Who Pays the Bill? Study Costs and Students’ Income in Portuguese Higher Education

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The Higher Education System

Portugal had one of the lowest levels of schooling in the industrialised nations. But the EU has allocated a significant amount of funds for investment in human capital in order to bring the supply of higher education to 20% of the corresponding age group.

Enrolments have greatly increased in the last few years, although they are still low in comparison to other EU Member States. The highest growth rates were in tertiary or higher education where the number of students rose by 72% between 1985–1986 and 1990–1991. The increase in the number of private institutions after 1986 also contributed to this growth. In 1994, 19.3% of students aged between 18 and 21 were enrolled in higher education. In 1985, they were 5.8%.

Students can enrol in public higher education after successfully completing 12 years of schooling and sitting for national exams. After the introduction of the numeros clausus in 1978—due to an excess demand for higher education after the mid-1970s—only 48.5% and 48.6% of students entered a public higher education institution in 1991–1992 and 1992–1993, respectively.

Higher education is divided into universities and polytechnics. Courses at the universities last for four to five years (a minimum of six in medicine) and lead to the licenciatura. Courses in polytechnics last for three to four years. Students can obtain a bacharelato in the third year or continue to obtain a licenciatura. To enrol for a master’s or doctorate degree, they must hold a licenciatura.

In 1992, private institutions had to establish admission quotas to have their courses recognised by the Ministry of Education. That year, the number of new entrants was greater than in the public sector, only six years after the publication of the Statute of Private and Cooperative Higher Education.

The number of women is very high, even when compared to other EU Member States. Since 1975–1976, it has been higher than that of men. But there are significant differences according to discipline. More women graduate from university undergraduate courses.

Expenditure on education is estimated to be about 5.6% of the GDP and about 21% of the Government budget; 17.3% is devoted to higher education (0.8% of the GDP). Almost all expenditure is in public education where, in 1993, the Government spent US $566 per student. This represented 48% of the Portuguese GDP per capita.
Student Expenditures

Data on student expenditures are rare or simply non-existent. Research has been carried out to ascertain the cost of higher education studies, but it is isolated and often more than five years old. We shall, however, try to give an overview.

Charges

Students have to pay tuition fees, which have had a tumultuous history in recent years. In the late 1960s, they amounted to 1,200 Pte (Portuguese escudos). In 1992, a Government law set them at 57,500 Pte. In 1996, the new Government suspended this law and they were again set at 1,200 Pte. The situation changed again in 1997-1998 with the Law on Financing Higher Education which introduced a tuition fee equal to the minimum wage (56,700 Pte in 1997–98), regardless of the students’ socio-economic situation. It is the same for every course. Higher education institutions only set the tuition fees for master’s and doctorate programmes.

The situation is different in private higher education. The tuition fee is paid on a monthly basis and varies greatly according to institution and course (between 26,500 Pte and 46,400 Pte). To this, one must add the initial application fee.

There are no entrance examination fees. The examinations required to apply for public higher education are sat for in secondary school. This system was introduced in 1995. Before, students had to sit for specific examinations that were paid for individually.

Other Expenditure

The study ‘The socio-economic profile of higher education students’, published by CNASES/CEOS in 1997, serves as a guide for policies related to social aid. It mainly concerns study costs, although this was not its main objective. Expenditure depends on the course and on whether students live with their family.

Study-related Expenses

These include the purchase of books, equipment, computers, etc. Students in courses with experimental subjects may have extra expenses. The Social Aid Services of the Technical University of Lisbon estimated monthly expenses at 4,000 Pte in 1991–1992. At present, they represent some 6,000 Pte. According to the CNASES/CEOS study, students spend an average of 32,600 Pte per semester on books, photocopies and technical material, the major expense being books. There are great differences between courses and between students enrolled in public and private institutions.

Accommodation

For students who live with their family the cost of accommodation is nil. Most do, but some 42% study outside their region, according to the CNASES/CEOS study. Of these, 89% are not employed and 84% depend entirely on their family for financial support. If a student has to rent a room or a house, the costs can
vary considerably. On average, students who study outside their region spend 21,000 Pte a month. The cost per month in a university residence is 11,500 Pte, in a rented room it is 20,700 Pte and it is about 22,400 Pte in a rented apartment shared with other students. Only 10% of students who study outside their region obtain a room in a university residence.

