

Final report on Peer Learning Activity on  
“**SCHEMES FOR SUPPORTING STUDENTS IN HIGHER EDUCATION**”  
(Lisbon 13-16 July 2005)  
Cluster group MAKING BEST USE OF RESOURCES  
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## 1. Brief review of the on-site activity

1. Thanks to the superb organisation and generosity of our Portuguese hosts, the participants had the opportunity to fully engage with the current policy of supporting students in higher education in Portugal. Two country specific presentations<sup>1</sup> were accompanied by additional contributions that helped the participants to situate the policy of student support in the current debate in Portugal on the role of the tertiary education<sup>2</sup>, and to appreciate the ongoing debate on the role of the private sector in higher education in the same country.<sup>3</sup> The participants had also the opportunity to conduct three on-site visits, one to the Unit of Student Support at the Directorate General of Higher Education (DSAS- Direcção de Serviços de Acção Social) (13/07/2005), the second one to the Undergraduate Student Support Office of a private university (GAP- Gabinete de Apoio do Aluno of the Universidade Católica Portuguesa in Lisbon) (14/07/05) and a third one to the Unit of Student Support in a public polytechnic (SAS- Serviços de Acção Social of the Instituto Politécnico of Setúbal, outside Lisbon) (15/07/2005).

2. The participants also had the opportunity to discuss other country experiences of student support. Different models of full student support were presented with reference to the cases of Norway<sup>4</sup>, Denmark<sup>5</sup>, Ireland<sup>6</sup> and Germany<sup>7</sup>. The participants also had the opportunity to discuss a recent bill

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<sup>1</sup> **Antonio Magalhaes**, CIPES-Centre for Research in Higher Education Policies, Porto, Portugal, on “The present design of Portuguese higher education system” and **Cristina Jacinto**, Ministry of Science, Technology and Higher Education, Portugal, on “Publicly funded scholarships to students in the private higher education institutions in Portugal” (13/07/2005). Additional information on Portugal in Dima 2005, DGES 2005 and Checchi 2005.

<sup>2</sup> **Jean Pierre Contzen**, special adviser to the Minister of Science, Technology and Higher Education on “Governance in Higher Education: challenges for Portugal” (13/07/2005).

<sup>3</sup> **Ventura deMello-Sampayo**, APESP-Associação Portuguesa do Ensino Superior Privado, on “Private and cooperative point of view” (13/07/2005).

<sup>4</sup> **Kari Hoel**, Norwegian Ministry of Education and Research, on “Student loans and grants” and **Vibeke Opheim**, Norwegian Institute for Studies in Innovation, Research and Education, on “The Norwegian student support system: research findings and questions” (14/07/2005). Additional information on Norway in Opheim 2004.

<sup>5</sup> **Peter Bøcher** and **Ole van Deurs**, Danish Ministry of Science, Technology and Innovation, on “Efficiency and equity – University funding and student support” (14/07/2005).

presented in Slovakia, and to evaluate its potential impact on student attendance and university financing.<sup>8</sup> The problem of financing universities in a context of rising demand for higher education was also discussed with reference to the Lithuanian case.<sup>9</sup>

3. The participants devoted two half days to general discussion, where general features of each country's specific experiences were highlighted (and are reported in the next section) and where country representatives reflected on possible improvements in their country policies (to be reported in section 3). General aspects worth further discussion at the European level are discussed in section 4. A final section contains some participants' suggestion on how to improve PLA activities.

## 2. Issues emerging from presentations and discussions

4. A general point that was raised by several speakers is that policies for student support are deeply rooted in the general framework of welfare policies of a country, as well as its overall economic strategy. As a consequence, they are designed under the assumption that students (or their families) may receive additional support from other sources.<sup>10</sup> It is therefore always problematic to isolate specific aspects of a policy and to make comparisons across countries but it is also valuable to identify criteria for the assessment of efficiency and equity outcomes of particular combinations of funding and student support arrangements. In addition, such comparisons are politically sensitive.

5. With some approximation, various country situations can be clustered into two general groups: countries starting from low educational attainment in the population and facing an expanding demand for higher education, and countries that have achieved a more stable situation in tertiary education participation.<sup>11</sup> In the first group countries face the problem of accommodating a rising demand, often in the presence of limited resources from the public budgets; in the second group countries face the problem of accompanying and sustaining a demand for higher education which is still rising, mostly from middle and poor background individuals. In the former case, efficiency reasons may be predominant, given the resource constraint. In the latter situation, the reduced pressure on resources allows national policies to be more concerned with equity issues.

6. How have different countries reacted to the demand pressure? One possible strategy, exemplified by Portugal, is increasing the financial involvement of the private sector by expanding the private provision of tertiary education. This strategy has pros and cons. On the positive side, the public sector is able to accommodate any potential increase in demand with limited resources. In addition, if the emergence of a private sector fosters competition in the tertiary education sector, which is financed on a per-student basis, public universities could be stimulated to make a better use of available resources, in order not to lose potential applicants. On the negative side, students diverted towards the private

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<sup>6</sup> **Orla Christle**, Irish Higher Education Authority, on "Student support" (14/07/2005).

