A Work Project, presented as part of the requirements for the Award of a Master's degree in Finance from the Nova School of Business and Economics.

Cercica Portfolio Revision and Transformation Plan Social Responses

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Abstract

The purpose of this chapter is to analyze Cercica´s unprofitable social business units – Professional Formation (FP) and Residential Units (UR) – and suggest an action plan so they can reach their break-even point.

The analysis of each unit is composed by an overview, a financial diagnosis, which will be the main issue of the chapter, and an organizational diagnosis, where it was realized a data survey and an interview with the units' technical coordinators.

The remaining sub-chapters focus on the factors responsible for their negative results and the proposed recommendations that will help them to break even.

Key words: Business Unit; Professional Formation; Residential Units; Disabilities; Operational Profit; Beneficiaries; Funding; Human Resources

02. SOCIAL RESPONSES

Social Responses | Methodology

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2 How can social responses reach their break even point?

2.1 Professional Training (FP)

2.1.1 Overview

Overview
> What is Professional Training's mission and how is its training process settled?

2.1.2 Diagnosis

Financial Diagnosis
> What has been FP's financial evolution?

Organizational Diagnosis
> What are its organizational virtues and risks?

Keys areas of improvement

2.1.3 Funding and Beneficiaries

Analysis
> What factors are threatening FP's sustainability?

Recommendations
> How should FP adapt to the current circumstances?

2.2 Residential Units (UR)

2.2.1 Overview

Overview
> What is UR's mission and how is its application process organized?

2.2.2 Diagnosis

Financial Diagnosis
> What has been UR's financial evolution?

Organizational Diagnosis
> What are the barriers that compromise UR's performance?

Keys areas of improvement

2.2.3 Funding

Analysis
> What are the main issues that are preventing UR to maximize its revenue potential?

Recommendations
> What improvements should UR consider to increase its operational profit?

2.2.4 Human Resources

Analysis
> What are the main issues responsible for the inflated values in costs?

Recommendations
> What actions should UR consider in order to improve its overall efficiency?

2.2.5 Financial Impact

Financial Impact
> What would be the expected impact of each recommendation on UR's operational results?

2.1 PROFESSIONAL TRAINING

Professional Training was created to provide a vocational academic education tailored to maximize beneficiaries' professional skills

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Portfolio of Offered Courses 2019

- Horse Keeper
- Cook
- Waiter
- Cleaning Service
- Animal Caretaker
- Nurseryman
- Graphic Operator
- Gardener

Course Characteristics

Course components:
- Theoretical classes
- Practical classes

Course duration:
- 2,300 to 3,600 hours

Course capacity:
- 6 to 12 people
- 1 Trainer per course

Beneficiary Journey

Admission Criteria

Candidates should follow the established requirements:
1. Students aged between **16 and 18 still in the 9th grade**
2. People that have **finished high school (12th grade)**
3. People referred from **CRI**

Beneficiary Profile vs Available Professional Training

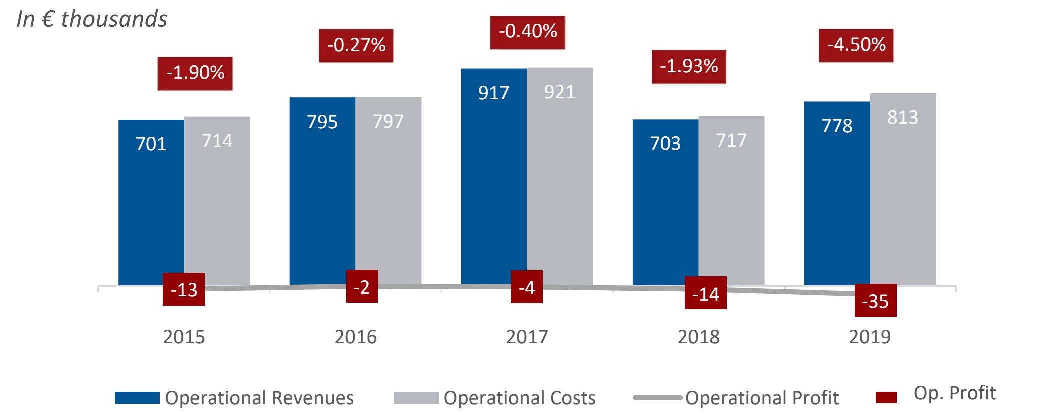
- **Tri-annual public agreement** in order to get approval to open new courses and be funded for the following years. When concluded, Cercica **waits until the next agreement to get new authorized courses** and beneficiaries
- Their **allocation is executed by the Employment Center** that analyses the candidates' profiles to understand what is the most proper course for each one to attend

Insertion in the Labor Market

- Beneficiaries finish their professional training course with a **double certification**
- When the Trainee is ready to be inserted into the job market, **CR-CE unit helps them to enter the labor market**
- All the internships are arranged through **partnerships with companies**

The unit's cost structure has been constantly superior to the revenue stream over the last years

Evolution of Operational Revenues and Costs



During the last 5 years, FP has always presented **negative operational margins due to its unconsistent revenue stream**, standing out 2019 with an **absolute loss of €35K**

The only **source of income comes from Subsidies**, provided by *Instituto da Segurança Social* (**~ €778K**). Its revenues depend on the **number of course hours lectured** and not on the number of beneficiaries

