided into: Career Activity Development Fund (35-38%), Additional Income (29-30%), Welfare Fund (18-20%), and Reward Fund (14-15%). Due to the extremely small absolute values, the Career Development Fund lacked the capacity for large-scale infrastructure reinvestment or profound digital transformation. Additional income distribution was also egalitarian, lacking sufficient leverage to stimulate work performance or retain good teachers. These formalistic financial results and distribution mechanisms had not generated endogenous motivation for educational innovation.

3.3. Analysis of criteria reflecting the current status of financial autonomy of public service units in the education sector in Ninh Binh province

3.3.1. Analysis of the financial criteria group

The evaluation showed that public education was relatively well-resourced, with education spending stably maintained at over 21-22% of the province's total regular expenditures. However, financial sustainability depended heavily on the state budget (accounting for nearly 90%). The core weakness was very low financial flexibility; the overwhelming proportion of salary spending caused financial autonomy to be "rigidified", transforming into "formalistic autonomy" within the scope of adjusting very small expenditure items.

3.3.2. Analysis and evaluation of the current status of financial autonomy according to the governance and operation criteria group

Budget estimation mainly complied with salary funds and norms, evaluating proactivity at a "Low" level. The right to make adjustments during the fiscal year reached a "Very Low" level; the budget cycle leaned towards input control ("High" level) instead of output-based governance ("Very Low" level). Financial transparency was primarily a matter of legal compliance ("Medium" level), while the effectiveness of internal control and accountability linked to education quality remained very limited.

3.3.3. Analysis and evaluation of the current status of financial autonomy according to the criteria group associated with educational tasks

Financial autonomy helped maintain stable teaching and learning activities ("Fairly Medium" level) thanks to regular state budget allocations. However, the capacity to create room for professional program innovation, material investment, and digital transformation was "Very Low". Resources were insufficient to link financial allocation with teacher performance evaluation ("Very Low" level). Financial autonomy took on a "stable - maintaining" nature rather than creating a "breakthrough - innovative" motivation.

3.3.4. SWOT analysis and identification of major bottlenecks in implementing financial autonomy

Strengths (S): Education was prioritized with a stable budget; facilities were relatively complete; fiscal discipline and budget compliance were very good; institutions were deployed synchronously.

Weaknesses (W): The "rigid" expenditure structure was overwhelming; autonomy stopped at the implementation organization stage; governance leaned heavily toward compliance, lacking output-based management; internal control remained formalistic.

Opportunities (O): Requirements for educational innovation; the development of digital transformation; institutional perfection; especially the opportunity to redesign the financial model after merging into a 2-tier government.

Threats (T): The trend of tuition fee exemption/reduction narrowed revenue generation capacity; pressure to balance the local state budget; economic disparities across regions caused inequality; the risk of disruption during the merger.

3 core bottlenecks: (1) The budget structure was rigidified; (2) The budget cycle and governance model heavily focused on input control; (3) Limitations in non-budget resources due to tuition welfare policies.

3.4. Evaluation of the current status of financial autonomy of public service units in the education sector in Ninh Binh province

3.4.1. Achieved results

The implementation of the autonomy mechanism brought 8 positive results: (1) Shifting perception from "subsidization" to "proactive governance"; (2) Initially diversifying revenues through sponsorship; (3) Promoting educational socialization; (4) Increasing proactive rights to allocate minor expenditures within the budget; (5) Improving resource utilization efficiency and administrative savings; (6) Initially distributing additional income to motivate teachers; (7) Partially improving facilities; (8) Enhancing transparency and accountability.

3.4.2. Limitations and causes

Besides the achieved results, 9 major limitations existed: Low and uneven autonomy levels; tuition fees not fully reflecting costs; unsustainable non-budget revenues; irrational expenditure structure with low professional spending; egalitarian income distribution; large income disparities across regions; autonomy rights remaining formalistic and bound; weak financial governance capacity of school leaders; and financial transparency not linked to substantive effectiveness evaluation.

The thesis deeply decoupled 4 core groups of causes for the above limitations:

(1) Causes belonging to institutions and policies: The current legal framework still operated under the logic of "budget expenditure management" controlling inputs. The salary and staffing mechanisms "locked" the education budget structure, narrowing the room for substantive autonomy. Simultaneously, the social welfare orientation through exemption and reduction of general education tuition fees diminished revenue-generating capacity, making it impossible for autonomy rights to rely on increasing local revenues. The allocation mechanism still adhered to staffing norms instead of output results.

