THE MANAGEMENT’S SOCIAL RESPONSIBILITY CHALLENGE.
THE CASE OF, “UNIVERSIDADE DE LISBOA – SOCIAL CONSCIENCE”

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ABSTRACT

The accessibility notion does not entirely give us the information whether students face or do not face financial barriers to attend HE. Subsequently, there is a concept – affordability – that concerns student ability to pay for their studies, that is, what we can call economical accessibility which means having the necessary resources that enable HE attendance.

This paper aims at introducing the Portuguese HE situation with focus on the financial and social support policies with an analysis of the recent evolution of student accessibility and affordability. Finally, it describes a specific project – University of Lisbon 2009 – Social Conscience. This project can be seen as a good practice of a social responsibility programme within a university framework that attempts to address recent political and financial world crises.

Keywords: Higher Education, funding, accessibility, affordability.

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INTRODUCTION

In recent years a deep change occurred in the perception of public and state responsibility in what concerns HE financing (Johnstone, 2004). Considering that most studies demonstrate that HE students come mainly from medium and high socioeconomic backgrounds, many analysts pose the question of the fairness of taxpayer finance of HE. In a way, it ends up mostly benefiting the elite that could ultimately support HE expenses by themselves.

No matter the argument for or against the classification of education and HE as public or private investment, the reality is that in a broad number of countries (whether belonging to OECD or being a developing countries), even though policies have multiple shapes and forms, governments generally assume the policy of tuition fees’ introduction or the increasing of their value.

Education costs are divided into institutional and individual costs and the essential purpose of student support is to provide public funds so as to reduce private costs to students who cannot afford HE enrolment and attendance. That is, regardless of its shape, student support always aims at decreasing or extinguishing the financial barriers to HE attendance.

Most literature concerning HE accessibility refers to financial barriers as a whole. This approach contains three different but related phenomena: price constraints, financial or treasury constraints and, lastly, aversion to debt.

As described in the theory of human capital, price constraints occur whenever a student believes HE attendance costs are too high when compared to potential post-graduation earnings in the future. It is within this scope that one can find the notion of “net price”. When facing this problem, governments may be willing to help students to be admitted in HE and will therefore decrease the “net price”; this can be feasible either by reducing tuition fees paid by all students or by awarding grants or subsidies to all or to specific groups of students.

The group that overcomes this first financial barrier may be faced with a different problem related to the treasury or cash flow barriers. In such cases neither students nor their families can afford part or all the resources they have to endure. One of the possible solutions for this
constraint may be taking on a loan. Loans, however, may raise strong resistance, since there is strong aversion to debt among some socioeconomic groups.

On the other hand, some of the students who resist running into debt may feel motivated to work full-time or part-time, in order to pay for their education. Nevertheless, many of those who experience cash flow constraints and are against running into debt can give up enrolling in HE. This leads to a significant tension or even a refusal to contract a loan, avoiding the cash flow barrier. In this situation, the constraint will only be overcome by means of outright grants.

Although the reasons may vary in degree, it is acknowledged that students from lower income and cultural backgrounds are much affected by all these three barriers. This phenomenon may be the cause or the consequence of other problems. OECD (2007, p.26) has referred to some that conclude that students from lower income households usually overestimate the costs of HE and underestimate its revenues: “In these cases, a possible solution would be the existence of means-tested grants only for the first years of HE, after which students would be better informed and willing to take loans to continue studying.”

As previously confirmed, the policies followed in some countries result in quite high educational costs for HE students, as they enforce tuition fees of significant value. Moreover, the sum of the supports provided in several ways (grant awarding; accessibility to a governmental loan scheme and tax benefits to families) is so vast that it results in a comparative advantage for those countries regarding HE equity and accessibility. As a consequence, it is not only important to know the level of the costs that students must endure, but also compare those costs to the possible supports made available to everyone who wishes to attend HE.