UR encounter heavy costs, namely **Personnel Expenses** (**~€453K**), **Trainee Expenses (~ €243K)** and **Supplies & External Services (~ €109K)**

Overall, **each trainee costs around €700 per month**, where we consider the trainer cost, transportation, insurance and meals

Op. Revenues 2019

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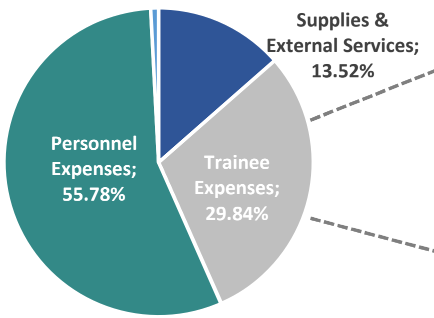
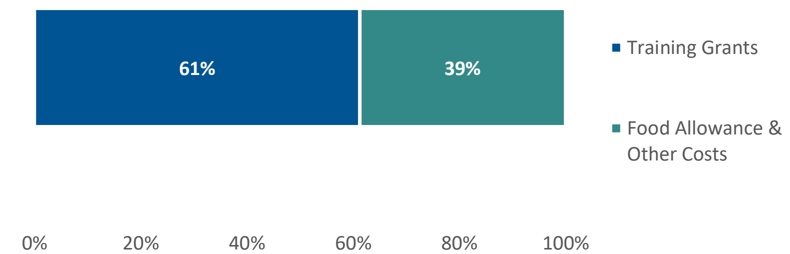
E FORMAÇÃO PROFISSIONAL

100 % *Subsidies*

Op. Costs breakdown 2019

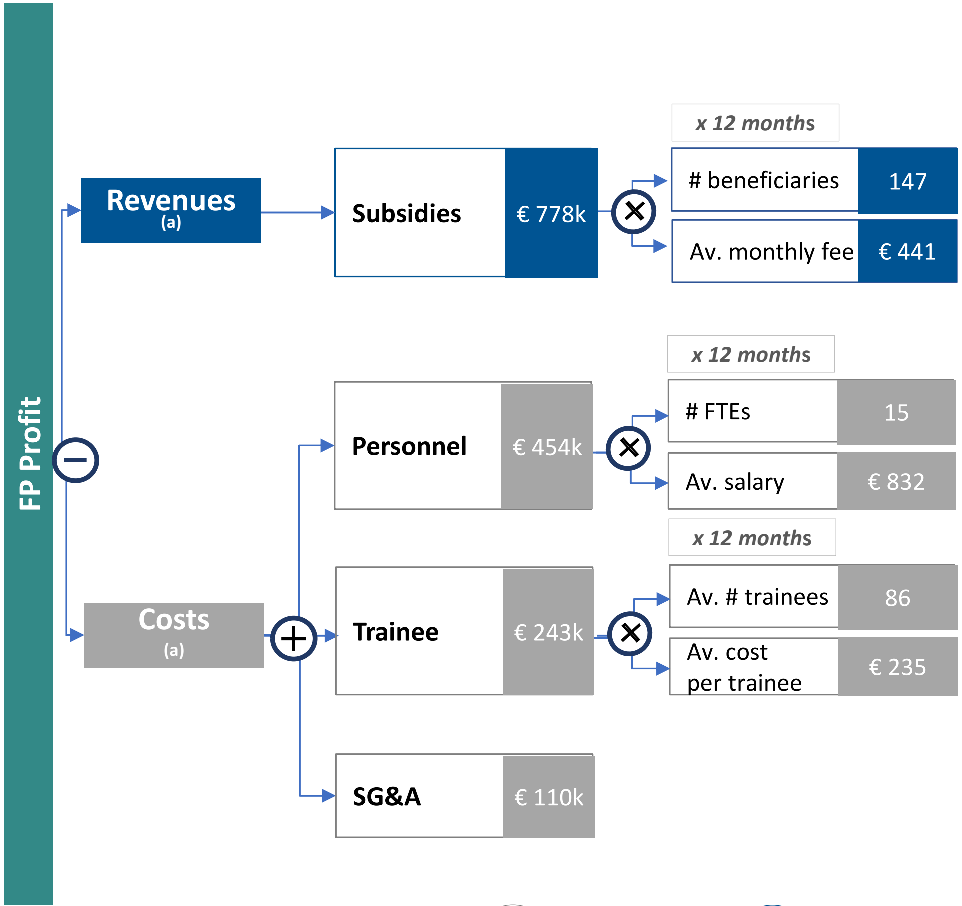


Trainees Expenses breakdown 2019



FP has a high dependency on the uncertain IEFP subsidies, its only source of revenues, and a huge cost burden related to trainees

(a) Excluding other gains and other expenses



- **Revenues:** 100% participated by IEFP

- **Personnel Expenses:**
  - These costs are paid on a fixed basis, however there is a minimum required of 80% of direct work
  - Most employees have a permanent contract, which demonstrates a mismatch between variable beneficiaries and fixed employees

- **Trainee Expenses**: The number of trainees varies every month, with training grants of 101€ or 201€ depending on whether it is training at the center or on-the-job. Additionally, expenses such as food allowance and transportation are also included

- **SG&A Costs:** Other costs such as Supplies and External services, transportation costs and fees.

