CHAPTER 6

Financial Management of Malaysia’s Education

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Financing of education has a long history of being the primary responsibility of private entities in most countries around the world. Only recently, particularly in the early 19th century, has government taken charge as the main provider of public education considering the high magnitude of this sector toward the nation’s advancement. However, the last few decades also have shown the participating effort by the people of interest in this sector to provide and finance education. Privatization has substantively become an alternative to reduce the government’s burden besides providing freedom, equity and adequacy of education to society. The emerging development of education finance has brought a few more concepts such as voucher, open system and charter schools especially for the developed world such as America, Europe and Australia.

A good education financing system becomes a source for an excellent provision of education that could lead to efficiency and quality in generating educational outcomes. The concept of accountability ensures all parties responsible for education can account for their activities, accept responsibilities and disclose all results in a transparent manner. The federal government is the main provider of education which actually utilizes public money obtained from the many forms of taxes.

Malaysian education finance is implemented through certain policies and plans designed by the federal government that become the framework of its operation. Since 1957, the First Malaya Plan (RMP) has allocated a significant proportion of money for education which then continuously increased to the Ninth Malaysia Plan (RMK-9) for the period of 2006-2010. The National Education Blueprint 2006-2010 was also launched with the mission to allow all those involved and interested in education