(2) Causes belonging to implementation organization and the budget cycle: The closed budget cycle from estimation to finalization left educational institutions with no space for flexible adjustment during the year. Decentralization of management was not accompanied by substantive empowerment; major spending decisions still laid with superior agencies. Notably, there was a lack of a result-based feedback mechanism: the previous year's finalization results did not change the subsequent year's budget allocation method, eliminating motivations for savings and innovation.

(3) Causes belonging to internal governance capacity: The medium-term financial planning capacity of schools was very limited; estimates were created just to be "in the right form, right process". Governance mindset leaned heavily towards "administration - accounting", focusing on voucher compliance to avoid errors instead of optimizing cost-benefits. The role of school accountants was very faint, merely serving as "payment logistics" without fulfilling the function of providing financial strategy advice to the Principal.

(4) Causes belonging to socio-economic conditions, supervision, and accountability: Economic disparities among regions (urban vs. rural)

created inequality in socialization mobilization capacity, causing risks of widening the quality gap if autonomy was applied across the board. The financial disclosure mechanism stopped at "posting the correct form" without explaining "what quality the spent budget brings". Inspection and supervision work mainly focused on finding errors ("not allowed to be wrong") rather than evaluating educational investment effectiveness, causing schools to retreat and choose safe solutions instead of daring to break through.

Sub-conclusion of Chapter 3

Chapter 3 utilized sharp empirical evidence to prove that: financial autonomy at public educational units in Ninh Binh province during the 2020-2024 period only stopped at "formalistic autonomy" and maintaining operational stability. Bound by a "rigid" expenditure structure, an input-controlling budget cycle, and weak governance capacity, autonomy had not transformed into a driving force to improve education quality. Identifying these bottlenecks and the 4 groups of causes above constituted the direct scientific foundation for the thesis to design 7 breakthrough solution groups in Chapter 4, especially the preparation of a flexible financial mechanism to adapt to the merger and operation of the 2-tier government from July 2025.

CHAPTER 4: SOLUTIONS TO ENHANCE THE FINANCIAL AUTONOMY OF PUBLIC SERVICE UNITS IN THE EDUCATION SECTOR IN NINH BINH PROVINCE

4.1. Socio-economic context, viewpoints, and orientations for perfecting the financial autonomy of public service units in the education sector in Ninh Binh province

4.1.1. Socio-economic context impacting the financial autonomy of public service units in the education sector in Ninh Binh province

New legal framework (2025-2026): The system of solutions is set in the context of important laws officially taking effect from January 1, 2026, such as: the State Budget Law 2025, the Law on Teachers 2025, and the Amended Education Law 2025. Along with that, Decree 73/2026/ND-CP and Circular 26/2026/TT-BTC establish a new budgetary framework for planning, execution, and supervision starting from the 2026 fiscal year.

Changes in administrative boundaries and management model: From July 1, 2025, the "new Ninh Binh" province (merged from Ninh Binh, Nam Dinh, and Ha Nam) will officially operate under a two-tier local government model. The goal is to become a centrally-run city by 2030, with a development orientation toward a green economy, heritage economy, and high-quality tourism.

Pressures and advantages after the merger: The expanded economic and budget scale allows for more flexible resource regulation through an "intra-regional compensation" mechanism. However, the province faces challenges regarding development disparities between regions (urban vs. disadvantaged rural areas), risks of management disruption when abolishing the district level, and the urgent need to enhance the financial governance capacity of school leadership to adapt to the new context.

Education welfare policies: National Assembly Resolutions on tuition fee exemptions and support for preschool children and general education students create a strategic shift, affirming the leading role of the state budget. This requires the financial autonomy mechanism to shift its focus from "increasing revenues" to "improving budget utilization efficiency".

4.1.2. Viewpoints on perfecting financial autonomy

First, perfecting the autonomy mechanism must stem from the locality's socio-economic development characteristics, treating education as a tool to improve the efficiency of human resources serving the green economy, heritage economy, and tourism.