Consequently, there is an evident mismatch between FP's fixed cost structure and its variable revenue stream

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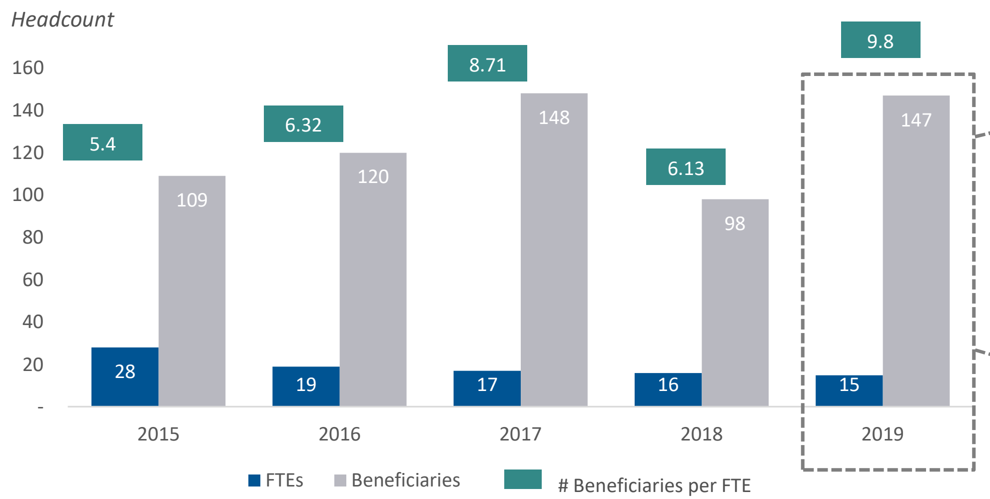
Evolution of Beneficiary to FTEs Ratio



Beneficiary to FTEs Ratio Breakdown 2019

FTEs	Beneficiaries
• 1 Technical coordinator • 11 Trainers • 2 Technical Assistants • 1 Psychologist	• 20 courses • 7 trainees per course

The FTE: Beneficiary Ratio has been **increasing over the years** due to a **large turnover** of employees

- Over the years, while the number of FP employees have been slightly decreasing, the number of beneficiaries has been fluctuating over the years
- The **recruitment process is very bureaucratic** when compared with the required flexible structure of the staff

This Social Response's performance is impacted by team's problems and by barriers that confront its sustainability approach

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Value-added

- A diversified portfolio of courses enables trainees to **pursue capabilities to enter the labor market as independent and efficient workers**
- All courses have a **double certification,** with theoretical and practical training and a trainer's manual with clear objectives for the delivery of the course

Team

- **Experienced staff** that provides an excellent work
- Technical coordinator provides **constant feedback and makes regular performance evaluations** and consequent adjustments to coordinate the team efficiently and regularly
- **Lack of tolerance and teamwork spirit** due to the need to reorganize functions and respective supervisors
- The **uncertainty of the future** due to the BU's uncertain business model demotivates FP's team

Sustainability

- Existence of **strong competition** offering substitutes for service provided
- Fixed source of income, **with no innovation permitted**
- **Low number of partnerships** to answer the demand of employment of newly-graduated beneficiaries
- **Constant variation in policies** and guidelines that limits the access of potential expansion

Our analysis will compromise the underlying issues of high dependency with public entities and a negative trend of demand

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Unreliable Sources of Funding

Analysis

Its dependence on limited and uncertain funding may be reduced…

→ FP is financially dependent on IEFP and the contracts fixed between both parties, without any guarantee that they will be renewed when they are finished

Decentralization of Beneficiaries

Analysis

Its purpose may disappear…

→ The migration of FP's beneficiaries to other institutes may threaten its mission

Recommendations

1. **…by arranging alternatives to decrease its fixed cost structure→** Look for new partnerships with companies that help UR supporting its respective costs
2. **…by winding down FP's activities →** Paralyze its activity until there is a guarantee that they will continue to be financed

Professional Training may lose its purpose in the community due to its dependency on IEFP and a significant decline in demand

Unreliable Sources of Funding

Funding

The **only funding is the IEFP Subsidies,** set through tri-annual public agreements to finance new courses

Courses

Lack of flexibility of portfolio expansion because once a course is concluded, it is necessary to wait until a next agreement to get new authorized courses and beneficiaries

It is **never guaranteed** that IEFP will renew these contracts after the previous ones are over

Decentralization of Beneficiaries

Past

Before, Cercica was the **only entity providing professional training** to disabled people

Present

CMC now **allocates people to *Reabilitação Profissional de Alcoitão*** where it is also offered training, and some **public schools from the municipality** also begin to provide the same services

This **huge possible loss of beneficiaries** may seriously compromise the continuity of this business unit since it may suffer a huge financial hit and its purpose is vanishing

1 Decrease Fixed Cost Structure

	Strategy	Goal
A.	Establishment of **partnerships** with companies…	… to provide internships/ jobs to trainees, where they would fully finance their training
B.	Creation of a **support program** where the trainees are financed by people (*"godfather"*)…	… to help Cercica **support its costs**

2 Wind Down

Going through a **hibernation phase** and **stay tuned** to any legal developments in a European, national or local level to **confirm the continuity of funds provision** for this area

FP | Social Responses | Key takeaways

2.1

FP

How can social responses reach their break even point?