Other Living Expenses

Food costs can oscillate between 25,000 and 40,000 Pte a month. If students take their meals in a university canteen or at home, their expenses will be much lower. On average, 51% have lunch at home. Independent or students who study outside their region often spend twice as much on food.

As for transport, the cost of a pass depends on the distance between the place of residence and the institution and on the type of transport. In Lisbon, it can vary between 3,500 and 6,000 Pte a month.

Expenses related to leisure are the most difficult to calculate, as they depend on the students' way of life. As an indication, we can say that a cinema ticket costs 750 Pte and a theatre ticket some 1,000 Pte (with the student discount). According to the CNASE/CEOS study, 51% of the students go to the cinema frequently, but less than 12% go to the theatre, museums or concerts regularly.

Direct Public Financial Support for Students

The National Support Scheme for Students

Financial assistance is provided through a system introduced by law in 1993. Social aid is decentralised, each institution having to choose the management system and political instruments to develop the government policy. These principles were extended to private and cooperative higher education in 1997.

Student aid aims at improving academic achievement through grants (scholarships), meals in canteens, housing in university residences, health services, loans, books and office supplies and special support for handicapped students. The Social Aid Services (Serviços de Ação Social) were created to pursue the student aid policy. They are financially and administratively independent.

Scholarships, loans and other grants offer equal opportunity to needy students. They are based on the students’ and their family’s financial means, the distance between the institution and the place of residence and academic merit. To apply for a scholarship, students must present the family’s income tax form or, in the case of independent students, their own, and prove that they have successfully completed their academic year. Applications are made every year and can be repeated throughout the course. Students are considered independent if they live away from home and have sufficient income to maintain themselves, including housing, but not enough to pay for the course of studies. They are eligible for support for the normal length of their course plus two years if the course lasts less than four years and plus three years if it lasts more than four years. The Ministry of Education fixes a reference scholarship (bolsa de referência) to calculate the scholarship. It is from this figure and the annual per capita family income that all calculations are made. A special transport grant can be included if the place of
TABLE I. Students Who Receive Scholarships

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<tr>
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</thead>
<tbody>
<tr>
<td>Students who receive a scholarship</td>
<td>9,764</td>
<td>10,118</td>
<td>13,419</td>
<td>13,186</td>
<td>16,523</td>
<td>22,156</td>
</tr>
<tr>
<td>University</td>
<td>9,764</td>
<td>10,118</td>
<td>10,919</td>
<td>10,686</td>
<td>13,960</td>
<td>17,484</td>
</tr>
<tr>
<td>Polytechnic</td>
<td>0</td>
<td>0</td>
<td>2,500</td>
<td>2,500</td>
<td>2,563</td>
<td>4,672</td>
</tr>
</tbody>
</table>


...residence entails extra costs. Students who live away from home during the academic year because of the distance to the institution receive another grant.

The scholarships can vary between the equivalent of the minimum wage and one-twentieth of that figure. Every year, the Government sets the maximum amount to be allocated. It must represent:

- 90% of the maximum value when the students’ average annual per capita income is less than a quarter of the minimum wage;
- half of that value when the student’s per capita income is less than half the minimum wage;
- one-twentieth of the maximum value when the student’s per capita income is less than the minimum wage.

There is no difference between university and polytechnic education. Academic merit and living away from home can entail an increase in the amount of the scholarship. There is no loan system as yet. The Law on Financing Higher Education considers that students may request a loan for tuition fees, regardless of their financial situation. It must be repaid when they begin to work.

The Total Amount of National Economic Support for Students

Statistical data on direct public support are only available until 1994. Tables I and II give the number of students receiving scholarships over the years and the average scholarship. According to the Social Aid Services, the number of students who received scholarships increased by 127% between 1989 and 1994. The polytechnic institutions started providing the same kind of support in 1991. In 1994, their students represented 21% of the total of those receiving scholarships. The growth rate is 79% if we only consider those enrolled in universities.