In this context, we will provide a brief presentation of the HE students’ situation, focusing on government’s social support versus students’ costs. An analysis of the social-economic background and the qualification level of the Portuguese HE students will also be given. Finally, we will describe the main features of the project launched by the University of Lisbon: “Universidade de Lisboa – Consciência Social” (University of Lisbon – Social Conscience) which has, as its aim, the attributing of special grants, to students in need as a result of the emerging surrounding financial crisis.
1. The Social Support in Portuguese HE Context

The social support system for Portuguese HE students is comprised of a set of direct support forms (grants, lodging subsidy, transportation subsidy, emergency aid) as well as indirect support forms (lodging at special prices in halls of residence and meals, sports, medical assistance and reprography at reduced prices). It has portrayed a relevant role in the expansion and accessibility of the HE system as it has aimed at decreasing the financial constraints of students from poorer backgrounds.

The social support system lasted until 1981 when Law n.º 760/81, of September 4th, was approved. This legal framework allowed Social Support Services to define criteria to assess and evaluate family incomes. This was accomplished by introducing some favorable or unfavorable incentives depending on the incoming level and the amount of the student grant.

Regarding private HE students, support only began in a modest way in 1991 with the awarding of some subsidies. A budgetary limit was set for the subsidies provided to private education students in need, who were selected and ranked in descending order of need. Eligible students, up to the value of the budgetary overall limit, would be entitled to a subsidy; those who, despite being eligible, were above that limit, would not get any support.

On September 6th, 1997 Law 113/97 was passed. It set the ground rules for HE funding and expanded to the grant system to the private HE sector, even though it was only since 2000 that the terms of reference used in public HE have been fully adopted by private education.; in addition, an extra compensation for tuition fee payment was estimated for this sector. On the other hand, the Government established a limit value of private education tuition fees, which could be supported and was meant to regulate this subsystem and avoid a tuition fee raise in private education.

Study grants are currently awarded by academic year and paid monthly to students in need. This criteria compensates students whose monthly capitation of their family income is lower than the Guaranteed Minimum Income (GMI) plus twenty percent (1, 2 GMI). In order to calculate the grant, the overall income of the household is taken into account, that is, of every individual within the household, regardless of his/ her marital or professional status. Deductions are available to families (lodging expenses up to a limit of 30% of the annual
income; health expenses (medicine for chronic diseases, etc.) and tax credits up to 10% of the annual income (for families with more than one child attending HE; retirement income, pension, unemployment subsidy, leave time subsidy for long term illness, social insertion income, worker disability of the head of the household). The candidate must have overall achievement in his/her study plan or ECTS.

According to the Board of Direction of HE\(^3\), in the academic year of 2007/2008, the value of the monthly subsidy was from €40.30 up to a maximum of €544. In addition to the monthly base value of the grant, there may be some complements – a transportation subsidy of up to 25% of the Reference Monthly Grant – \(RMG\) (in 2007/2008 it was €100.80) to the student living at home. For students living away from home, there is a complement of the value fixed for the monthly basis to be paid by grant holders in SSS (Social Support Services) residence halls; in case there are no vacancies, there is a lodging subsidy from 25% to 35% from \(RMG\) (in 2007/2008, from €100.80 to €141.10€) – which enables an increase of the grant support.

The results from a recent survey (Martins \(et \ al.,\) 2005) prove most grant holders (80%) come from families whose \textit{per capita} monthly income is lower than €1440 and 33% of them have a \textit{per capita} monthly income of €720. In other words, more than a quarter of the grant holders’ households have an income which only represents a value of up to 2 minimum salaries (€375 in 2005) and almost half of them, only up to 4 salaries, as we can see in Figure 1.

