

Executive Summary

Portugal has faced a significant economic crisis in recent years that is deeply rooted in aging demographics and low productivity. It is evident that strengthening the population's skills is essential to improve competitiveness. Given this, the Government of Portugal has set an ambitious target for higher education attainment, which can only be achieved through both expanded access and higher completion.

This study is seeking to answer the following research question: **What steps can the Portuguese government take during its current mandate (2017 to 2020) to initiate a systematic increase in the higher education completion?** At many points, we use the somewhat broader term of study success, but completion remains our emphasis.

Understanding Completion and Study Success

OECD data on completion rates places Portugal somewhat below the average of other member countries, notwithstanding challenges in comparing data collected using different methodologies. At the national level, data on dropout after first year indicates significant differences between institution types, institutions and study programmes. Public institutions, universities, more competitive programmes, and Licenciado degrees tend to have lower dropout rates than private institutions, polytechnic institutes, less competitive programmes and Master's degrees. Students typically drop out in first year.

International evidence indicates that while study success matters for individuals, families, institutions and society, the challenge is not merely to maximise the completion rate, or minimise dropout and time-to-completion. Some very high quality higher education systems have low completion rates by OECD standards, based on the roles they play within their specific societies. Efforts to raise completion must take into account trade-offs with access, student learning, and time-to-completion. Ultimately, **Portugal should establish a target for completion rates that corresponds with its own economic and social circumstances and objectives.**

The international literature identifies intervening factors that influence study success, i.e. based on societal trends that are independent from higher education system policies but interact with these. These factors are (1) non-modifiable student characteristics (socioeconomic status,

gender, and ethnic origin), (2) student academic skills (based on their prior educational experiences), and (3) student motivations (relating to expectations, sense of belonging and labour market goals). We consider three main areas where higher education policies have an impact on completion: admissions, quality of education delivery, and financing.

Admissions

We analyse how Portugal's higher education admissions system promotes or hinders the effective matching of students, institutions and programmes, by balancing access and study success through smart selectivity, fostering accurate student expectations, and connecting students with programmes that meet their expectations.

Portuguese students gain admission to higher education through a number of different pathways. At public institutions, most traditional-age students use the National Access Competition (CNA), which is based on their grades secondary education and especially from secondary education completion exams. Pathways for students at private institutions, as well as those for non-traditional students, are controlled at the institutional level pursuant to some national standards. The Government controls the total number of spaces in institutions and study programmes through Numerus Clausus (NC).

We identify four ways in which Portugal's admissions system may undermine study success. Alternative admissions streams lead to high dropout to such an extent that they may simply be setting students up to fail. The CNA promotes shallow matching based on grades that are unreliable and that provide a limited indication of student attributes at best. NC restricts access to sought-after programmes, which promotes dissatisfaction among some and undermines competition between institutions. Finally, there is insufficient information on the student experience, in terms of student engagement or student satisfaction survey results.

International jurisdictions have adopted many different approaches to promote higher study success through improvements in admissions. These include efforts to expand criteria for admissions and improve information for students upon application and enrolment.

Quality of Education Delivery

This chapter analyses how the quality of education delivery affects study success based on the following criteria: institutional commitment; tracking and monitoring of students; learning, teaching and assessment; flexibility; and social integration and support services.

Overall, we find that the Portuguese higher education system is characterised by uneven institutional commitment in terms of strategic prioritisation and service offerings. Also evident is a widespread failure to identify and provide targeted support to students at risk of dropping out.

The system has a host of more strictly academic challenges. There is insufficient focus on teaching and serving students, for example in terms of strengthening pedagogy and being responsive to student views. Rates of academic failure are high, while many students who fail reenroll but actually do not attend classes or assessments. Rigid programme structures result from extensive required courses starting in first year and very few optional classes, affecting student satisfaction and flexibility. Students appear to have excessive class time, contributing to difficulties balancing schedules and responsibilities. The polytechnic role is undermined by the unclear binary distinction, which is most apparent in the requirement that IP faculty have doctoral degrees. Finally, the system offers inadequate remedial support for students with weaker academic preparation and is poorly adapted to the needs of mature students.

On the non-academic side, the system has important weaknesses in first year student integration, but also suffers from limited student engagement more broadly. As well, the quality of student services is uncertain at best, and it is apparent specifically that supports for students with disabilities are underdeveloped compared with other jurisdictions.

International jurisdictions have sought to strengthen the delivery of education to promote study success through policies we classify into three themes. The first is reshaping programme options through new degree structures, greater flexibility through credit transfer and recognition, or tighter restrictions on maximum enrolment periods. The second is improving academic and social supports, often focused especially on supporting students' transitions into higher education. The last theme is improving the collection and use of information in terms of tracking students' progression, integrating study success metrics in quality assurance processes, and building structures to share best practices.

Financing

We analyse the adequacy of financial support to Portuguese higher education institutions and students and how the Government of Portugal's funding and financial aid programmes affect institutional commitment to study success and student motivation.

Portuguese higher education institutions are funded through a combination of government grants and private funds – namely tuition fees. The Government of Portugal also offers needs based grants to students and provides backing for private student loans, but take-up of loans is minimal. In addition, close to half of students pursue paid employment, and legislation and policies provide for many accommodations for these students.

There is no question that institutional funding in Portugal is limited by international standards. However, there are also weak incentives in the institutional funding structure, as core funding is not tied to performance. The Government has provided only limited targeted funding for key initiatives to promote study success.

On the student side, many find it a struggle to balance studies and employment. This likely relates in part to the insufficiency of student financial aid. Financial aid eligibility criteria may also undermine completion, including by making it very difficult to regain eligibility once it is lost for academic reasons. Finally, Portugal provides negligible disability-related financial aid, such that it is certain that most students with disabilities do not receive any targeted support.

International jurisdictions have sought to promote study success through institutional funding and financial aid measures. Governments have provided targeted institutional funding for support services, or linked funding with performance through a funding formula or performance agreements. Similarly, governments have expanded financial aid for students with need, but also introduced stronger conditions on funding amounts or repayment often based on study progress.

Analysis of Options and Recommendations

We prioritise factors in study success using a heuristic based on each factor's importance in determining overall completion rates, our confidence in related research findings, and our assessment of how susceptible the factor is to policy interventions by government. This assessment clearly emphasises the following concerns: Failure to assist students at risk of dropping out; weak incentives in the institutional funding structure; Uneven institutional commitment to study success; and high rates of academic failure.

A second heuristic helps us categorise which factors the Portuguese Government can address directly (first-level), or through influencing the behaviour of institutions (second-level), or even institutional units or individual stakeholders (third-level). The Government has considerable direct control over financial factors and the admissions systems, but in general cannot address quality challenges directly. Institutional leaders, faculty, administrative staff, student representatives and quality assurance agency staff all must play a role in raising completion.

We review 18 policy options under three themes: (1) Targeted Supports for Students at the Margins, (2) System Steering, and (3) Shaping Expectations of Student Success. Our analysis relies on four main criteria: impact on completion, risks, flexibility, and feasibility. We do not estimate costs of implementing our proposals, however we only consider policy options that we believe could be pursued with modest additional expenditure beginning in the short-term.

Our three primary recommendations for the Government of Portugal are:

- 1. Provide targeted institutional funding for services to identify and support students at risk of dropping out**
- 2. Include performance criteria relating to study success within an institutional funding formula**
- 3. Tighten rules regarding academic suspension and monitor institutional compliance**

Ten secondary recommendations aim to complement the primary recommendations and/or provide intermediate solutions as other policies are in development.