The average scholarship in 1995 was less than half the maximum scholarship. In the universities and public polytechnic institutes, they range between 14,831 Pte (Polytechnic Institute of Castelo Branco) and 19,500 Pte (New University of Lisbon and the Polytechnic Institute of Viseu).

In 1994, 12.2% of students enrolled in public higher education received public financial support. This figure may not be quite exact, since not all enrolled students were eligible. According to the European Commission, 15% of students benefited from direct public support in 1992-93. According to CNASES, 18% of polytechnic students obtain scholarships and 14% of university students receive support from the Social Aid Services. According to the 1997 CNASES/CEOS study, 14.8% of students obtained scholarships and over 60% of these received less than 20,000 Pte per month (Table III). 92% of those who receive scholarships said...
their family income was under 200,000 Pte per month. Of those who declared their family income to be under 100,000 Pte per month, only 44% received financial support in 1996–1997 and 20% of those with a family income of between 100,000 and 200,000 Pte received a scholarship. It amounted to 17,000–19,000 Pte for students who were granted support by the Social Aid Services.

Every year, the Social Aid Services receive funds from the Government which represent about 70% of their budget. In 1995, 52.6% went to scholarships. However, this varies greatly between institutions. Public expense on social aid has increased sharply in the last 15 years, from less than 5 billion Pte in 1981 to over 10 billion in 1994. But this is little when compared to other EU Member States. ‘Mass’ education, which began in the mid-1970s, has entailed many difficulties, even in this respect. They are only just beginning to be solved. Concern with these issues can be seen in the Law on Financing Higher Education.

A Brief Overview of Other Economic Support Schemes

Some students receive support from private institutions and foundations. According to the CNASES/CEOS survey, about 1,500 obtain it from institutions other than the Social Aid Services. City Councils often award scholarships, especially for specific programmes such as music and arts. The rules for the award of scholarships referred to earlier also include the possibility of accumulating benefits, as

| TABLE II. Average Scholarship (in Pte) |
|-----------------|---------|---------|---------|
|                | 1993(1) | 1994(1) | 1996(2) |
| Average scholarship | 16,591  | 17,178  |         |
| University        | 16,824  | 16,755  | 18,200  |
| Polytechnic       | 16,391  | 17,566  | 17,400  |


<table>
<thead>
<tr>
<th>TABLE III. Distribution of Scholarships (in Pte)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of the scholarship</td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>Over 30,000</td>
</tr>
<tr>
<td>25,000–29,000</td>
</tr>
<tr>
<td>20,000–24,000</td>
</tr>
<tr>
<td>15,000–19,000</td>
</tr>
<tr>
<td>10,000–14,000</td>
</tr>
<tr>
<td>Less than 9,000</td>
</tr>
</tbody>
</table>

Source: Instituto de Investigações Sociológicas (CEOS), 1997.
long as these do not exceed 1.1 times the reference scholarship. Special situations can be examined by the Services.

Other Direct and Indirect Support for Students

General Direct and Indirect Support for Families with Student Children or for Students

The child allowance system changed in 1997. It now depends on the family’s income. Three levels will be considered: the first concerns families with an annual income of less than 1,000,000 Pte; the second those with an income of up to 3,000,000 Pte; and the third those with an annual income of over 3,000,000 Pte. Families in the first level receive 4,000 Pte a month for student children under 25. They receive 6,000 Pte a month for the third and following children. This represents an increase of 44%. The families in the second level receive 2,850 Pte a month per child and those in the third 2,770 Pte. Families can deduct the expenses of their children’s studies from their annual taxable income up to a maximum of 183,000 Pte in the case of a single parent family and 365,000 Pte if both parents live together. These figures include tuition fees.

Health Insurance

Every student pays an insurance fee each year, but this only guarantees assistance in the case of accidents. They have to rely on their parents’ health plans for any other coverage. The public universities of Lisbon offer low-cost medical care. However, this system is not yet fully implemented and most students still depend on their parents’ health plans.

Discounts

Students usually benefit from discounts on the purchase of books, computers and other material. These are obtained through students associations, although some bookstores that have special arrangements with certain institutions offer lower prices to their students. The discount can vary between 10% and 20%. Discounts can also be obtained on the purchase of computer material. This is why many students buy their computer in their first year in higher education.