\(^3\) http://www.dges.mctes.pt
Figure 1 – Distribution of grant holders according to the *per capita* income of their household in 2004/2005

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>$&lt; 750€$</td>
<td>32.9%</td>
</tr>
<tr>
<td>$721€-1440€$</td>
<td>47.1%</td>
</tr>
<tr>
<td>$1141€-2160€$</td>
<td>11.6%</td>
</tr>
<tr>
<td>$2161€-2880€$</td>
<td>5.0%</td>
</tr>
<tr>
<td>$&gt; 2880€$</td>
<td>3.4%</td>
</tr>
</tbody>
</table>


Regarding the qualification level, most grant holders’ parents have low qualification levels, as 73% have elementary education or lower. As to the remaining ones, 14% had a secondary education and 13% had a HE (see Figure 2).

Figure 2 – Qualification level of the grant students’ parents in 2004/2005

- Elementary or lower: 73%
- Secondary: 14%
- Higher Education: 13%

The grant value should contribute to support the overall student costs, namely tuition, lodging, food, transportation and other costs. Since tuition fees are revenues from HE institutions, there is no exemption or reduction and grant holders are entitled to receive the value of the tuition fee within the value of the grant they are awarded.

If we analyze the evaluation registered concerning the number of HE grant holders in the period from 1990/1991 to 2006/2007, we can see that there are six times more grant holders in 2005/2006 than in 1990/1991 (+512%).

Source: Cerdeira (2009)

In global terms and comparing to the eligible academic population for this effect, the coverage rate of the grant holders has always been rising; it was only 15% in 1998/1999 and 21% after eight years. The same tendency was registered in the ratio between grant holders and grant candidates, who changed from an approval rate of 67% to 76%; that is, in 2006/2007 grants were awarded to 76% students who applied for them, as is shown in Figure 4.

Figure 3 – Evolution of the number of grant holders from 1990 to 2006

Source: Cerdeira (2009)

Figure 4 – Number of HE grant holders versus number of eligible students and candidates to study grants from 1998/1999 to 2006/2007
If we focus on each sub-sector, and firstly in private HE institutions, we can see that there was a striking growth in the coverage rate of the grant holders when compared to the students within that sub-sector, as it changed from only 6.3% in 1998/1999 to around 14.4% in 2006/2007. In public education, the number of grant holders in polytechnics, when compared to the number of eligible students, was higher than in universities at the beginning of the period. However, it has been decreasing and in 2006/2007 polytechnics and universities had the same percentage regarding grant students, round 24% of the overall students (see Figure 5).

Source: Cerdeira (2009)
In private education, the average value of the annual grants awarded decreased from €2704 in 1998/1999 to €1858 in 2006/2007, as the tuition fee rose from €1958 to €3023, which represents a decrease in the coverage of educational costs. Even though there has been a growth of 10% in the average grant value over the last two years. The average value of the grant in private education only covers round 62% of the average tuition value charged by this sector.

In public education, the average value of the grant rose from €1083 in 1998/1999 to €1531 in 2006/2007. The growth from 2005/2006 to 2006/2007 is worth enhancing as it appears to have risen 20% in a year only (€1280 in 2005/2006).
Thus, it is important to contrast the cost-value for Portuguese students and compare it to the average value of the study grant paid to students by governmental authorities. Data referring to the academic year of 2004/2005 is used, as we intend to compare the results of the survey and the supports through study grants in that same year. The analysis will be made according to the global reality of the system and also according to the specific situation of the students attending public and private institutions.

From the comparison between the average grant value awarded to students and the costs endured by students in 2004/2005, we conclude that the average grant value (€1292) covers the educational costs that students must endure (€1138). However, it is far from being able to support the current living costs of the students, as it only covers 24% of the total cost (educational and living costs of €5331). This coverage is much lower in private education students, as the average grant value paid to private education students (€1563) only covers 44% of the educational costs (€3571) and 19% of the total cost (€8143).

In global terms, we can say that the average grant (€1428) that Portuguese students were awarded in the academic year 2004/2005 only covered 23% of the total costs (€6146) that an HE student must endure. Figure 7 shows the comparison of the cost-values in public...
education, private education and globally to the value of the average grant also identified by subsystems.

