Funding in pre-primary and basic education supports equity and equality

One of the main principles of Finnish education is equity and equality. One indication of that is that education is free at all levels from pre-primary education at the age of six to higher education. There are no tuition fees for pupils and student, except in some cases in adult education. Education providers, which in most cases are municipalities, must also offer teaching materials, a warm meal every day, pupil health and welfare services as well as transportation for pupil living further away from the school.

Education providers have main responsibility for funding
Municipalities are responsible for arranging public welfare services for people living in their area. Pre-primary and basic education are part of these services. Pre-primary and basic education are funded both by central and local authorities.

Local authorities, the municipalities, contribute most of the funding. Their average share of the expenditure is approximately 75 per cent. Finnish local authorities are entitled to levy taxes, which they use to fulfill their obligation to provide basic services. Municipalities also receive funds for these basic public services from the state. The state funding is paid as a lump sum and is not earmarked. Therefore, municipalities have full autonomy in using the funds as long as they offer all statutory services for residents.

Increases are paid for example if municipalities are sparsely populated or if there is a high number of foreign language speakers and if the parents’ level of education is low.

State funding is based on real costs
The funding municipalities receive from the state for pre-primary and basic education is based on the number of 6–15 year olds living in the municipality. This funding is based on unit prices. They are formulated by certain mathematical formula and are worked out every year on the basis of the real costs reported by the education providers.

To even out local differences certain factors increase the statutory government transfers. Increases are paid for example if municipalities are sparsely populated or if there is a high number of foreign language speakers and if the parents’ level of education is low.

Funding for private education providers is based on the same unit price as in municipal education. Private education is not widespread in Finland, circa two percent of basic education pupils attend private schools.

As part of the national steering
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*In equivalent USD converted using PPPs for GDP, direct expenditure within educational institutions, by level of education, based on full-time equivalents.

Source: OECD, Education at a Glance 2019

In Finland the annual expenditure per students is essentially higher in lower secondary education level as there are more teachers per student and the teachers are subject teachers, who earn more than primary teachers.