2.1.1 Overview

> Social Responses aim to support beneficiaries during their lives by helping their families and promoting activities of physical and professional development, where **FP's mission consists in offering several academic alternatives tailored to capitalize its beneficiaries' individual skills**

2.1.2 Diagnosis

> This BU has been presenting **negative operational margins since 2015** due to a recurrent **mismatch between FP's fixed cost structure and its variable revenue stream**

> **The low level of commitment and responsibility** of FP's employees along with the existent **high volatility of legal limitations and requirements** represent the major limitations for this business unit sustainability

Keys areas of improvement

2.1.3 Funding and Beneficiaries

> FP's continuity is at stake due to its **constant uncertainty of funds and the almost certain migration of a large part of its beneficiaries** to other formation centers, which will imply that the BU goes through a restructuring process.

> **Decrease Fixed Cost Structure**: Look for new partnerships with companies that help UR supporting its respective costs

> **Wind Down:** Paralyze its activity until there is a guarantee that they will continue to be financed

2.2 RESIDENTIAL UNITS

UR promotes accommodation and provides individualized and personalized care for people with severe disabilities, that correspond to an established criteria

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Main Partners

SEGURANÇA SOCIAL
Descanso em Casa
Apoio Domiciliário
CASCAIS
CÂMARA MUNICIPAL

Portfolio of Residential Units

3 Apartments in Cascais	Rana Center
16 *Vacancies*	53 *Vacancies*
From 1999 to 2020	Inaugurated in October 2020

Monthly Fees 2019

€ 266 ***Av. price of monthly fee***

Minimum = € 100
Maximum = € 563

Beneficiary Admission

Admission Criteria

Cercica established the following requirements for its candidates:

1. Age equal to or greater than 16 years
2. Possess intellectual disability
3. Resident in the Cascais Municipality
4. Family unable to receive them or need support in certain situations such as illness or rest
5. Attend one of Cercica's social responses during the day

Hierarchy System

If the candidate follows the admission criteria, he/she will be admitted prioritizing the following:

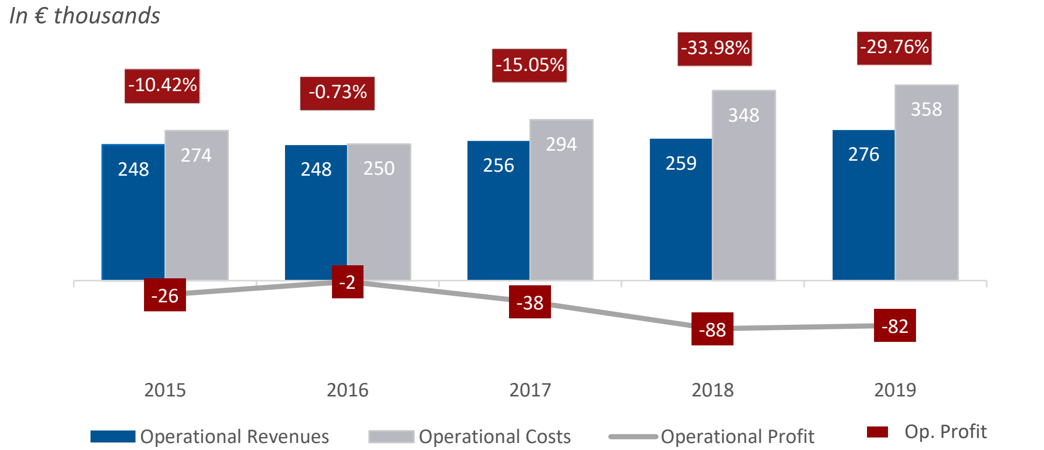
1. Emergency Situations (temporary character)
2. Application's Motive
3. Candidate's age
4. Dependence Degree
5. Analysis of the family structure limitations

In case there is a tiebreak, the following subjects will be considered:

- Application Date
- Incapacity Certificate
- Defined Legal Guardianship Situation

UR has been facing a long negative financial cycle that jeopardizes its sustainability with established fees corresponding to 26% of UR's revenues

Evolution of Operational Revenues and Costs



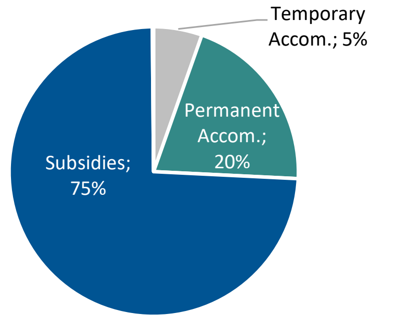
During the last 5 years, UR has presented **negative operational margins**, standing out 2018 and 2019 with an **absolute loss of €88K and €82K**, respectively

The major **source of income comes from Subsidies** provided by *Instituto da Segurança Social* (**~€204K**), followed by **Permanent Accomodation fees** (**€~56K**) and **Temporary Accomodation fees** (**~€14K**) charged to its beneficiaries

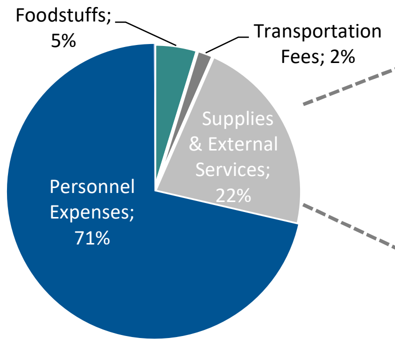
UR encounter high costs, namely **Personnel Expenses** (**~€255K**) and **SG&A** (**~€78K**), where more than half of it belongs to **Subcontracts** (**~€45K**)