<sup>7</sup> **Andreas Schepers**, German Federal Ministry for Education and Research and **Dieter Dohmen**, Institute of Education and Socio-Economic Research and Consulting (14/07/2005)

<sup>8</sup> **Boris Sloboda**, Slovakian Ministry of Education, on "Student loans and tuition fees in Slovakia" and **Libor Vozár**, Council of Higher Education, on "Fees, Loans and Grants – The case of Slovakia" (14/07/2005).

<sup>9</sup> **Albert Zalys**, Ministry of Education and Science of the Republic of Lithuania, on "Financing of higher education. Student financial support" (14/07/2005).

<sup>10</sup> A good example is provided by the Irish case, where higher education students receive support through at least four different agencies: the Department of Education & Science and the Higher Education Authority who manage the free tuition fees scheme; Local authorities who (in conjunction with the Department of Education and Science) administer the maintenance and top-up grants schemes; the Higher Education Authority who manage and administer three other sources of access funding supporting a range of student needs; finally, the Department of Social Welfare, who manage and administer a BTEA-back to education allowance.

<sup>11</sup> Looking at the data reported in table A.1 in Annex 2, seven countries experienced a significant growth in the demand for higher education (proxied by a yearly growth rate of the population share attaining tertiary education in the last decade above 5%): Austria, France, Ireland, Italy, Poland, Portugal and Spain.

sector are discriminated against, since they pay a higher price for similar services. In addition, if private universities cluster in specific research fields and/or regions (due to reduced investment in required equipments and/or easier access from students), students applying to private universities may be confronted with a reduced set of choice. Thus in the trade-off between efficiency and equality, the opening/developing of a private sector in tertiary education can be described as a movement in the direction of the former goal at the possible expenses of the latter one.

7. Seen in this perspective, the introduction of grants covering the tuition fees charged by private universities (in the order of 80% of total cost) represents the recreation of a condition of (partial) equality among Portuguese students.<sup>12</sup> However, the discussion has highlighted remaining limitations associated to the current policy: while students from poor families in public universities and polytechnics are entitled to a grants covering tuition and living expenditures, students in private universities are excluded from these opportunities (unless autonomously introduced by the universities themselves, as in the case of the Catholic Universities in Lisbon for few cases). A possible escape could be created by the possibility of students' loans, covering opportunity costs during university attendance.

8. A second strategy, considered for example by the Slovakian and Lithuanian governments, takes into account the possibility of raising additional resources for public universities through the introduction (or the increase from negligible levels) of tuition fees. Once again, this policy has advantages and disadvantages. There are two potential advantages associated with this policy: It may succeed (but not necessarily does, depending on possible budgeting consolidation policies) in collecting additional resources for improving the quality of teaching within the public sector of tertiary education. In addition, by raising the cost of attendance, it creates an incentive for the enrolled students to complete their academic career in a shorter period, according to the standard length of study (and/or to move from a part-time student status to a full-time student status).<sup>13</sup> However, raising tuition has the main drawback of potentially restricting university enrolment for students with limited financial resources. For this reason, in the original proposal advanced by the Slovakian government every student is eligible for student loan with low interest rates fully covering tuition fees; in addition the bill contemplates the commitment to satisfy up to 30 % of full-time students with means tested social grants and use up to 40% of the additional revenues from tuition to provide performance-related scholarships at the university level for additional social and performance related support.<sup>14</sup> Since the information about social background of enrolled students is often scarce, it is difficult to assess whether this policy can be seen as an equitable policy, since students from better-off families are currently over-represented among those exempted from payment of tuition.

9. When we consider the case of countries with a larger fraction of students attending higher education institutions, we are confronted with the problem of attracting additional people into tertiary education, mainly from disadvantaged backgrounds. Free education to the highest level of which a student is capable is one pillar of the Nordic model of welfare, whose aim is to sustain the individual with respect to most life events requiring external support (child-care, unemployment, housing, illness), which in

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<sup>12</sup> In Portugal, students in public universities obtain greater support from the state than students in private ones. In addition to the implicit subsidy associated with lower tuition, they also obtain benefits in kind (subsidised accommodation, cheaper meals, transports). One could argue that this represents an efficient allocation of resources, since students are admitted to universities in a rank order based on their final scores at the exit of secondary schools: since almost invariably public universities represent their first choice, students are sorted according to their abilities.

<sup>13</sup> A related aspect is that tuition fees may reduce the phenomenon of abuse of higher education (namely, people enrolling universities in order to obtain the implicit benefits associated to the condition of student, like transport discount, subsidised accommodation, etc). Recently in Germany legal competence to impose tuition fees has just been given to the Länder by the constitutional court, and some Länder have announced their intention to introduce tuition fees.