Low-cost Accommodation

The Social Aid Services provide accommodation in residences, which is much cheaper than in private houses, but there are few beds. In 1992, the cost per student living in a university residence was about 12,500 Pte a month for the Social Aid Services, while students paid only 4,200 Pte. This does not include investment expenses.

Living Costs

Students can obtain a card from the institution’s Social Aid Services which entitles them to take meals in any university canteen. Subsidised meals are the form of
public support that reaches the greatest number of students. Some 84% of public universities and 83% of polytechnics have a canteen and 95% of higher education institutions have a coffee shop.

There is no general transport pass for students, although some companies offer special rates. They may obtain a 50% discount on national railways but must prove they are enrolled in a higher education institution.

Culture and Leisure

Some universities or student associations have cultural and sports facilities. The Social Aid Services usually subsidise these activities for groups of students or associations. The student card can be used to obtain discounts in cinemas and theatres. However, the card that is most widely accepted is the 'Youth Card' (Cartão Jovem) that every person under 26 can obtain at a cost of 1,100 Pte. It entitles the bearer to reductions in museums, exhibitions, concerts, etc.

The Role of Higher Education Institutions in Student Support

Higher education institutions are only indirectly involved. According to the national support scheme, the social aid policy is carried out by the Social Aid Services, which are quite independent of each institution's administrative board. They participate through the Social Aid Council (Conselho de Ação Social), which is the highest management decision unit in each institution and fixes the guidelines of student support. It can promote alternative schemes for the students of the respective institutions.

Higher education institutions may recruit students for temporary part-time work but they rarely do so because they already have their own staff.

Many institutions also award merit scholarships to students who excel in specific subjects or during the entire course. These can be sponsored by private or public institutions outside the education system, such as companies whose activities are related to the student's subject.

Support by Parents and Relatives; Students' Financial Contributions

A large majority of students have no income of their own. Perhaps because of this, the regulations concerning financial support and tax take the family as the basic unit and do not consider students as independent. However, some are genuinely independent and are then treated accordingly. According to the CNASES/CEOS study, 77% depended on their parents for financial support, 6.6% were deemed to be totally independent, while the rest enjoyed some independence.

As only about 15% of the students enrolled in public higher education receive direct support from the national scheme, the families have to provide the rest. For all other students, family support or respective income have to cover all expenses. However, many students are employed during their studies. Several institutions therefore have special schedules for them. According to the 1997 CASES/CEOS study, 80.1% of the students said they did not work at all, 8% claimed they worked full-time and 12% said they worked part-time or only occasionally.

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### Table IV. Students' Annual Expenses in 1997 in Pte

<table>
<thead>
<tr>
<th></th>
<th>Students living at home</th>
<th>Independent students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges</td>
<td>56,700</td>
<td>56,700</td>
</tr>
<tr>
<td>Study-related expenses</td>
<td>60,000(3)</td>
<td>60,000(1)</td>
</tr>
<tr>
<td>Accommodation</td>
<td>0</td>
<td>210,000(2)</td>
</tr>
<tr>
<td>Other living expenses</td>
<td>275,000(3)</td>
<td>425,000(4)</td>
</tr>
<tr>
<td>Total</td>
<td>391,700</td>
<td>751,700</td>
</tr>
<tr>
<td>Monthly</td>
<td>39,170</td>
<td>75,170</td>
</tr>
</tbody>
</table>

**Notes:**
1. This does not include investments such as computers and is independent of the year of study.
2. We did not consider the substantially lower cost of living in a university residence (about 64,000 Pte), since this only concerns very few students. This amount is the lower bound for this expenditure.
3. Includes food, transport and leisure activities.
4. This amount is higher, since students who live at home also take meals at home. It also includes food, transport and leisure activities.