The amount related to the **Subcontracts refers to its partnership with *"Descanso em Casa"***, which provides the same kind of services to its beneficiaries, with a **monthly payment of €950/ full-time worker**

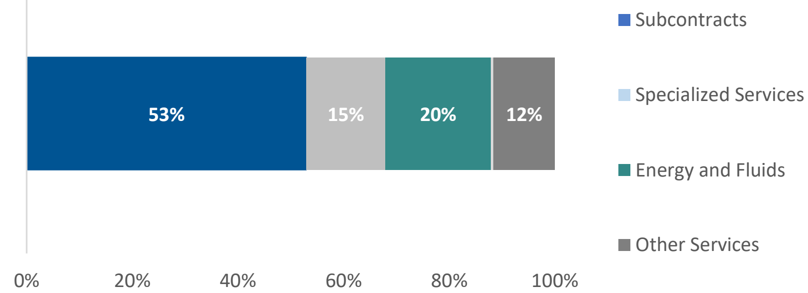
Op. Revenues breakdown 2019



Op. Costs breakdown 2019

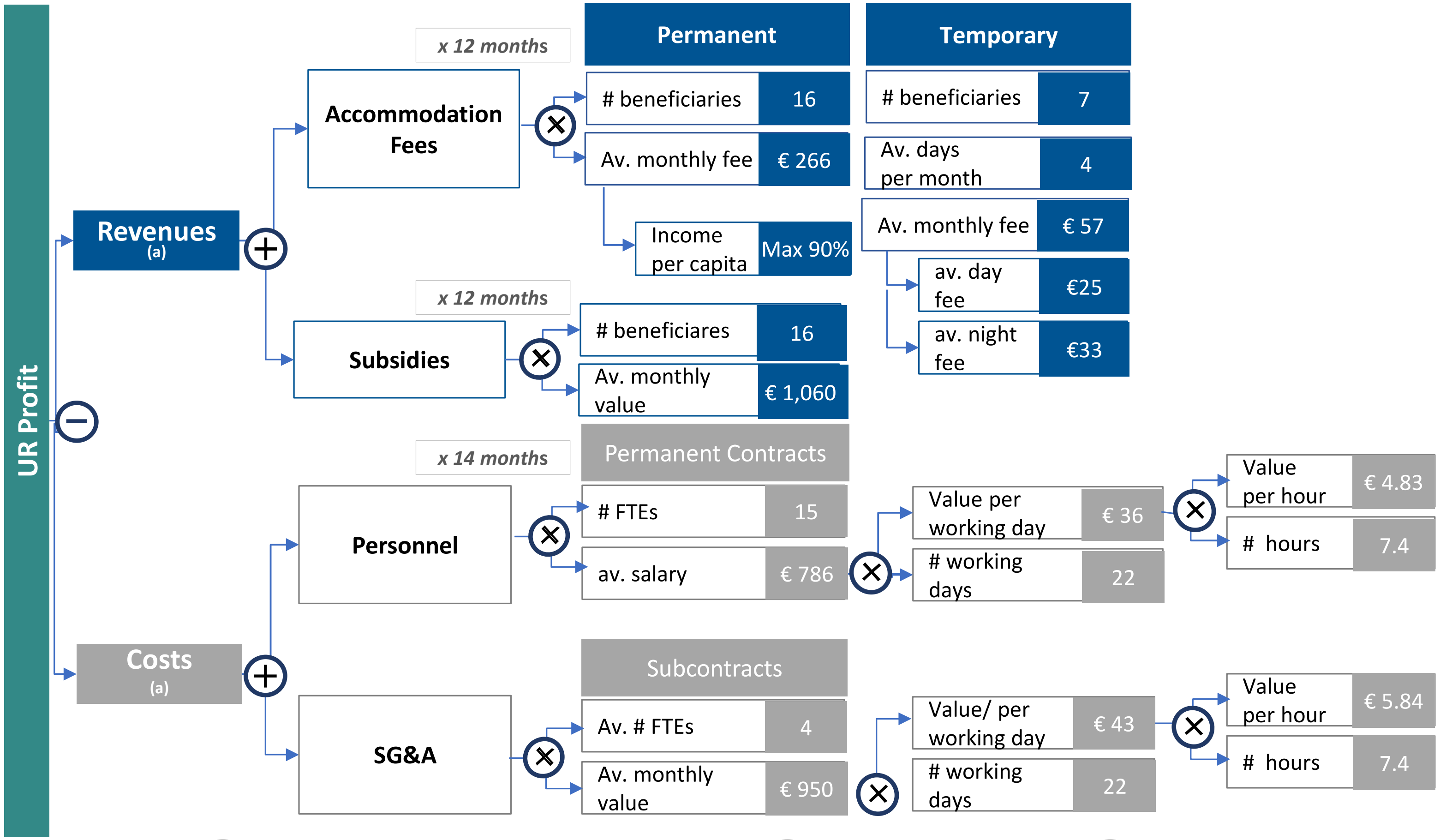


Supplies & External Services breakdown 2019



Value Tree Analysis demonstrates that UR's sources of income suffer from legal restrictions and its costs are inflated by subcontracting costs

