Funding

The state has main responsibility for funding

Although higher education institutions are independent legal entities, the main funding responsibility still lies on the state.

Finland’s parliament formulates the annual budget for the country. The parliament decides on the amount of core funding allocated by the Ministry of Education and Culture to the higher education institutions.

Funding is allocated according the core funding models made by universities and universities of applied sciences (UAS). The purpose of the core funding model is to improve the quality, impact and productivity of the higher education institutions.

Core funding is distributed mainly based on universities’ teaching and research performance, and to UAS’ performance in education as well as research and development.

In addition to the core funding part of the financing for both higher education sectors is distributed on the basis of their strategies, which are formulated together between the Ministry and each higher education institution. Higher education institutions also receive financing from other sources (external funding), such as the Academy of Finland, The Finnish Funding Agency for Innovation (Tekes), foundations, enterprises, the European Union and other international sources.

Financial Autonomy and Control

Universities and UASs agree on their performance targets with the Ministry of Education and Culture in three-year performance agreements. They are autonomous in terms of allocating funds, as long as the agreed targets are achieved during the agreement period. However, universities and universities of applied sciences are required to give a true and fair view of their operational results and financial position.

They are required to present this data in such a way as to make it possible to review actual development in relation to the targets set for them. Universities are required to making efficient use of resources alongside good management of finances. They are obliged to submit to the Ministry the
information required for evaluation and development of education and research, compilation of statistics and for other monitoring and guidance in the manner determined by the Ministry.

**University funding is allocated in the state budget**

Core funding is allocated to universities by means of a core funding model. This includes strategic funding and funding intended for education and research. Research funding is an important source of additional financing and plays big part in enhancing quality and impact. Basic research in universities is financed and evaluated by the Academy of Finland, which is an agency in the Ministry's sector.

In addition to core funding and strategic funding, universities receive supplementary funding. This means paid services, donations and sponsoring.

Strategic financing is granted to the universities on the basis of performance agreement negotiation with the ministry. The Ministry also decides on the national special missions of universities at the beginning of each agreement period. The grounds for the strategic financing are:

- Students' faster transition to working life
- New innovations in the study and learning environments
- Strengthening effectiveness of higher education

[national-policies/eurydice/file/fifundingmodeluniversity_enFI_Funding ModelUniversity](national-policies/eurydice/file/fifundingmodeluniversity_enFI_Funding ModelUniversity)
Funding for universities of applied sciences emphasises effectiveness, quality and internationalisation

Funding of universities of applied sciences is based on core funding allocated by the Ministry of Education and Culture. Core funding is distributed to UASs on the basis of performance agreement negotiations with the Ministry. The core funding is distributed as follows:

- 79 per cent for education
- 15 per cent for R&D
- 6 per cent for strategic development

The core funding model emphasises profitability, quality, effectiveness and internationalisation. Funding is allocated on the basis of completed UAS degrees and ECTS. Also the number of qualifications completed in vocational teacher education college affects funding. Regional impact and links with industry and working life are also big parts of financing.

The strategy-based funding, which is 12 per cent of the total funding of universities of applied sciences is based on

- number of employed graduates
- smooth transition to working life
Fees within Public Higher Education

Instruction is provided free of charge at higher education institutions for all EU citizens. In the university sector, students in Bachelor’s and Master’s programmes pay a small membership fee to the student union every year; in return they get meals at reduced price, health care services and other social benefits. Student union membership is voluntary for postgraduate licentiate and doctoral students.

Students are also responsible for acquiring the required books and materials. Membership of a university of applied sciences student union offers students similar benefits.
From the beginning of August 2017, international students, defined as citizens of non-EU/EEA countries must pay an annual fee of at least 1 500 euro.

Citizens of non-EU/EEA countries, who do not have a permanent residence status in the EU/EEA area, are also liable to these fees in foreign language first and second cycle programmes.

**Financial Support for Learners' Families**

No specific benefits are available to parents of higher education students.

**Financial Support for Learners**

The purpose of student financial aid is to guarantee subsistence during the period of study. Only full-time students in Finland are eligible for financial aid. (The maximum annual aid is EUR 14 544, which includes the typical annual amount of housing supplement EUR 3 744)

Study grants which require the completion of 60 credits per year, at least 5 credits per study month, are universal for a maximum of 54 months (in medical school 64 months). Amounts depend on age and whether the student lives with parent(s).

From 1 August 2017, study grants for higher education students were aligned with those provided to students in secondary education (max. 250.28 euro/month). Replacing the former student housing supplement, students who live in rented apartments are entitled to general housing allowance of EUR 315/month.

For low-income students living in rental accommodation, the monthly aid package consists of a study grant payment of about 250 euro, a 650 euro student loan, and a 275-405 euro housing allowance, depending on the municipality in which they live. The amount of aid decreases for those students who do not qualify for the general housing allowance due to the income of their spouse, partner or other household member.

The housing supplement and general housing allowance and are typically available for nine months only if the student's income, which may be earned at any time during the calendar year, is below 11 850 euro per year.

A government-granted student loan is a loan that must be paid back. Once a student has been granted the government guarantee for a student loan, they may apply for the loan at a bank of their choice. As the loan is guaranteed by the government, no other collateral is needed as security.
A government guarantee is valid for a maximum period of 30 years as from the date when the first instalment was drawn. Some of the loan terms are determined on the basis of the government guarantee. Other loan terms, such as the interest rate and repayment schedule, will be negotiated by individual students with their respective banks. Each student also agrees terms for repayment of the loan with the bank. Students generally start paying off their loans within about two years of the end of their studies.

The amount of student loans increased from 400 to 650 euro/month as of August 2017. Student loans are government guaranteed. Students who graduate within the target time can be entitled to tax deduction (30 per cent, for studies that started prior to 1 August 2014) or compensation (40 per cent, for studies that started on 1 August 2014 or after). Repayment of student loans usually starts 1.5-2 years after graduation and has to be completed in usually double the study time.

Interest rates and conditions are agreed with the student and the bank. 57 per cent of students received a study loan in 2017.

**Private Education**

Funding for all higher education is determined according to the same criteria.

Source URL: https://eacea.ec.europa.eu/national-policies/eurydice/content/higher-education-funding-25_en

Links