### Comparison of Students' Income and Expenditure

**Overview of Costs and Student Finance**

The CNASES/CEOS study is the only one that can serve as a starting point to analyse students' expenses. Almost all other data come from the Social Aid Services or the Ministry of Education and are not part of any study on the subject. Table IV attempts to summarise students' expenses in 1997. We considered the situation of independent students and of those living with their family during the academic year. Monthly expenses were multiplied tenfold. Again, one must bear in mind that expenses can vary widely, depending on the students' social and cultural background and the region of the institution.

There is very little information on students' income, but one thing is certain: students cannot live solely on public support. The Social Aid contributions should be seen as a complement. Here, one can also include parental contributions, the income from a full- or part-time job, bank loans and scholarships from other institutions.

**Student Support by Social Background**

Only students from disadvantaged families are eligible for public support. Table V presents the distribution of the monthly income of families of students who receive support.

Few students with an annual per capita income of more than 500,000 Pte would obtain a public scholarship. There is no information on their exact number. However, it is probably close to the 12% or 15% referred to earlier.

**General Assessment of the Effects of the System of Study Costs and Student Finance**

The support system is so limited that it is difficult to assess its effects on participation, success and dropout rates. Participation in higher education has
TABLE V. Distribution of Monthly Income of the Families of Students who Receive Scholarships (in Pte)

<table>
<thead>
<tr>
<th>Family income</th>
<th>Percentage of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 101,000</td>
<td>53.1</td>
</tr>
<tr>
<td>101,000–200,000</td>
<td>39.1</td>
</tr>
<tr>
<td>201,000–300,000</td>
<td>5.4</td>
</tr>
<tr>
<td>Over 401,000</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: Instituto de Investigações Sociológicas (CEOS), 1997.

increased sharply over the years, but the system of public support has not really played an important role here. The changes in the population’s economic and cultural conditions and the development of the necessary infrastructures clearly play a part.

Although we have no official records, dropout rates are very high. According to Veiga Simao, former president of the Foundation of Portuguese Universities and now Minister of Defence, ‘more than 30% of the students do not terminate their course programmes’. In addition, many do not complete their course in the required time. It is not known how far this is influenced by support, but it is true that students can lose the support if they fail to meet performance requirements.

Developments in Study Costs and Support for Students in the Last Two Decades

Higher education institutions have undergone major changes following the social reforms which began in April 1974. The growing number of applicants made it necessary to fix entry limits. Students no longer came from the same economic and cultural backgrounds. It was then that the need for a social aid policy was felt most acutely and that the access system to higher education was established. Before, almost everyone who completed secondary education and sat for an admission exam could enrol. Scarcity of space and facilities were also a problem at the time.

The laws that established a public system of student support were introduced in the early 1980s. The Comprehensive Law on the Educational System defined the principles for the reforms which were implemented later, namely the recognition of the role of private schools. The support system underwent some changes in 1993 when the law on social aid in higher education was passed.

The most important change concerning study costs was the increase in tuition fees proposed in 1992. The students’ difficulty in accepting this was a sign that many consider it to be the State’s duty to provide free education. The financing of higher education has been driven by that belief. The law passed by Parliament in 1997 attempted to provide a legal framework. It regulates the relationship between the State and higher education institutions, between the student and the higher education institution and between the State and the student. It is these last
two relationships that interest us here. The principles concerning the issues of
loans and social aid are to be extended to private higher education.

Concerning the relation between the student and the higher education institu-
tion, it is said that the institutions are responsible for a quality and adjusted
education in which students contribute to the respective costs. This contribution
is a fixed tuition fee which is independent of the students' financial situation. The
institutions can only fix the amount of tuition fees for postgraduate courses.
Tuition fees are paid to the institutions.

Concerning the relation between the State and the students, the former has to
guarantee Social Aid Services that give access to higher education and discriminate
positively towards needy students. The State will give direct and indirect support.
Direct support consists in scholarships, loans and emergency aid. Indirect support
comprises access to food, housing and health services, support for cultural and
sport activities and access to other services. The State also intends to guarantee
loans for the payment of the tuition fees to all students regardless of their financial
situation. These must be repaid after students begin to work. A loan that enables
them to be financially independent could also be introduced. A Fund for Student
Support will also be created.

To have further details, we must await the publication of the complementary
legislation. Only then will we be able to foresee its effects on study costs and on
the financial support for students.

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