[(a)] Excluding other gains and other expenses



- **Accommodation fees:** entirely dependent on the beneficiaries' household income per capita
- **Permanent Fees:** cannot overcome 90% of their household income per capita
- **Temporary fees:** labelled taking in consideration beneficiaries' household income per capita

- The existent **lack of full-time employees** requires subcontract personnel

- The value per hour worked paid to outsourced workers is higher than the value per hour paid to its own employees, explaining the **high subcontracting expenses** that this business unit supports

Despite UR's high demand, its legal restrictions are limiting its sustainability and the weak people management is affecting its performance

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Value-added

UR was created in the first place to prepare young people with slight disabilities for active life. Meanwhile, after these people have left, they started to focus on **accommodating and providing care to dependent people** and giving support to their families

Resources and Sustainability

100% occupation rate in residencies

Opportunity to expand due to **high demand for the service** provided, with 67 candidates in waiting list in 2019, and new vacancies to be filled

Legal restriction limit the volume of revenues

People Management

Good communication inside the team with monthly staff meetings for feedback to maintain employee motivation

Lack of staff to deliver the service efficiently: 1 technical coordinator and 15 auxiliaries – 1 Beneficiary per FTE

High number of sick leaves due to the employees' average age and the hardness of the job

Our analysis will comprise the underlying issues associated with legal limitations of the BU's sources of financing

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Limited Sources of Financing

Analysis

Revenues from accommodation might increase…

→ All the BU sources of income are limited with restrictions imposed by *Instituto de Segurança Social*

Recommendations

1. **…by adapting the hierarchy system of the candidates' waiting list** → considering the financial needs and social response of UR
2. **…by allocating the 4 vacancies that were made available by *Instituto de Segurança Social* to the new Rana Center** → left for UR's free discretion, use these vacancies for candidates with greater financial predisposition

Insufficient Number of Full-Time Employees

Analysis

Dependence on outsourced workers may decrease…

→ The limited number of employees and the high number of monthly sick leaves makes UR recurring to the external workers

Recommendations

3. **…by strengthening UR's staff** → a high demand of candidates requires an increase in UR's number of employees to face the new beneficiaries in Rana Center and reduce the average number of sick leaves
4. **…by renegotiating amounts agreed in the annual contract with *Descanso em Casa***

UR presents limited sources of financing that can be minimized by reviewing potential clients for the available vacancies with the expansion into Rana's Center

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There are two types of revenue stream - subsidies and accommodation fees

Subsidies

Subsidies are entirely financed by *Instituto da Segurança Social*

Provide UR a fixed monthly fee for each permanent accommodated beneficiary, independently of its degree of dependence

** Fee is reviewed every year*

Accommodation Fees

Permanent Monthly Fees	Temporary Monthly Fees

2019

16 Beneficiaries that pay a fee for their accommodation dependent on their household *income per capita**

**Maximum = 90% of their household's income per capita*

- Min = € 100
- Max = € 563

67 Candidates on the waiting list

7 Labeled fees based on beneficiaries' household *income per capita*

Day

(From 08:00 to 17:00):
- Min = € 12
- Max = € 30.21

Night

(From 17:00 to 08:00):
- Min = € 14.50
- Max = € 36.30

2020 with New Rana Center

53 total vacancies with 33 new vacancies opened in 2020 due to the inauguration of the new Rana Center

** These beneficiaries will pay a monthly fee on the same criteria as the other permanent accommodation vacancies.*

1. **Adapt the hierarchy system of the candidates' waiting list,** considering the financial needs and social response of UR, to increase the beneficiaries' average monthly fee

2. **Allocate the 4 vacancies that were made available by *Instituto de Segurança Social to the new Rana Center*,** left for UR's free discretion, for candidates with greater financial predisposition

Our analysis will comprise the underlying issues associated with the lack of staff and consequent dependence on outsourced workers

Limited Sources of Financing

Analysis

Revenues from accommodation might increase...

→ All the BU sources of income are limited with restrictions imposed by *Instituto de Segurança Social*

Recommendations

1. **...by adapting the hierarchy system of the candidates' waiting list** → considering the financial needs and social response of UR
2. **...by allocating the 4 vacancies that were made available by Instituto de Segurança Social** to the new Rana Center → left for UR's free discretion, use these vacancies for candidates with greater financial predisposition

Insufficient Number of Full-Time Employees

Analysis

Dependence on outsourced workers may decrease...