<sup>14</sup> Similarly, the Lithuanian government covers half of the fees for the best students. As these scholarships may reveal themselves as insufficient to cover the full cost of living, the possibility of student loans was considered as a complementary measure. In addition, in order to increase political viability and to reduce the psychological impact on currently enrolled students, the proposal did not require the upfront payment of tuition fees, but deferred the repayment of the implicit personal loan to the future.

other social systems are left to family networks. In line with this model some countries (notably Norway, Denmark and Ireland, but also Germany which does not charge fees for regular students) have chosen zero tuition fees.<sup>15</sup> However we know that direct costs of attendance are only a fraction, and not the largest one, of total cost of university attendance. Therefore some countries have accompanied the implicit subsidy associated to zero tuition with explicit measures for student support, aimed to cover living costs.<sup>16</sup> These measures entail different combinations of grants (often related to student performance) and loans (with differentiated repayment conditions, based on actual employment conditions, family status and similar). These schemes provide equality of opportunities at the highest level, but have potentially significant opportunity costs: as an example, the full cost of student support in Denmark is almost equivalent to the amount spent on university research and development; in addition, the economic burden increases with the increase in attendance, as it is the case of Norway (+33% increase in resources spent in student support in the last three years). Discussion in Lisbon considered whether the system has an adverse effect on students, who might have little incentive to complete their studies in due time.

### 3. What has been learnt from the PLA activity

10. Country representatives participating to this PLA underlined the importance of being exposed to a variety of policy models, which helped them to identify merits and limits of the policies adopted in their countries. When required to indicate which aspects were worth deeper scrutiny at national level, the participants gave the following indications.

11. Portuguese representatives were mostly concerned about the most efficient and equitable use of national scarce resources. The discussion focused on whether a loan system could validly complement the existing scheme of grants, but the representatives concluded that Portugal needs a more rigorous assessment of university quality, in order to possibly reorient currently available funds towards most efficient uses. Student loans could be reasonably provided by the Central Bank or by international banks (like the European Investment Bank), provided that the central government can ensure coverage in case of student default. Improving equality among students calls for widening the access to student facilities (canteens, dorms) to students independently from their enrolment (whether in public or private universities).

12. Representatives from Slovakia invited suggestions to improve their proposal of introducing tuition fees accompanied by student grants, in order to keep university access as open as possible. Various proposals emerged in the discussion (including family income contingent fees, graduate taxes and student loans covering living costs). The country representatives concluded that some principles should be followed when designing fees (although the simplest solution being a flat rate, adjustments could be considered in association with family income and/or relative demand for a specific field), but the worst outcome would be continuing with the current situation of inequality between full-time and part-time

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<sup>15</sup> Vossensteyn 2004 reviews existing systems of student support in Europe, and reports additional countries with zero tuition fees: Czech Republic, Estonia (fulltime), Finland, Poland (regular), Slovenia (fulltime) and Sweden.

<sup>16</sup> Norway provides financial support to students already starting from secondary school level, but it has a different nature: support for upper secondary education (grades 11-13) is means-tested according to parental income, since parents are expected to cover the cost of living for their children; on the contrary, tertiary education is elective, students are considered as independent from their families, and therefore the support is universal and last up to eight years. It starts as a loan (which is interest-free during the period of study), but two fifths of it can be waived conditional on progress towards a degree not being delayed by more than one year. Denmark offers a basic subsidy (6200 euros for a student living alone) for up to six years to all students (earning up to 9500 euros per year), conditional on passing at least one exam per year. The grant can be cumulated with a loan (with a maximum of 3200 euros per year). Germany offers a means-tested combination of loan and grant, which is partially relieved for best students (belonging to the top 30% of best students).

students, restricted enrolment and lack of resources for better quality teaching. They envisaged political viability as the main obstacle for rationalising the current situation in Slovakia.

13. Danish representatives invited proposals for reducing the defects of the current system, which they believed to concern the excessive duration of university attendance, possibly related to the generosity of the grant combined with the lack of strict checks on student achievements. PLA participants expressed the view that paying a price or even knowing what the price of a university education is, provides correct signals to students. Representatives from Denmark recognised that gradually reducing the grant (or correspondingly charging rising tuition fees as some German Länder already do) when the legal duration of course has been reached could possibly provide a more effective incentive for full-time students to accelerate their careers (since part-time students already pay fees, and one exam per year does not seem to provide a real obstacle for any student) if it could be done without creating an artificial barrier for students who are unable for a variety of access reasons, to complete their studies during the normal term. A more radical solution, along the line of the Norwegian system, of transforming the grant into loans, to be redeemed in case of good academic performance, would alter one of the pillars of the Danish welfare system, and is not currently in the agenda of the Danish government.

14. Representatives from Norway expressed similar concerns about the excessive duration of university attendance, and would consider the implications of shortening the current duration of subsidised loans at the university level (for example passing from 8 to 6 years).<sup>17</sup> On the contrary, they conveyed doubts about the incentive implications of introducing tuition fees, given the observation that students in private university do not proceed quicker despite the afforded tuition. Tuition could eventually be introduced after the expiration of the legal duration of courses. They also appreciated the flexibility of the Danish student support system, where students may receive more student support in some periods and less in others. Finally, they also expressed their interest towards the level of ICT sophistication and consequent process of administrative simplification which has been progressively developed by the Portuguese Unit for student support.

