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Austerity Measures in Greece and their Impact on Higher Education

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Abstract

The present study examines the impact of austerity measures on the academic community. The Technological Educational Institute of Athens served as our case study. It was selected because it is the second largest higher education institution in Greece, and has students of a diverse socio- economic background. Data were obtained through an analysis of institution financial statements and other documents depicting budgets, human resources, infrastructure, in an attempt to study their impact on the resulting quality of education. In addition, through the use of questionnaires we evaluated the impact of austerity measures and the economic crisis on both academic staff and students in relation to their performance, the quality of education, and their plans for educational and professional trajectories. Finally, and given the pending merging or even closure of some departments, faculties and/or institutions throughout the country, we examined the effects on people's attitudes towards educational and research activities.

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1. Introduction

Greece, like several countries in Southern Europe, has been experiencing the consequences of an economic crisis.

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In the period of 2009 to 2012, the GDP of Greece has shrunk by approximately 18%. This shrinkage is the biggest in the history of Modern Greek economy in times of peace. The economic crisis led, among others, to the worsening of employment conditions and the increase of unemployment (Mpampanasis, 2012). Between the years 2008 and 2011 recruiting new employees has decreased by 26.6% and from 1,143,920 to 839,015 (Karantinos, 2012). The unemployment rate in Greece in 2013 has risen to 26.9 percent and according to OECD is predicted to be 28.2 for the next year.

In this economic environment, substantial cuts have been made in the education sector. Education in Greece is tuition free, at all levels of the system, including higher education. This means that the state must provide financial resources and personnel. Now, although personnel for higher education are selected independently by the institutions, they are subject to the authorization of the central government and specifically by the education authorities, responsible also for their salaries, in accordance with their status as employees of the broader public sector (OECD, 2011).

Higher education institutions as open systems are affected by the social and political contexts within which they are continuously evolving. The economic crisis and the recourse to the stringent mechanism of financial support imposed upon Greece, have taken a deep toll upon both its economy and its society.

The agreements on the Greek debt have resulted in large cuts in overall public funding and, as expected, severe reductions in the funding for higher education. As such, institutions of higher education, which rely primarily upon public financial support, have been adversely affected. As a specific example, the Greek government imposed salary cuts for all government employees, including academic staff (~30 %), and enforced restrictions on recruitment of new academic staff.

Since 2009, many faculty positions were abolished, quite simply, by not replacing staff that retired. This is highly significant, as an ever-increasing number of academic staff, were forced to modify their retirement plans because of the rapid changes in the existing pension plans and the continuously uncertain economic environment. Furthermore, the funding shortages have resulted in cuts to part-time staff budget, which in turn, eliminates the possibility of renewing contracts. This then creates further problems for many institutions, which rely heavily on temporary staff for lectures and lab work.

With respect to non-academic budget demands, many institutions are forced to cover maintenance and repair costs at bare minimum levels. While some countries in Southern Europe address these issues by increasing, or even imposing for the first time, tuition fees (Douglas, 2010**)** Greece has not followed this route.

In order to face the significant shortage funds, the Ministry of Education implemented the restructuring of higher education with an underlying aim, to reorganize the academic “map” of higher education. In this context, many departments, particularly in the technological sector, were merged to form a larger department or institution that could be financially sustainable in the long term. It is widely predicted, that the shortfall and decline in financial resources for public education, will continue in the foreseeable future.

2. The case of Technological Educational Institute of Athens

The funding of the *Technological Educational Institute* (TEI) of Athens is viewed in the context of the current economic fluid environment and the consequent reforms instructed by the Program of Financial Support for Greece sponsored by the EU and the IMF**.**

The Institute, as all higher education institutions in Greece, is publicly funded through the state budget, the public investment fund and a separate account for paying contracted academic staff. During the past four years of deep recession in the country (2009-2012), the Institute has undergone severe budget cuts. As the recession deepened every year, the budget restrains were bigger and all sources of funding reclined and shrunk to the point of making the survival of the Institute a challenge.

This is presented in the following figure that depicts the reduction in all three sources during the four years of economic crisis (Technological Educational Institute of Athens, 2013).