→ The limited number of employees and the high number of monthly sick leaves makes UR recurring to the external workers

Recommendations

3. **...by strengthening UR's staff** → a high demand of candidates requires an increase in UR's number of employees to face the new beneficiaries in Rana Center and reduce the average number of sick leaves
4. **...by renegotiating amounts agreed in the annual contract with Descanso em Casa**

UR suffers from lack of personnel, but it can be surpassed by revising associated permanent and temporary staff costs

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Number of Employees

Available Employees

The **limited number of available employees** for the existing number of beneficiaries and the high exigency of the job lead to employee exhaustion and, consequently, recurrent sick leaves, which have been increasing. Despite the increase of FTEs over the years, the **UR personnel still needs to be reinforced**

Year	Beneficiaries	FTE	FTE Av. Age	Outsourcing	Sick Leaves
2015	16	10	41	4	5
2016	16	10	44	4	6
2017	16	11	48	4	8
2018	16	12	47	4	8
2019	16	15	46	4	10

Outsourcing of Employee

This results in the need of hiring temporarily other professionals through a **partnership with *Descanso em Casa***

The cost associated per outsourced worker is superior to the personnel expense of an internal FTE:

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(7 working hours per week):
- € 36 / working day

Descanso em Casa

(7 working hours per week):
- € 43 / working day

3 **Strengthen UR's staff**

a) with younger people to reduce the average number of sick leaves

b) increase the number of employees to face the higher demand of Rana Center

4 **Renegotiate amounts agreed in the annual contract with *Descanso em Casa*** due to COVID-19 and the long-time partnership between both institutions

UR would minimize its operational loss if proposed recommendations related to Rana Center were implemented

Operational margin will rise to -4.53% or 10.1% depending on the scenarios, compared with 2019 margin of -29.76%

Recommendations & Takeaways — Range of Impact

1 **Adapt the hierarchy system of the candidates' waiting list**

Min: increase av. Monthly fee by 5% for the new 33 beneficiaries
Max: increase av. Monthly fee by 15% for the new 33 beneficiaries

2 **Allocate the 4 vacancies that were made available by *Instituto de Segurança Social* to the new Rana Center**

Min: 4 vacancies are occupied by **2 temporary beneficiaries and 2 wealthier candidates**
Max: 4 vacancies are occupied by **4 wealthier candidates**

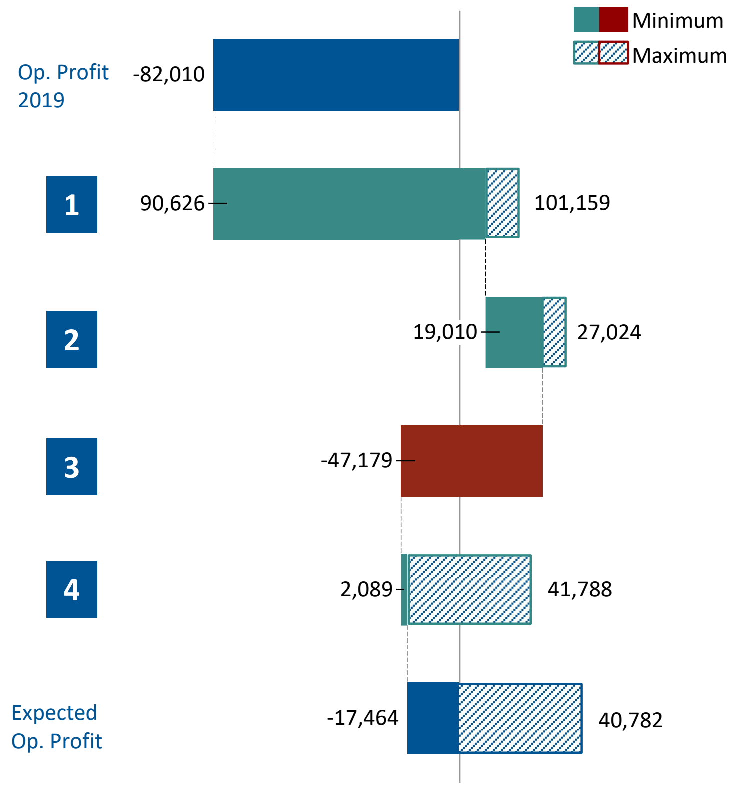
3 **Strengthening UR's staff**

Reinforce the staff with **5** more employees

4 **Renegotiation of the amounts agreed in the annual contract with *Descanso em Casa***

Min: reduce the Monthly cost by 5% of the external workers
Max: disappearance of subcontracting costs

Potential Financial Impact (in €)



UR | Social Responses | Key takeaways

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2

UR

How can UR overcome its limitations and become more efficient?

2.2.1 Overview

> In the past, UR's mission was to prepare young people with slight disabilities for active life. Currently, its purpose consists in **promoting accommodation and providing specialized care for people with a high level of dependence**

2.2.2 Diagnosis

> UR as presented **negative operational losses**, due to limited sources of financing, which prevents its full revenue potential, and a low number of full-time employees, which increases the number of sick leaves and influences subcontracting expenses

> Despite UR presents an 100% occupational rate and a good internal environment, but a **bad management of the available financial and human resources** compromises the unit's performance

Keys areas of improvement

2.2.3 Funding

> **All the BU sources of income are limited** with restrictions imposed by Instituto de Segurança Social

> **Adapt the hierarchy system of the candidates' waiting list**, considering the financial needs and social response of UR, to increase the beneficiaries' average monthly fee

> **Allocate the 4 vacancies that were made available by Instituto de Segurança Social to the new Rana Center**, left for UR's free discretion, for candidates with greater financial predisposition

2.2.4 Human Resources

> The **limited number of employees** and the high number of monthly sick leaves makes UR recurring to the external workers

> **Strengthen UR's staff** with younger people to reduce the average number of sick leaves and to face the new beneficiaries in Rana Center