15. Representatives from Lithuania expressed their interest for the support systems of Germany and Norway, as an illustration of the possibility of combining grants and loans in the same support scheme. Such a system would allow distributing state budgetary means allocated for student support in a more efficient way, reaching the most needy students. They also reinforced their opinion about the advisability of uniform tuition fees for all the students. The Government could establish a maximum amount of tuition fees, and each higher education institution could determine its own tuition. Study loan and grant system could amortize undesirable consequences for students from disadvantaged families. Such a scheme would increase motivation of secondary school graduates to select their field of studies with greater responsibility in conformity with their abilities.

16. German representatives welcomed the opportunity to listen and learn from the experiences of other countries but at the same time were keen to emphasise the importance of country differences, which make it difficult to extend the policies of one country to another. The interdependence of performance testing and “second chances” were seen as worthy of consideration in the German discussions on finding better balances between equity and efficiency. Extending performance-related prerequisites were seen as being easier to accept if they came together with a sophisticated system to facilitate re-entry into the education system through support system mechanisms. German representatives gained a deeper insight into administrative structures: the paperless handling with applications in the Portuguese

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<sup>17</sup> Since in Norway few study programs have duration of more than five or six years, in the present system it is therefore possible for one student to receive student support for more than one academic or vocational degree. However, as long as students cannot fall more than one year behind their scheduled academic progression, this mechanism should prevent misuse of the support mechanism.

student support unit suggested a closer follow up in direct contact with the German “Bundesverwaltungsamt” which embarks on the same strategy in the administration of student loans.

17. The Irish representative was interested on how further develop and refine the Irish system of student support, in particular the means-tested, higher education grant system, towards ensuring a comprehensive and adequate level of support for those students who are most in need. As regards those students who are not eligible for grant aid, a state sponsored and monitored loan system, covering tuition fees (partially or fully) and living costs, to be repaid by the student on an income contingent basis, would be an alternative worthy of further consideration. In such a scenario the student funding system (grants and loans) would ideally support both full and part-time participation and progression, at both undergraduate and postgraduate level. Additional incentives, such as a rebate on a portion of the loan, would also be worth considering to support/incentivise policy objectives such as raising student retention/completion rates; increasing participation by under-represented - if not necessarily financially disadvantaged - groups (e.g. mature or disabled students); rewarding exceptional academic performance and stimulating increased participation in areas identified as of economic or innovative (research) significance.

#### 4. Key issues worth developing at European level

18. A first point that recurrently emerged during the presentations concerns the ultimate beneficiary of the policies of student support. A clear difference emerges here between Continental and Mediterranean countries.<sup>18</sup> In Nordic countries students are considered as independent from their families, and are treated as fully responsible for their educational choices and completely liable for loans to finance education. As a consequence, subsidy policies are targeted towards the individual student, and when necessary they are means-tested on her/his own income. On the contrary, in Mediterranean countries, students are expected to be living with their families, which in most cases are obliged to afford the costs of their education. In this framework the aim of the policies, though unintended, seem to be supporting the family; grants are often means-tested on family resources, and loans require the responsibility of additional guarantors (typically the parents).

19. A second point that is worth expanding concerns the exact definition of equity. Discussion followed the convention of linking equity with “equality of opportunity”.<sup>19</sup> Upon further scrutiny, this definition reveals itself to be unsatisfactory. What is the real policy goal with respect to equity? If we were to follow Amartya Sen’s approach, equity should be intended as “equality of freedoms”: all citizens should be given identical possibilities to pursue their desires. Taken to its extreme consequences, in the present context this would require each government accommodating any possible demand for higher education, independently of costs of provision and/or employability of obtained education.<sup>20</sup> If this view is too extreme, and cannot be realistically supported, it is not yet clear which kind of equity should be advisable. If we look at educational inputs, equity requires students be granted similar quality of education, independently from the nature (public or private) and the type (university,

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<sup>18</sup> Data contained in Eurostudent 2005 reports the following proportions of 21-year-old students living in student halls (first figure) or living in an own lodging/sublet/private flat (second figure):

“early family-leaving” countries = Austria (17+52); Germany (16+54); Finland (38+55); UK (29+49 – referred to all age cohorts)

“intermediate family-leaving” countries = France (17+41); Ireland (5+54); Netherlands (18+34)

“late family-leaving” countries = Spain (8+21); Italy (2+19); Portugal (2+35).

<sup>19</sup> In the OECD project on equity in OECD educational systems, it has been adopted the following definition: “Educational equity refers to an educational *and learning* environment in which individuals can consider options and make choices *throughout their lives* based on their abilities and talents, not on the basis of stereotypes, biased expectations or discrimination.” (Opheim 2004, p.13).