**Figure 7 – Comparison between student educational and living costs and the value of the average grant awarded– Academic year of 2004/2005**

<table>
<thead>
<tr>
<th></th>
<th>Public</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education Costs 2004/05</td>
<td>1138</td>
<td>1843</td>
<td>3571</td>
</tr>
<tr>
<td>Living Costs 2004/05</td>
<td>4194</td>
<td>4572</td>
<td>8766</td>
</tr>
<tr>
<td>Total Costs /Year 2004/05</td>
<td>5331</td>
<td>6146</td>
<td>11477</td>
</tr>
<tr>
<td>Annual Average Grant</td>
<td>1292</td>
<td>1563</td>
<td>3855</td>
</tr>
</tbody>
</table>

Source: Cerdeira (2009)

In Portugal, the direct social support of the study grant can be complemented or reinforced through a loan scheme. As a result, we will consider the guaranteed loan system, recently created by the Portuguese Government. Since this new scheme has only been applied in the academic year of 2007/2008, we will update the cost data obtained in the survey so as to compare them to the maximum loan value provided, which is €5000 (IPC- INE was used to update in 2006 -3,1% e 2007 - 2,5%).

From 2007 till 2009, 953 HE students applied for a loan in this system (CIES, 2009), which is a very restricted number when compared with the total number of Portuguese HE students. Of the loans given, 82,6% where for students of first cycle (Licenciatura), 16% second cycle (Master) and finally only 1,4% from the third cycle (PhD).

Following the CIES study (2009), 33,3% of the students with a loan where at the same time grant holders; this allows us to think that the value received with the grant is not enough to
support the HE costs. The great majority of these students (77.9%) received a grant no higher than €200 per month.


In the middle of the world financial crisis, a difficult period was also felt within the Portuguese economic life. At that time, the University of Lisbon UL considered that its responsibility, as a public institution devoted to formation, diffusion of knowledge and promotion of citizenship, should focus in developing initiatives which allowed underprivileged students to proceed with their HE studies. The University of Lisbon was deeply committed to fight against university studies abandonment. We wanted to ensure that no student would leave their studies due to a lack of financial means.

With the active collaboration of the student representatives, the UL launched the project University of Lisbon 2009 – Social Conscience that made possible to implement a set of support measures targeted at acknowledged students in need, in order to support their education costs and daily expenses at the University, especially when their situation was the result of recent unemployment situations of themselves, or of their nuclear family.

The Project was under the framework of the Social Action Services of the University of Lisbon (SASUL) and it counted with the support of the Students’ Union of the University of Lisbon (AAUL) as well as of the Students’ Unions of the various Faculties and Institutes of the UL.

Therefore, beneath the Academic Support Fund of the University of Lisbon, the following decisions have been engaged:
1. To constitute an initial fund of 50,000 Euros financed by both the Rectorate’s income and by private contributions, to be applied in Stipends of Social Merit. Each stipend will have a value up to 1000 Euros and will be attributed to the documented students in need, who accept to collaborate in the realization of actions and projects promoted within the University of Lisbon (Faculties, Institutes and Rectorate).
2. To allow the Social Action Services to distribute extraordinary financial support, through their own income, with the aim of helping for the payment of the fees and other daily costs of
student daily life, as long as the circumstance of the student is proved and a situation of unemployment of the student, or of the parents and legal partner has occurred over the past months.

3. To allow the Social Action Services to distribute extraordinary financial support, through the financial provisions integrated in a special fund constituted by private donations. This measure has the aim of covering the differential value of the established minimum fee, and the fees established for the 1st cycle courses (graduation and integrated masters) and in the master courses that conjugated with the graduation are essential to the exercise of a professional activity, as long as the circumstance of the student is proved, and a situation of unemployment of the student, or of the parents and legal partner has occurred over the past months.

4. In all the circumstances referred in the last points, it was compulsory that the student, in case he or she has enrolled on the past year, must have a minimum of 24 ECTS and commits himself/herself to have successful academic results in the year that the stipend was attributed.

