

**EUROPEAN UNIVERSITIES PREPARE TO MEET 'THE NEW CHALLENGES OF
EUROPEAN UNION**

— **The Portuguese case** —

1. What consequences is the process of european integration having on universities?

The process of european integration had a very significant multi-fold effect on the development and profile of the portuguese universities, namely — and most important — on the awareness for the european and international dimension of higher education.

Following a long period of isolation imposed by the political regime until 1974, the portuguese universities were fascinated by the openness to the world and the possibility of close cooperation with other european institutions. As a consequence they engaged themselves enthusiastically in the participation of networks, pilot projects, mobility schemes, joint programmes of studies, academic recognition procedures, membership and active involvement in european associations and in international exercises related to quality assessment and comparative studies. It is interesting to notice that, although higher education institutions in Portugal are very conservative regarding the mobility of staff and students and recognition of studies between themselves, they were open-minded and eager to participate in the European Union mobility programmes and to adhere to the european credit transfer system. Most surprisingly in view of past experiences, the universities supported recently the decision to recognise automatically the professional effects of the doctoral degree obtained in any of the Member States.

As a consequence of his comprehensive involvement, some universities grew conscious of the need to a more focused institutional profile and to well defined and assumed institutional policies, which is an improvement for institutions that traditionally were not used to define explicit mission statements. For some universities, the european policy statement prepared in the context of the institutional contract for the SOCRATES programme was probably the first real exercise of a specific institutional policy.

The integration in the European Union had also an important effect on the physical development of higher education institutions through the use of the structural funds for infrastructures related to teaching and research units. This helped the portuguese universities to become better equipped to deal with the massification on student enrolments and more competitive for open-tender research contracts. The participation in institutional consortia and big research projects is consequently having a sharp increase.

2. With regard to the University of the 21st Century, what new services will be needed to meet the needs of society?

A recent survey conducted within the International Association of University Presidents, as part of a study on critical issues facing higher education for the first decade of the 21st century, showed that among the topics granted top importance by university leaders one can find concerns about subjects such as: the increased responsibilities to be assumed by higher education in the next century; the spread of population in higher education over the span of a lifetime; the reorganisation of the university in terms of its teaching goals, modes, processes and outcomes; interdisciplinarity in higher education and research, as a means to develop issue-oriented curricula and a global intercultural awareness amongst students and to stimulate better understanding and coordination across institutions, regions and countries to address issues of direct relevance to the society; the balance between knowledge and values in education and the cultivation of good moral consciousness; international education cooperation.

The fact that Portuguese universities are still learning to adapt to the massification in higher education and to the growing need for accountability towards society makes all those issues highly relevant to the national situation. Some institutions are already attentive to these problems, but a broad and more institutional approach is needed, namely in the following areas, where in general no proper services are established:

a) Education and training

The universities must develop the capacity to go beyond traditional ways of teaching, becoming more student-centred, making better use of the information and communication technologies as learning methods and structuring traditional education for lifelong learning and continuing education. In particular, greater attention must be given to the development of general transferable skills that are nowadays expected from graduates. To achieve these goals, the institutions must develop services to provide information and specialised professional support for the academic units and scholars, concerning, for example, curricula development, learning methodologies, student guidance, career services or continuing education centres.

b) Research, development and technology transfer

To gain competitiveness universities are required to work in partnership, by cooperating and networking between themselves, and to be well informed on possible funding sources and aggressive in tenders for projects. A central service or decentralised services for the filtering and dissemination of relevant information inside the institution, for legal and technical support, and to act as brokers with potential partners or clients are essential for the competitiveness of the university.

c) Local and regional development

Universities are expected to contribute to the local and regional development in multiple ways, by providing consultancy, specialised services and problem-oriented research, attracting investment, producing new ways for employment, contributing to the continuous education and training of the labour force and improving the quality of the cultural life in the community. On the other hand, the provision of services represents an

important source of income to the institutions. In practice, however, the interaction of the portuguese universities with the community is mostly based on individual initiatives rather than on institutional approaches. The universities should, therefore, develop well focused institutional policies for the provision of services, with clear financial rules and definition of responsibilities, and create services to act as interlocutors and brokers and also services to support the spin-off of new enterprises and the creation of self-employment by graduates.

3. What are the current principal sources of income for portuguese universities? What changes are foreseen?

Although the portuguese public universities enjoy a very liberal degree of autonomy, which includes namely the freedom to create new programmes of studies and establish the corresponding curricula and the number of admissions, they are mainly funded by the State. This apparent contradiction between an enlarged autonomy and financial dependence was solved by a mechanism of contractualization, in which the universities are seen as providers of a public service of the highest social interest, with objectives and goals clearly established and the budget allocations for the running costs of education are determined through objective criteria, leaving little space for discriminated allocations from the Government.

This mechanism was first established in 1993 by a gentlemen's agreement between the Rectors Conference and the Minister for Education following a long period of big tensions in the universities after the Law on Autonomy was approved in 1988, due to the global insufficiency of funding and to the traditional allocation of the annual budgets on the basis of historical data. Indeed, as result of past accumulated distortions, the allocation of money to the institutions was deeply biased in favour of a few of them, mainly due to an unfair distribution of staff. So, a funding formula was negotiated, with the main purpose to ensure that the budget of each institution will converge to a standard value, following the same rules for all institutions.