<sup>20</sup> This approach would go in the direction of equality. The difference between the two concepts, *equity* and *equality*, are discussed in Socrates 2003, Part 1.

college or polytechnic) of higher education institutions.<sup>21</sup> If we look at the outcomes of the educational process, then students should be offered the same opportunity to attend similar lengths of study. But we have already seen that students voluntarily tend to adopt different strategies of university attendance (for example studying full-time or part-time), and therefore forcing all of them into a single pattern is at odds with equity in freedom. Finally, requiring the educational system to grant students some equity in the labour market outcomes is somehow overloading it with requests that cannot be accomplished, since other policies (typically labour market institutions) have more impact on this.

20. A third general point which is relevant for the discussion of student support policies relates to the importance of financial means in affecting university attendance.<sup>22</sup> This is a crucial point, because if we take the extreme view that financial matters are irrelevant in preventing university attendance (because individuals can always find ways to finance their studies), then student support policies would prove useless in fostering attendance (even if they could remain important for other social goals, like favouring the exit from the family of origin). In addition, means testing would lose rationale in this area, since financial resources would not play a relevant role. While this issue deserves deeper investigation, a cursory review of information obtainable from the European Community Household Panel (reported in figure 1 in Annex 2) suggests that available financial resources (proxied by current income) are positively correlated with university attendance: in 2001 (last year of survey), students living in households<sup>23</sup> belonging to the highest income quartile had an (unconditional) probability of being enrolled at higher education institutions of 37.2%, while the same probability was 25.2% in families in the lowest income quartile. However, another message conveyed by the right panel of the same figure is that cultural origins are much more effective in shaping educational choices, even at tertiary level where parental impact should be dissipated. This is not homogenous across countries, with the differential impact of parental education being minimum in Denmark, Finland and United Kingdom, and maximum in Italy, Portugal and Spain. Policies of student support are ineffective with this respect, but other educational policies may provide significant contributions (early childcare being one of the most effective, according to existing studies on intergenerational mobility).

21. One of the central messages of this PLA seems to be the need to get the balance right in combining grants and loans in supporting student attendance at higher education institutions.<sup>24</sup> The balance, which will be different in different countries, should reflect the amount of public resources available on one side, and the need to provide incentives to students on the other. Doubts should be raised about whether student loans alone can be considered a viable alternative in the absence of public resources. Out of the PLA activity, some principles emerged from country experiences and ensuing discussions:

- \* the decision in favour or against tuition fees should be discussed in the general framework of each educational system, and is ultimately a political one.
- \* in order to be effective, grants and loans could cover tuition fees and living costs, otherwise students would resort to the common practice of working and studying at the same time, thus lengthening the duration of their studies;
- \* tuitions fees could be waived (partially or completely) in case of good academic performance (as it is currently the case in Lithuania and partly in Germany – in Norway the same principle is adopted in converting part of a loan into a grant). This creates an incentive to take the risks associated with an academic career which are perceived by students from culturally poor backgrounds;

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<sup>21</sup> Looking at social composition of students gives an indirect measure of student self-sorting. Since students are at the same time inputs and outputs of the educational process, sorting of students necessarily implies stratification of higher education institutions. For example, in Portugal 20% of the students of public universities come from high cadres families, while the same proportion declines to 13% in private education sector and to 9% in polytechnics.

<sup>22</sup> In the economics of education literature this goes under the heading of “the impact of liquidity constraints on educational choices”: see for example Heckman and Krueger 2003, where the authors review US evidence.

<sup>23</sup> His or her own family, if living alone, or their family of origin, if still living with parents.

<sup>24</sup> A lengthy discussion of alternative mechanisms to providing student loans, with special attention to non-European countries, is contained in Debande 2004.

- \* repayments could be made conditional on earned income in order to introduce an insurance element in the loan scheme, to counteract the risk aversion of disadvantaged students; the mere postponement (as foreseen in the Slovakian bill) does not provide this cover<sup>25</sup>;
- \* also for insurance reasons, real interest rate (namely market interest rates net of price inflation) should be close to zero, in order to alleviate repayment conditions without inflicting capital losses to the lender; the differential with market rates should be subsidised by the governments;
- \* for welfare reasons, the possibility of postponing or waiving the repayment in case of unpredictable events (childcare, illness, unemployment, family breakage) could be considered; the rationale is that in any case an individual undergoing such events would need support from the wider society.

22. A general feature should accompany any subsidy scheme: simplicity of rules and transparency of information, in order to reduce the rate of non-utilisation.<sup>26</sup> In the discussion it was generally held important to avoid having more than one agency dealing with the support (the principle of “one shop, one stop”). Most systems are the result of overlapping of norms that may increase the overall generosity of the support but at the expenses of both efficiency and equity. It should be remarked that the present discussion is neglecting tax allowances as a mean of student support, possibly because it is less visible than direct help. In addition, discussion identified the importance of a transparency which would make clear to students what the full cost of tertiary education is, might identify what level of tuition fee is being paid for from public funds and therefore make it clear what proportion of the full cost of tertiary education students are exempted from because of society’s investment.

