

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.

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 fulfil 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 ear-

marked. Therefore, municipalities have full autonomy in using the funds as long as they offer all statutory services for residents.

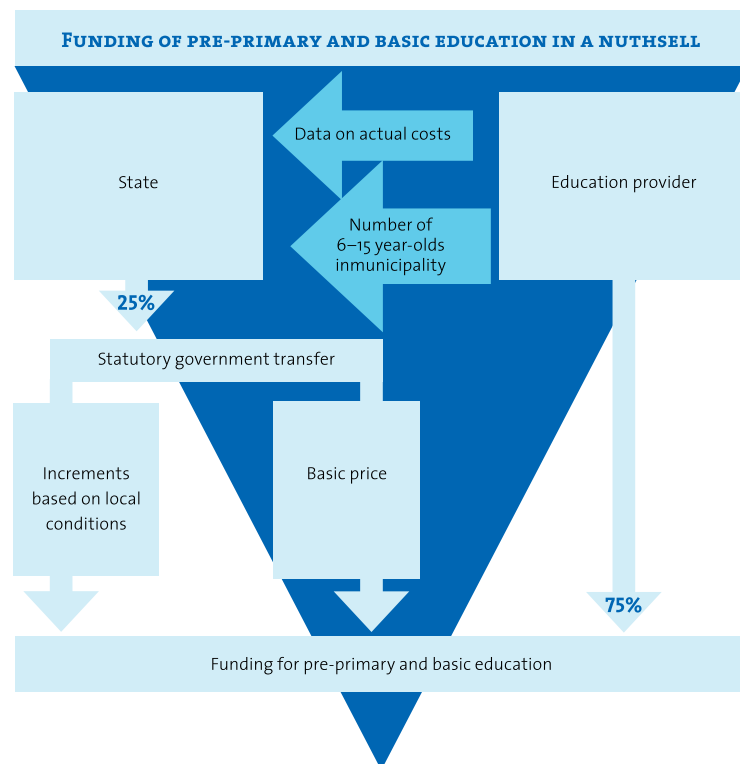
6–15 year olds living in the municipality. This funding is based on unit prices. They are formulated by certain mathematical formula and are worked

out every year on the basis of the real costs reported by the edu-

To even out local differences certain factors increase the statutory government transfers. Increases are paid for example municipalities are sparsely populated or in the archipelago, in 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



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

Education is free at all levels from pre-primary to higher education

system, the state pays subsidies to education providers to support the implementation of education policy and development. The aim is to produce models and practices that can be adapted by other providers as well as support permanent improvements. The subsidies are granted on the basis of applications from

State funding aims at evening out local differences

the education providers. Subsidies are available for a number of purposes, such as training for adult migrants, promoting pupil welfare, use of ICT and international activities.

FUNDING FOLLOWS THE PUPILS

Every pupil in Finland is assigned a place in a nearby school. The parents can, however, choose another school, provided

that there is space in that school. If the school is in another municipality, the funding follows the pupil.

In the biggest cities the majority of children start primary education in their neighbourhood school. As they enter lower secondary education, more than half of the age group choose their nearby school.

MANY SCHOOLS CAN DECIDE THEMSELVES ON THE USE OF FUNDS

The financial autonomy of school varies from municipality to municipality. Every municipality decides how much decision-making they delegate to the schools. In most cases they allocate a budget for acquisitions, which the schools then use independently. Teachers and other staff are involved in deciding on acquisitions, particularly learning materials and textbooks.

Teachers and principals are employed

by the municipalities. Their salaries are based on the collective salary agreement

State subsidies support policies and steer development

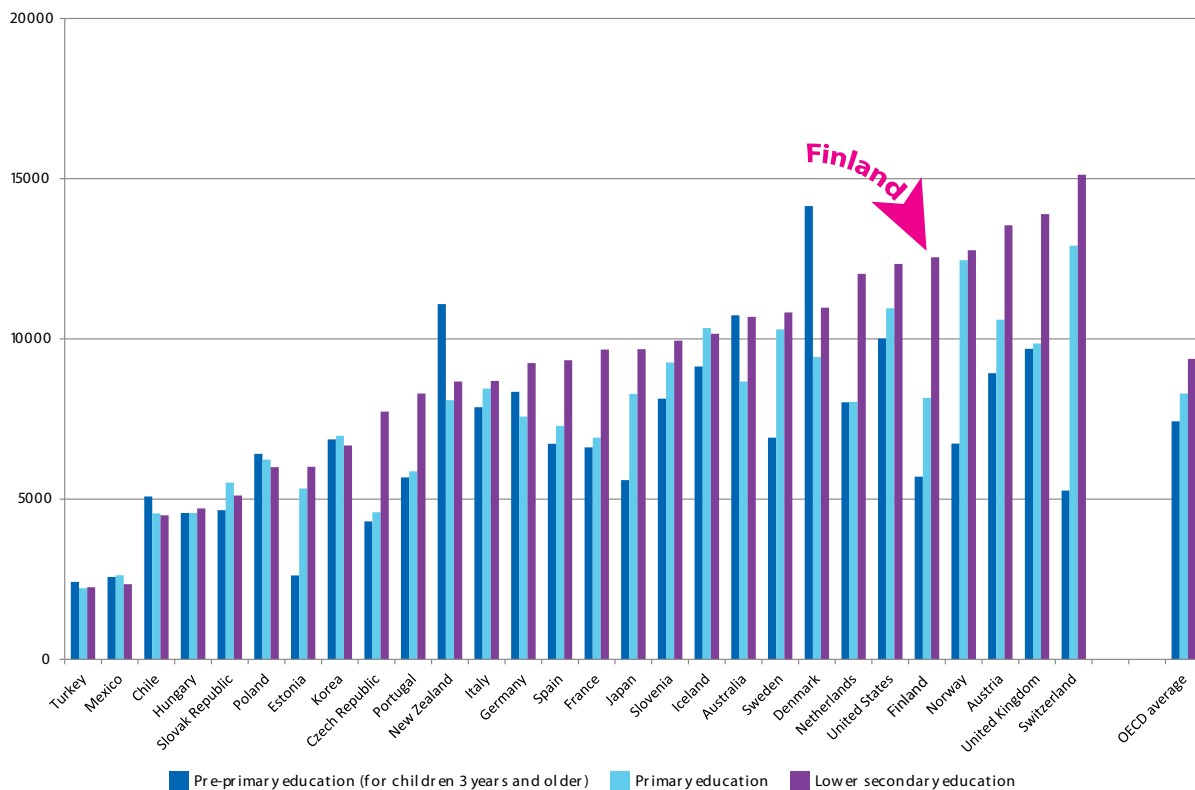
between the teachers' union and representatives of the local employers. The administration related to salaries is generally managed at municipal level.

EDUCATIONAL EXPENDITURE MODERATE

In Finland the costs for basic education in relation to GDP are average in comparison to EU and OECD countries. As the learning outcomes are good, it can be claimed that basic education is organised efficiently and effectively in Finland.

Education is most expensive in sparsely populated area in eastern and northern Finland. In these areas schools are often small or the pupils are transported to bigger schools in the municipal centre.

ANNUAL EXPENDITURE PER STUDENT BY EDUCATIONAL INSTITUTIONS FOR ALL SERVICES (2011) In equivalent USD converted using PPPs for GDP, by level of education, based on full-time equivalents



Source: Education at a Glance, OECD, 2014.

The annual expenditure per student in Finland is lower than the OECD average in pre-primary and primary education. The costs are essentially higher in lower secondary education as the teachers are subject teachers, who earn more than primary teachers.