Second, it must ensure the leading role of the state budget in general education. Autonomy does not mean shifting the burden to learners, but improving the efficiency of budget allocation and utilization.

Third, the financial autonomy mechanism needs to be differentiated by educational level and type, being cautious with general education but expanding for vocational education in line with market demands.

Fourth, adhering to the pre-merger reality but must be flexible enough to adapt and apply to the context of the "new Ninh Binh" post-merger with regional diversity.

4.1.3. Orientations for perfecting financial autonomy

(1) Enhance the efficiency of state budget utilization, shifting from input-based governance to outcome-based management;

(2) Ensure stability and continuity during the 2-tier government merger period, with substantive decentralization and increased flexibility at the grassroots level;

(3) Link autonomy with improving the overall governance capacity of educational institutions;

(4) Build a mechanism capable of replication and flexible application for localities with similar conditions.

4.2. Solutions to enhance the financial autonomy of public service units in the education sector in Ninh Binh province

4.2.1. Perfecting institutions and policies on financial autonomy

Solution 1: Perfecting the budget allocation mechanism linked to tasks and outcomes.

Instead of input-based provisioning (staffing, classes), the budget needs to be structured into two components: "Budget for core tasks" (maintaining operations, paying salaries) and "Budget for encouraging efficiency improvement" (allocated based on governance results, improving teaching conditions, and ensuring equity). The roadmap from 2025-2026 will test criteria, moving toward synchronized province-wide application in 2027-2028.

Solution 2: Differentiating autonomy policies by educational level.

General education should focus on "autonomy in managing and using the budget", without forcing increased revenue from learners. Meanwhile, vocational education needs expanded substantive autonomy, assigning training orders according to the locality's industrial and tourism development needs.

4.2.2. Perfecting revenue autonomy

To make revenue autonomy effective while ensuring social welfare orientations: It is necessary to expand the rights of educational institutions in deciding on lawful revenues from supplementary and joint educational services. Encourage diversifying revenues by exploiting idle public assets (such as renting out facilities outside school hours), but strict approval schemes are required. Mobilize contributions from businesses, alumni, and scholarship funds without commercializing education. Simultaneously, the State must maintain its regulatory role, having tuition exemption and reduction policies for vulnerable groups to protect social equity.

4.2.3. Perfecting autonomy in executing expenditure tasks

This is the solution to remove the "rigid expenditure structure". It is necessary to transition to a lump-sum expenditure mechanism based on tasks and output results. Educational institutions must be granted the flexible right to adjust between expenditure items during the year, reducing administrative approval procedures. Notably, schools must proactively restructure expenditures: reducing the proportion of administrative spending to prioritize investment resources for professional activities, teaching method innovation, and digital transformation.

4.2.4. Perfecting autonomy in distributing financial results

The revenue-expenditure difference, although small, is an important lever. The egalitarian distribution mindset must be abolished, transitioning to distributing additional income based on labor productivity and actual teaching effectiveness. Increase the decision-making power of schools in setting the allocation rates for funds (Career Development, Reward, Welfare) to suit internal development strategies. Performance evaluation criteria

(KPIs) need to be clearly quantified and publicized to create consensus within the collective.

4.2.5. Innovating methods of organizing the implementation of financial autonomy

Solution 1: Innovating medium-term financial planning. Overcome short-term estimation, which is merely a formalistic "addition". Schools must build 3-5 year Financial Plans tightly linked to professional development strategies. The planning process must be standardized, with coordination between the school board and professional departments, ensuring resources target core objectives.

Solution 2: Enhancing transparency and internal control. Financial disclosure is not just posting numbers but clearly explaining what educational improvements the incurred costs have generated. The internal control system needs to shift from compliance control to risk control, strictly monitoring procurement and repair stages. Link transparency results with the credit rating of the head of the educational institution.

4.2.6. Improving financial governance capacity

Solution 1: Training the leadership and accounting staff. The head must transition from an "expenditure management" mindset to "strategic financial governance" (knowing how to analyze cost-benefits and manage risks). The accounting department needs to be upgraded from a "voucher payment" role to an "advisory strategy" role.

Solution 2: Mechanisms for encouragement and binding responsibility. Units that use the budget economically and efficiently will be prioritized for additional incentive budget allocation. Simultaneously, the head must bear personal responsibility if financial violations or inefficient management occur. Staff capacity evaluation must include the criterion of financial autonomy effectiveness.