23. An additional point emerged from the review of country experiences is the importance of quality assessment of higher education institutions (in terms of competencies achieved by students and their labour market performance). The results of the assessment exercise, to be held regularly, should be given widespread diffusion, in order to seize the benefits of competition among institutions. Quality assessment should be accompanied by effective autonomy of universities in organising their curricula, setting their tuition fees, hiring their personnel and setting their stipends.<sup>27</sup> Students’ choice should provide the right signals to universities about what the labour market (and the society as a whole) is requesting. But habit persistence and reduced territorial mobility may reduce its impact. Stronger discipline is obtained when resources devoted to universities are tied to evaluation assessments. However the governments may not want to give up the possibility of orienting university-based research; this goal may be achieved by direct funding, but also by imposing tuition caps and floors, to drive students applications towards some field and away from others.

24. Overall participants expressed the need of balancing the incentives on students and incentives on universities. The former should not be encouraged to remain student for the rest of their life without imposing an excessive burden on his/her shoulders.<sup>28</sup> The latter should not receive funding

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<sup>25</sup> Actually the proposal in the Slovakian bill is more complex: if the minimum wage is not reached the repayment is postponed, but the amount of money eligible for repayment is the wage fraction exceeding the minimum wage (with a ceiling of 10% of the earned income). Therefore in principle a worker earning less than the minimum wage would never repay her loan.

<sup>26</sup> Student sorting is also encountered when analysing the in-take rate of student support measures. In Norway for example, students from richer families make more frequent use of students loans, while student from poorer families tend to work more.

<sup>27</sup> This is not always the case, since in some countries (notably Portugal) private universities have less degrees of freedom than public ones. Some participants expressed their concern about the risk of social segregation and to elimination of subjects. Thus, even in the case of market-driven systems, governmental co-ordination and supervision would be important to avoid negative results.

<sup>28</sup> Even if current procedure of charging higher tuition on part-time students – on the ground they are already earning – may result in unintended results, since without grants covering full living costs students may be induced to early abandonment of tertiary studies.

uncorrelated with its output, even if funding strongly associated to the number of graduates tend to produce inflation of degrees and lowering of quality.<sup>29</sup>

25. A related issue is the distribution of resources between social scholarships and performance-related scholarships (as emphasised by Lithuania experience in this respect). One solution is leaving the final responsibility to committees that include student representatives (as foreseen by the Slovakian project). This does not necessarily provide the most equitable solution, since student representatives are not necessarily more concerned with the needs of disadvantaged students than university professors or administration officials.

26. One aspect that is worth mentioning, despite being left largely untouched during PLA is the problem of student support in the context of life-long learning. There was some discussion of access arrangements and the need not to penalise those whose academic performance might have been unbalanced in the past but who demonstrate the aptitude for Higher Education study with the right kinds of support. Of great importance for efficiency and equity in a life-long learning perspective is the fact that working adults have different costs and incentives. They are likely to be less prevented from attendance by financial reasons, whereas bad past experiences with education and/or time schedules may represent true barriers.<sup>30</sup> Student support schemes in this respect should consider the possibility of tailoring the support according to individual needs, requiring a high degree of flexibility from the system. The Danish system of clips (namely the possibility to distribute up to 72 months of student support along the years of higher education enrolment) provides a significant step in this direction.

## **5. Suggestions on Dissemination**

27. As part of the final session of the PLA, there was a discussion of what outcomes should be expected. It was agreed that the Commission Consultant would write a report that would be circulated to participants by the 22 July. Comments would be invited and a final synthesis report would be produced in time for the next Cluster meeting. Part of the discussion centred on what representatives should expect to do to make the most of their learning and experience on the PLA. A number of suggestions were made such as writing a report for colleagues, convening meetings and seminars to discuss the eventual PLA report, producing a provocative and summarised version of the report geared to national debates. A more ambitious example was the convening of a stakeholder conference; a more modest example was the linking of IT process people in home ministries with colleagues in Portugal for the further spreading of good practice. It was agreed that at the next cluster meeting, participants will have produced summary sheets of what they have learned from the PLA, suggestions for concrete dissemination activities and nationally targeted versions of this report.

## **6. Suggestions on how to improve the peer learning working methods**

28. In the final session of the meeting, participants put forward suggestions to improve future PLAs. Everyone appreciated being exposed to a variety of policies and having the possibility to ask for

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<sup>29</sup> The Danish taximeter, or the current reform in Lithuania, are attempts to improve university performance on this ground. See the discussion in Jacobs and van der Ploeg 2005.

<sup>30</sup> It is worth recalling that in Ireland the requirement of having completed second level education is not a universal requirement for mature students (older than 23) entering higher education. Mature students are, in general, assessed for admission to third level on the basis of their prior education achievement (which may be at second level and/or a post-secondary/further education qualification - e.g. access/foundation courses) as well as on the basis of an assessment of work and life experience and overall motivation and capacity to progress in their chosen course of study. Also in Norway adults have been able to enter higher education on the basis of evaluation of non-formal learning, instead of completed upper secondary education since 2001 (older than 25).

specific details that give the flavour of how things really work. However, there were concerns about the intensity of the work programme. Some simplifications in the programme were suggested, such as reducing the number of country experiences to be presented (currently the programme provided three country main presentations plus four additional experiences in form of discussions) In addition, it was suggested that the Commission consultant should play the role of discussant as well as leading plenary and evaluation sessions.

