

Reform of the VET funding system

POLICY DEVELOPMENT

REGULATION/LEGISLATION

 FINLAND

Timeline

2023 Design 2024 Legislative process

ID number 46872

Background

In Finland, VET funding is based on an appropriation in the State budget. Funding is granted and paid directly to VET providers, who decide on its use and allocation of the financing in their organisation.

VET funding comprises core funding, performance-based funding and effectiveness-based funding. The Ministry of Education and Culture allocates core funding to education providers based on their applications, and performance and effectiveness-based funding is based directly on realised performance. The ministry prepares performance and effectiveness-based funding decisions each year. In addition, separate strategic funding decisions are prepared throughout the year to further specific education policy themes of VET.

The funding system and the annual process of funding VET providers is seen as labour-intensive and complex. There is a need to simplify the process and make the system overall more adaptive to the changing needs of the field of education and working life. At the same time, there is a need to make the funding system and process more transparent and predictable for VET providers.

In addition, VET education providers must have greater incentives to provide education and training that leads to better chances of employment or continuing education. There is a need to create incentives to ensure adequate instruction and guidance for people of compulsory school age, for adults to complete micro-credentials, and to reorient VET provision to better meet the needs of the labour market.

Objectives

The reform of the VET funding system aims to:

- (a) create financial incentives for VET providers to make sure students complete qualifications and find a job or continue in education after graduation;
- (b) increase the acquisition of micro-credentials especially to upskill or reskill adults in order to enhance their position in the labour market and increase employment prospects after graduating;
- (c) make the VET funding system more simple and responsive to changes in the labour market;
- (d) simplify the funding system and increase its predictability for VET providers.

Description

The Ministry of Education and Culture has appointed a working group to prepare the legislative changes needed to reform the VET funding system. The reform is prepared simultaneously with the reform of the operational guidance of education providers.

The legislative changes in the VET funding system are planned to come into effect in 2026.

2023 Design

The Ministry of Education and Culture appointed a working group to prepare a proposal for the new VET funding system. The working group's term started in October. In 2023, the working group prepared guidelines for the reform and a draft proposal for the new funding system.

The ministry also appointed a monitoring group that started its term in October. It has representation from education providers, students, teachers, and other central stakeholders.

2024 Legislative process

In 2024, the working group drafted the needed legislative changes. These were circulated for comments in May and June. The government proposal for the new law was prepared taking into consideration the comments from stakeholders. In October, the proposal was submitted to the Parliament.

Bodies responsible

- Ministry of Education and Culture

Target group

Entities providing VET

VET providers (all kinds)

Thematic categories

Governance of VET and lifelong learning

Optimising VET funding

European priorities in VET

VET Recommendation

VET agile in adapting to labour market challenges

Subsystem

IVET CVET

Related policy developments

Reform of the operational guidance of VET education providers

The new operational guidance for VET providers requires legislative changes and is prepared together with the reform of VET funding system to make sure that the new funding and guidance models create a coherent whole.

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Type of development

Regulation/Legislation

Subsystem

IVET CVET

“ ... ” Cite as

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