4.2.7. Supportive solution group

Solution 1: Regional/area-based autonomy suitable for the new Ninh Binh. Avoid a "one-size-fits-all" approach. Educational institutions should be classified into 3 areas: central, favorable rural, and disadvantaged areas. Urban schools will apply higher levels of autonomy, while disadvantaged area schools continue to receive full budget protection. The budget allocation coefficient also needs adjusting according to regional factors to compensate for disparities.

Solution 2: Enhancing inter-sectoral coordination. Abolishing the district level creates a gap in intermediate management. Therefore, there needs to be a sharp coordination mechanism among the Department of Education & Training, the Department of Finance, and the Provincial People's Committee in budgeting, allocating funds, and inspection. Establish a focal point for educational finance coordination at the provincial level to quickly resolve problems at the grassroots, ensuring smooth system operation.

4.3. Conditions for implementing solutions and recommendations

4.3.1. Implementation conditions

For the 7 solution groups above to become reality, 5 prerequisite conditions must be ensured: (1) Flexible institutional policies, clearly delineating the authority of the provincial and grassroots levels in the 2-tier model; (2) Ensuring stable financial resources from the state budget in the medium term; (3) Clear inter-sectoral coordination apparatus without shifting responsibilities; (4) Management human resources with sufficient execution skills; and (5) Establishing a synchronous supervisory information system to control effectiveness based on outcomes.

4.3.2. Recommendations

To the Central Government: It is necessary to perfect the legal framework on autonomy suitable for the 2-tier government model; allow Ninh Binh to flexibly apply budget allocation and decentralization mechanisms post-merger.

To Ninh Binh province: Autonomy regulations need to be specified to the characteristics of the new province; ensure resources and enhance macro supervision instead of micro-intervention.

To the education sector and educational institutions: Must proactively innovate mindsets, seriously implement financial accountability, and quickly adapt to the 2-tier management mechanism to optimize resources.

Sub-conclusion of Chapter 4 Chapter 4 has systematized and proposed a set of 7 breakthrough, closely linked solutions aiming to thoroughly resolve bottlenecks in expenditure structure and governance models. The most innovative point of this chapter is anticipating the province's merger context, introducing policy designs differentiated by educational level and region, ensuring the highest fairness and efficiency.

CONCLUSION

Financial autonomy of public service units in the education sector is a central component of the current process of innovating public financial management and reforming the public service sector in Vietnam. In the context of requirements to improve the efficiency of state budget utilization, ensure equity in educational access, and gradually innovate educational governance towards modernity, researching the financial autonomy of public service units in the education sector in Ninh Binh province holds both theoretical and practical significance.

Through systematizing the rationale on the financial autonomy of public service units in the education sector, the thesis has clarified the current status, level, and quality of financial autonomy of public service units in the general education sector in Ninh Binh province, aligning with the limited scope of the thesis. The research results establish a theoretical framework serving the evaluations and proposed solutions to perfect and enhance the financial autonomy of public service units in the education sector.

The thesis researches the experiences of financial autonomy in public service units in the education sector from China and the School-Based Management (SBM) model, drawing valuable reference lessons for Ninh Binh in perfecting and enhancing the financial autonomy of public service units in the education sector.

The thesis has presented and evaluated the current status of financial autonomy of public service units in the education sector in Ninh Binh province during the 2020-2024 period. It clearly points out the achieved results, limitations, and underlying causes of the current financial autonomy status of public service units in the education sector in Ninh Binh province from 2020 to 2024, serving as a practical basis to propose perfecting and innovative solutions.

After studying the socio-economic context impacting the financial autonomy of public service units in the education sector, the thesis proposes viewpoints, orientations, and solutions to perfect and enhance the financial autonomy of public service units in the education sector in Ninh Binh province for the period up to 2035 and subsequent years. The thesis also provides recommendations to relevant agencies to increase the feasibility of these solutions.

Overall, the thesis has accomplished the set research objectives, contributing to clarifying the scientific and practical foundation for perfecting the financial autonomy of public service units in the education sector in Ninh Binh province within the current context of public financial management innovation and administrative reform.