29. Disagreement emerged about the strategy adopted to review the countries experiences, and some participants recommended the discussion to be more focussed on more specific aspects of country experiences. On the other hand, other participants noticed that without a general theoretical framework it becomes problematic to draw general considerations from country specific examples. In essence, it seems that some important learning experiences emerged from the PLA in terms of the clearer identification of the nature of discussion and deliberation in their relations to both theory and practice, the importance of considering the nationally specific and shared challenges and policy options and the extent to which participants saw themselves as members of the policy development community nationally and at the European level.

30. An initial draft of the present report was circulated among the participants immediately after the Lisbon meeting, and the current version incorporates the received comments. The Cluster members convened in a subsequent meeting (held in Brussels on 27/09/2005), where the issue of dissemination was further discussed. While most participants recognised to have been stimulated by listening other countries' experiences in student support, they were also conscious of the fact that reforming access to higher education could have not been in the highlight of governmental authorities. When confronted with arguments that could be considered as taboo in the domestic political debate (like the possibility of introducing tuition fees in some Nordic countries), several participants expressed in favour to pursue a theoretical discussion about pros and cons of this policy. Some participant criticised the actual organisation, since they hold that the PLA activity in Portugal was too dense, with an excessive number of country experiences to be reviewed. When directly asked about which dissemination activities they were aiming to, some cluster members noticed that learners were specific individuals, who may be influential in the actual policy-making. However, the Commission could help in disseminating the learning results, by running a yearly workshop where the results of various learning activities could be shared with a larger circles of national politicians.

31. The ensuing discussion focused on the problem of selecting country representatives for the PLA activity. It was unclear which was the optimal selection criterion: should they be politicians (in order to influence the policy making), national experts (in order to get a broader view of the issue) or officers (in order to obtain a more precise description of how the policies are actually implemented) ? Since each choice has advantages and limits, the preferred solution would be to combine at least two types in selecting country representatives, in order to obtain a wider perspective on a country experience. An additional suggestion was making explicit the expectations of participants from the beginning, in order to avoid potential disappointments emerging from the learning activity. In distinguishing the role of the external participants, many agreed about the fact that Commission representatives should act as moderators, while the Commission consultants should operate as facilitators.

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## Annex 1 - List of Participants

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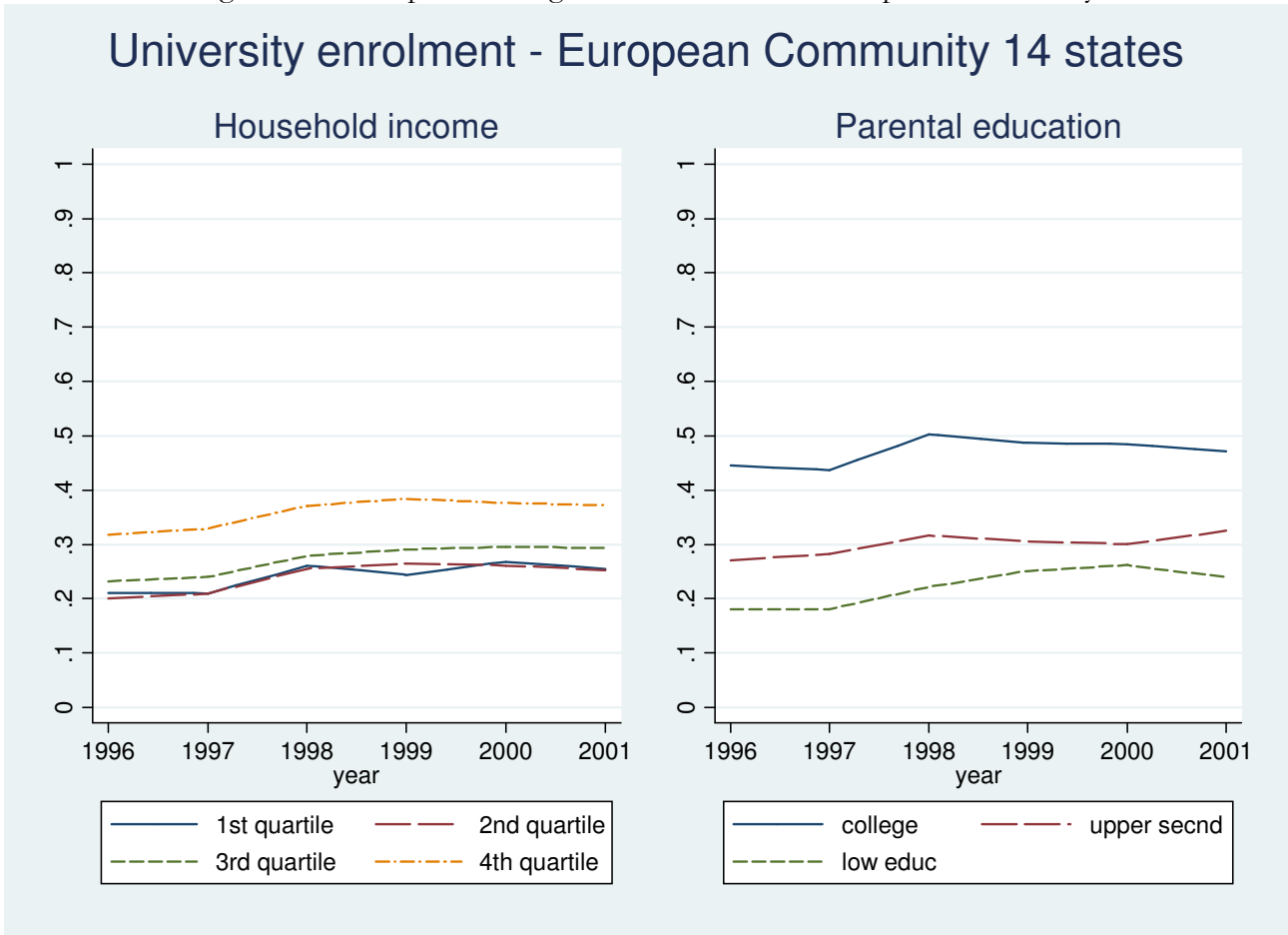
## Annex 2 – Additional tables and figures

