WORDS BEYOND THE PANDEMIC:

A HUNDRED-SIDED CRISIS

Coord.: **José Reis**
A collective work by CES

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Universidade de Coimbra – Alta e Sofia inscrita na Lista do Património Mundial em 2013

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PRIVATE INSTITUTIONS OF SOCIAL SOLIDARITY

Vasco Almeida

The declaration of the state of emergency as a result of the COVID-19 pandemic led to a suspension of some social responses – crèches, nurseries and leisure activity centres –, which aggravated the financial state of a significant part of the country's Private Institutions of Social Solidarity (IPSS). Although the latter sought different solutions, from completely suspending user contributions to reducing them to a greater or lesser degree, there was a general decline in revenue. According to a 2018 study, user contributions constitute about 32 percent of IPSS total income, while public contributions make up 46 percent. Together with philanthropy, these two financing sources are not enough to prevent around 40 percent of IPSS from having negative results in any normal year.

Public support measures to address the IPSS situation during the pandemic – in particular, an increase of 59 million in funding for cooperation agreements, the maintaining of social security contributions and the creation of a specific line of funding – were considered by representatives of the sector to be clearly insufficient to mitigate the decline in revenue and the increase in costs. In fact, the above-mentioned 59 million represent a 3.5 percent increase in relation to the funds from cooperation agreements, while the 2020 increase in labour costs caused by the minimum wage upgrade was as high as 5.8 percent.

The model of cooperation between the State and the IPSS must be rethought. Firstly, public funding must be sufficient to ensure the adequate functioning of social responses, taking into account the quality of the goods and services provided, the adequacy of physical spaces and the human resources required. Funding should be calculated on the basis of the average real costs of social responses and the applicable tables of user contributions. There may be mechanisms for positive differentiation between IPSS, according to their users' economic capacity. Secondly, "the transition from a protective to a partner State", as mentioned in recent legislation regulating this sector, cannot mean that the State may shirk its obligations with regard to supervision and direct provision. Although the IPSS Statute stipulates the principle of autonomy, they have to ensure the quality of services provided. Last but not least, the boundaries of action between the State and the IPSS must be clearly defined. Contrary to what has been the trend in recent years, universal rights must be ensured by the State, with the IPSS playing a complementary role in protecting vulnerable social groups. It makes no sense to delegate to the IPSS the allocation of the Social Integration Income or the so-called contingent benefits, despite the positive financial impact that such measures may have.