The Project UL 2009 – Social Conscience was the object of wide advertisement within and outside the University of Lisbon, in the media, in order that all the students have knowledge of its existence.

Besides these support measures, the project also incorporated:

1. The extension of the timetable of at least one canteen at the university campus during week days for dinner meals.

2. The extension of the timetable of the study locations in the Faculties, mainly in the libraries, as well as the definition of norms for loans of materials, that would allow for a decrease of the costs of acquisition of materials of support and work by the students.

Finally, within the framework of this Project, the necessary contacts near the Ministry of Science, Technology and HE were made, so that it could be definitely put forward the construction of student residence halls in the campus of the University of Lisbon (Cidade Universitária), with quality services of accommodation at accessible rates for students.

The Students’ Unions assumed the commitment of promoting the Project and of supporting the social action services in the identification of the serious cases of students in need at the University.
The Council for Social Action of the UL, in coordination with the various organs of each Faculty and Institute, were responsible for the approval of the Regulations and implementation of the Project.

The University of Lisbon committed itself to seek financial support from the public and private sectors, in an effort of extending these measures and assuring the access of all to Higher Education. The University of Lisbon is thankful for the collaboration of the Amadeu Dias Foundation, which contributed 50,000 Euros for the 3rd point of the support measures in the Fund. We are still interested in the participation of other private and public entities in the Project UL 2009 – Social Conscience as we seek to make a significant contribution, with other partners so that we can help needy students to proceed with their university studies.

By the end of the academic year 2009/2010, the project will be evaluated. Nevertheless, we may already state that its very existence has enabled many students to not give up attending the University and enhanced their participation in academic activities. Universities, within their range of financial capabilities, can and ought to support projects that try to respond to the challenge of promoting a higher accessibility, receiving students from social less-favored strata, and pursuing thus a true democratization of HE.

CONCLUSION

Despite the great growth and expansion of the Portuguese HE system, the evolution has not been so positive, regarding equity and accessibility, as there has still been a striking elitization. From the results of several studies (Belmiro, 1995; Cerdeira, 2009), we may clearly conclude that Portuguese HE students are aware of their wealthy background, particularly the medium-income group (78%) and medium/ high (12.5%) and only 9.7% has indicated belonging to the low-income group.

We must thereby assume that there is a serious deficiency regarding the equity and accessibility of the Portuguese HE system, which sets challenges to future funding policies, mainly regarding social support, both in HE and in secondary education, so as to enable HE to effectively be unlocked to the poorer sectors.

Despite the beliefs within human capital theory, it is necessary to take into account that students and families from lower strata are little aware of education costs and benefits;
consequently, their decisions are sometimes made upon very limited information which is considerably far from both the real value of education costs and the future benefits of holding a degree.

We strongly agree with Finnie (2004), when he argues that a complete system of social support should involve an integrated loan and grant system, by combining both support forms, in compliance with the goals they intend to achieve. Loans should seek to assist students in financial need so as to enable them to overcome such constraints. On the other hand, grants should provide incentives to encourage some student groups to attend HE, thereby aiming at an increase of equity and efficiency.

In the context of the severe financial crisis that Europe is enduring, with strong repercussions on unemployment and a loss of purchasing power for many people, not only Governments must settle public policies of education – and, in particular, of HE –, but also institutions should look for additional resources among donors and corporations, with a view to financing projects of support for students in temporarily serious needs and running the risk of dropping out their studies.

The merit of the project “UL 2009 – Social Conscience” lays upon the fact of the University of Lisbon, through its managing board, has taken the initiative of raising donations from private foundations, which enhanced its own resources in order to take upon itself its share of social responsibility in a very serious socio-economical situation throughout the country.

With this project it became possible for the University of Lisbon to join harmoniously fundraising and the performance of its social responsible duties. Actually, education both in the pedagogical and management perspectives has to be involved in finding and developing axiological solutions including in the framework of the financial issues (Patrocínio and Cerdeira, 2010).

REFERENCES