Table A.1 - Tertiary attainment for age group 25-34 (as a percentage of the population in that age group)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	yearly %
Austria	7.9	7.9	..	8.8	8.7	9.2	12.4	12.5	12.7	15.0	14.3	14.8	5.91
Belgium	26.8	27.2	..	30.0	32.9	32.2	33.1	33.8	34.4	36.0	37.5	37.6	3.13
Czech Republic	..	..	..	12.5	11.8	11.2	10.9	10.5	10.9	11.2	11.3	12.3	-0.21
Denmark	18.7	19.5	..	19.7	20.3	20.7	..	26.8	28.6	29.3	29.1	30.6	4.56
Finland	33.3	33.5	..	34.1	35.0	35.2	36.4	36.0	37.4	37.6	38.2	39.2	1.51
France	20.1	21.6	23.1	24.3	25.4	26.0	27.8	29.6	30.9	32.4	34.2	36.1	5.43
Germany	19.6	18.8	..	18.7	20.8	20.3	21.0	21.5	21.5	22.3	21.8	21.7	0.92
Greece	..	..	..	25.0	26.0	28.2	22.3	24.3	24.6	24.3	24.0	24.1	-0.45
Hungary	..	..	..	..	..	14.3	12.4	13.9	13.7	14.7	14.8	15.0	0.76
Iceland	..	..	..	..	..	23.7	23.0	24.2	27.6	27.8	26.5	29.1	3.42
Ireland	19.7	21.2	..	24.4	27.2	31.3	32.5	29.5	28.1	30.3	33.4	36.3	5.74
Italy	6.6	6.8	..	7.9	8.2	8.3	..	9.0	10.0	10.4	11.8	12.5	5.98
Luxembourg	..	..	..	..	..	..	..	..	21.2	22.9	23.4	22.6	2.14
Netherlands	22.2	23.6	..	23.9	24.5	25.1	..	27.5	25.1	26.6	26.5	27.7	2.03
Norway	27.1	28.2	..	30.7	32.1	30.0	29.9	32.8	34.7	34.9	37.9	39.7	3.53
Poland	..	..	..	..	9.9	..	10.3	11.8	12.3	14.2	15.2	16.8	7.76
Portugal	8.5	..	..	13.2	13.5	14.4	..	11.5	12.2	13.0	14.0	15.0	5.31
Slovak Republic	..	..	..	12.5	11.6	12.4	10.4	11.3	11.1	11.2	11.9	11.9	-0.65
Spain	16.3	22.5	..	25.2	26.6	28.6	30.3	32.0	33.5	34.1	35.5	36.7	7.63
Sweden	27.0	26.5	..	27.3	28.6	28.4	29.3	30.7	31.7	33.6	36.9	39.2	3.42
Switzerland	21.3	21.3	..	22.0	21.5	22.5	24.7	25.0	25.9	25.6	25.6	26.5	2.01
Turkey	6.1	5.6	..	6.6	7.5	..	7.3	7.8	8.7	8.9	9.1	10.5	4.98
United Kingdom	18.5	20.6	..	23.1	23.3	24.3	24.7	25.9	27.3	28.6	29.5	31.2	4.86

Source: OECD FACTBOOK 2005

Figure 1 – Participation in higher education in the European Community



Note: this graph has been obtained from the European Community Household Panel, which is a representative longitudinal sample of the populations in 13 member states (Austria, Belgium, Germany, Denmark, Finland, France, Greece, Ireland, Italy, Netherlands, Portugal, Spain, United Kingdom). We have restricted the sample to individuals aged between 18 and 24 (whether singles, living with a partner where at least one member of the couple in the relevant age range, or living in parent families), and reproduce the fraction of them coded as “student”, conditional on having completed secondary school (and therefore presumably university students). This is done by the family of origin income quartiles and by the maximum educational attainment in the parents’ couple.