> **Renegotiate amounts agreed in the annual contract with *Descanso em Casa***

2.2.5 Financial Impact

> **The proposed recommendations will help UR increase its revenues and working efficiently**, rising its operational margin to -4.53% or 10.1% depending on the scenarios

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APPENDIX

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Section 2 | Income per capita formula and Temporary Fees Price Table

$$\textit{Income per capita} = \frac{\text{(Annual Household Income/12) - Monthly Fixed Expenses}}{\text{Number of household members}}$$

Regime temporário:

Percentagem do SMN (600€ - 2019)	Rendimento Per Capita	Valor Dia (das 08h às 17h) inclui P.A. e Almoço	Valor Noite (das 17h às 08h) inclui Lanche e Jantar
Até 30%	Até 180 €	12,00 €	14,50€
30% a 50%	De 180,01€ a 300€	14,51€	17,25€
50% a 70%	De 300,01€ a 420€	17,26€	20,50€
70% a 80%	De 420,01€ a 480€	20,51 €	25,55€
80% a 100%	De 480,01€ a 600€	25,56€	30,20€
Mais de 100%	Mais de 600,01€	30,21€	36,20€

Section 2 | Sensitivity Analysis – Projection UR

	Number of Beneficiaries			
Average Monthly Fee	**10**	**20**	**30**	**33**
15% **306 €**	3 059 €	6 118 €	9 177 €	10 095 €
10% **293 €**	2 926 €	5 852 €	8 778 €	9 656 €
5% **279 €**	2 793 €	5 586 €	8 379 €	9 217 €
0% **266 €**	2 660 €	5 320 €	7 980 €	8 778 €
-5% **253 €**	2 527 €	5 054 €	7 581 €	8 339 €
-10% **239 €**	2 394 €	4 788 €	7 182 €	7 900 €
-15% **226 €**	2 261 €	4 522 €	6 783 €	7 461 €

	Number of Beneficiaries				
Average Monthly Fee	**0**	**1**	**2**	**3**	**4**
0% **563 €**	0 €	563 €	1 126 €	1 689 €	2 252 €
-10% **507 €**	0 €	507 €	1 013 €	1 520 €	2 027 €
-20% **450 €**	0 €	450 €	901 €	1 351 €	1 802 €
-30% **394 €**	0 €	394 €	788 €	1 182 €	1 576 €

	Nr of *Descanso em Casa* Workers				
Average Monthly Fee	**0**	**1**	**2**	**3**	**4**
0% **950 €**	0 €	950 €	1 900 €	2 850 €	3 800 €
-2,5% **926 €**	0 €	926 €	1 853 €	2 779 €	3 705 €
-5% **903 €**	0 €	903 €	1 805 €	2 708 €	3 610 €
-7,5% **879 €**	0 €	879 €	1 758 €	2 636 €	3 515 €

Section 2 | Recommendation Synthesis

Opportunity		Recommendation	Objective
Financial needs and social response of UR + Large number of candidates on the waiting list	1	**Adapt the hierarchy system of the candidates' waiting list**	Increase beneficiaries' average monthly fee
Vacancies for UR's free discretion + Candidates with greater financial predisposition	2	**Allocate the 4 vacancies that were made available by *Instituto de Segurança Social* to the new Rana Center**	Increase UR's revenues with a larger monetary contribution ** These vacancies can also be used for temporary beneficiaries but due to COVID-19 situation, the restrictions are more severe.*
Increase in number of beneficiaries + Employees in need of motivation	3	**Strengthening UR's staff**	Respond efficiently to beneficiaries + Reduce constant number of sick leaves + Eliminate costs related to subcontracting of personnel
Long-time partnership between both institutions	4	**Renegotiation of the amounts agreed in the annual contract with *Descanso em Casa***	Decrease the cost of subcontracting of personnel

Section 2 | Scenario 1 refers to the consideration of the given recommendations, while Scenario 2 happens if Cercica does not consider changing

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53 Vacancies in Rana Center

1 **16 *Current Beneficiaries***
(Maintain monthly average fee)
+
2 ***33 New Vacancies***
(Increase the average monthly fee)
+
4 Private Vacancies
(To be occupied by wealthier candidates or temporary beneficiaries)

21 Employee in Rana Center

3 ***1 Technical Coordinator***
(Maintain monthly average fee)
+
4 ***15 Current FTEs***
(Increase the average monthly fee)
+
5 New FTEs
(Potentially in hiring process)

2 Scenario projections

Scenario 1

The increase of the revenues regarding accommodation fees and the disappearance of the need of hiring external people due to the staff strengthening will make UR start generating profits

Revenues	***16 Current Beneficiaries***	* 4 256 €
	33 New Beneficiaries	10 095 €
	4 Privatized Vacancies	2 252 €
Costs	***21 FTEs***	16 513 €
Net Income		90 €

Scenario 2

If UR keeps only accepting beneficiaries with low income per capita and do not take advantage of the privatized vacancies, its revenues will never boost. Additionally, if continues hiring outsourced people, UR will maintain its significant cost structure and continuing generating losses

Revenues	***16 Current Beneficiaries***	* 4 256 €
	33 New Beneficiaries	7 900 €
	4 Temporary Beneficiaries	916 €
Costs	***21 FTEs***	16 513 €
	4 Descanso em Casa	3 800 €
Net Income		-7 240 €

* Old beneficiaries' avg. monthly fee were maintained with the fee of 2019