Based on the experience acquired with the new scheme, and after long consultations with the relevant partners, the Parliament passed recently a framework law establishing the basic principles for the financing of the public higher education institutions. The most salient features of the approved legal framework are the following:

- contracts for the development of the universities, establishing medium-term objectives and goals, are to be agreed between the Ministry for Education and each university;
- the State budget for each institution will be determined by a formula, proportionally to the number of students in each field of studies (there is no direct relation between quality assessment and financing);
- special short-term contracts can be approved for extra financing under particular circumstances, such as the launching of a new course or department or the need to overcome unforeseen or special situations;
- the State guarantees directly the social support to students, through grants, subsidised lodging and meals, and loans: grants are only available for students with economic difficulties;
- all students will pay a fee (about 280 ECU per year), regardless of their economic situation, the area of studies or the university where they are registered; the grants, when awarded, include the fees.

It is important to notice that the funding for running costs is not earmarked and the balance of the accounts of previous economic years belong to the institutions.

Besides the official State budget, the universities can apply to the national programme PRODEP, partly supported by the European Union structural funds, regarding running costs related to activities such as advanced staff training, students' placement in industry or other business sectors within the final training period of various degree programmes, or the promotion of initiatives for the quality of teaching.

Regarding investment, the financial resources are allocated on a plurianual basis, in relation to the development plan negotiated with the Ministry for Education. The corresponding funding is earmarked to concrete projects, but some reallocations are possible after negotiation with the Ministry. The budget surplus of previous years belong to the University but cannot be used in a different project without permission.

Funds for research have several sources: a lump sum is allocated by the Ministry for Education according to the funding formula (6% of the value for running costs in 1998); a lump sum from the Ministry for Science and Technology is allocated to the research units of the universities for basic running expenses on a plurianual basis with intermediate quality evaluation; funding of research projects, from the Ministry for Science and Technology, on a plurianual bases through open tenders with a strong quality-based selection; research contracts through the European Union programmes; applied I&D contracts established with industry or business services.

The universities have also their private-income budget, by collecting fees and by providing specialised services, such as consultancy, technology transfer or lifelong education programmes.

There is a separate budget for the social services, which are run as an autonomous unit within the university with the aim to provide support for students.

The relative weight of the different components that constitute the income of the universities may vary between institutions and from one year to the other, mainly due to the different stages of development regarding infrastructural investments and the interaction with the economic sectors. However, it is possible to give an idea of a (probably) typical distribution, by looking at the particular case of Universidade do Minho (budget of 1998)* :

State budget	77.3 %
Running costs (formula)	63.6 %
Running costs Social Services	2.3%
Grants for students — Social Services	6.3 %
Investment	5.1 %

* * Includes the budget of the Social Services

Private-income budget	22.7 %
Research	5.0%
Lifelong learning	2.9%
Specialised services and pos-graduation fees	5.1 %
Services (Social Services)	3.9%
Other income	0.7 %
Undergraduate fees	5.1 %

The funding mechanisms are not likely to change in the short and medium term, but the per capita allocation for the running costs of education will suffer some decreasing, as happened already for the budget of 1999. This is due to the fact that the number of students unrolled in public education institutions is increasing steadily (4% to universities and 10% in polytechnics per year) and the total budget, although increasing, cannot follow the same rate.

In the long run, two effects are likely to occur: on one hand, some performance indicators will inevitably be introduced in the funding formula, following the tendency in most countries; on the other hand, the demographic evolution in Portugal leads to a decrease of 27% in the number of students finishing high school in the ten years period from 1995/96 to 2005/6, meaning that universities must diversify their recruitment of students and the growing rates will by then be marginal.

The growing awareness of these phenomena is already shifting the discussions on higher education from quantity (the fast expansion of total enrolment in higher education meant a participation rate of 49% of the age cohort 20-24 years in 1995/96, compared with 7% in 1974/5) to quality. Consequently, the Ministry is establishing some extra budget lines aimed at fighting drop-out rates and improving quality. Although the amount of money is not big, it can have an important effect on making the universities more sensitive to the students learning conditions and the flexibility of curricula.

4. What new kind of administration and decision-making arrangements should be set up for the university of the 21st century? What is the way forward?

The main problem to be answered with regard to the administrative and decision-making structures and procedures of the Portuguese universities are related to:

- the traditional way of southern Europe universities to involve professors in administrative tasks that could be dealt with by administrators and technicians;
- the collegial decision-making procedures at university and school level, through large governing bodies where all parts of the university are represented;
- the corresponding difficulties in establishing individual responsibilities and liabilities;
- the multiplicity of governing bodies in schools, creating some overlap of competences and tensions, namely in the most frequent case of a different president for each of such bodies instead of a Dean;

- the lack of leadership and strong executive power in a uni-nominal basis;
- the absence of tradition for the participation of external personalities in the governing bodies.

The organisational structure of the universities is strongly influenced by the law, which allows for a statutory autonomy much more limited than the scientific, pedagogical or administrative autonomy. The legal framework will inevitably be loosened, enabling for a greater diversification of organisational models. Some likely changes, which in part are already being implemented by a few more dynamic institutions, are:

- measures to make the collegial bodies smaller and more efficient, in spite of maintaining the principle of a democratic representation and participation;
- reinforcement of individual leadership at all levels;
- more autonomy and responsibility for schools and departments;
- involvement of the society in the government of the university;
- services for monitoring and quality enhancement.

The participation of society in the university affairs is central to the reform of the university. The Autonomy Law of 1998 allows for up to 15% of the members of the University Senate to be personalities external to the institution, appointed by the Rector, but only one university took full advantage of this arrangement. Some recent experiences show a tendency to introduce or strengthen the participation of society not only in the Senate, but also by creating advisory bodies empowered to monitor and advice specific units, such as the research units or some degree programmes. Such bodies bring in national and foreign experts and also relevant partners.

It is sometimes argued that the need for strong leadership could imply a move from the electoral procedure for the Rector and Deans to nomination mechanisms. For historical reasons, the portuguese universities consider, rightly, that the election of the Rector and the Presidents of the school bodies is an important achievement of democracy and it will be unthinkable to change the status quo at least for a long time.

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