



LASTENSUOJELUN KESKUSLIITTO  
CENTRAL UNION FOR CHILD WELFARE

# Child Guarantee/Additional information regarding Finland's report on the implementation of the National Action Plan (2024)

## 1. Introduction

Finland reported to the Commission on the implementation of the National Action Plan for the European Child Guarantee in March 2024. As civil society organisations were not offered the opportunity to contribute to the preparation of the report, six organisations that support children and families in Finland are now providing complementary information on the prevention of social exclusion and child poverty. The organisations examined recent cuts to both social security and service provisions.

It is the organisations' view that the report by the Finnish Government does not provide a complete picture of the political decisions taken, or their impact and scale. The organisations are deeply concerned that the Government has taken and is still preparing measures that will make it more difficult to achieve the objectives of the Child Guarantee and affect, in particular, vulnerable children and families with children. This is also contrary to the recommendations of the UN Committee on the Rights of the Child in 2023 that Finland avoid cuts in social security benefits that affect children at risk of poverty and social exclusion. Although improvements are also introduced in the Government Programme (also mentioned in Finland's report), these far from match the scale of the cuts to be implemented.

The six organisations that compiled this report have long campaigned together to tackle issues such as child poverty. The organisations are Barnvårdsföreningen, the Federation of Mother and Child Homes and Shelters, the Mannerheim League for Child Welfare, Save the Children Finland, the Family Federation of Finland and the Central Union for Child Welfare, which is the umbrella organisation.

## 2. Cuts to social security implemented by the Government that affect children and families with children

### *Significant cuts to social security*

Since the start of Prime Minister Petteri Orpo's Government's term (20 June 2023-), significant cuts have been implemented to social security, with a direct impact on children, young people, and families with children. Considerable cuts have been made to housing allowance and unemployment security, for example, increasing and deepening poverty among families with children.

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### *Cuts made to social security:*

- Indexed increases to Kela<sup>1</sup> benefits were frozen for 2024–2027 as of 1 January 2024.
- The waiting period for unemployment security was extended as of 1 January 2024.
- The age limit for child welfare aftercare was lowered from 25 to 23 years. Lowering the age limit also affects young people’s disposable income, for example through social assistance. The change was introduced as of 1 January 2024.
- The minimum rehabilitation allowance paid by Kela for the period of young people’s vocational education and training and vocational rehabilitation under the Act on Rehabilitation Benefits and Rehabilitation Allowances was lowered as of 1 January 2024.
- The age limit for the rehabilitation allowance for young people’s vocational education and training was also raised from 16 to 18 years, affecting vulnerable people such as young people with intellectual disabilities and those in need of similar support.
- Young people are no longer entitled to receive rehabilitation allowance if they participate in vocational education and training for young people as of 1 January 2025.
- Child increments for unemployment security were abolished as of 1 April 2024.
- The exempt allowance for unemployment security was abolished as of 1 April 2024.
- The maximum housing costs included when calculating housing allowance was reduced as of 1 April 2024.
- Housing allowance no longer includes earned income allowance as of 1 April 2024.
- The exempt unemployment security allowance was abolished as of 1 April 2024.
- Adult education allowance was abolished as of 1 August 2024.
- The prior work requirement for earnings-related unemployment security was extended as of 2 September 2024.
- Earnings-related unemployment security is linked to earnings from prior work as of 2 September 2024.
- Subsidised work no longer counts towards the prior work requirement as of 2 September 2024.
- Housing allowance is no longer available for owner-occupied homes as of 1 January 2025.
- An asset limit was placed on the general housing allowance as of 1 January 2025.

### *About the combined effects of cuts to social security*

The cumulative impacts of social security cuts affect people in vulnerable situations. The cuts target the same people, increasing poverty and the need for social assistance. Claiming social assistance is a last resort in the case that other benefits, support measures or income are not sufficient to cover household living costs. Research shows that when families claim social assistance, costs of services such as health care and child welfare increase. According to calculations by SOSTE Finnish Federation for Social Affairs and Health<sup>2</sup>,

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<sup>1</sup> Kela is the Social Insurance Institution of Finland.

<sup>2</sup> <https://www.soste.fi/vaikuttaminen/toimeentulo/>

cuts to social security, including the freezing of index increases, were to result in approximately 65,000 new clients becoming eligible for social assistance in 2024. According to calculations by the Finnish Institute for Health and Welfare (THL)<sup>3</sup>, the number of recipients of social assistance is estimated to increase by 27%. According to estimates by the Ministry of Social Affairs and Health<sup>4</sup>, social assistance expenditure will increase by 25–30%. Social assistance is the most bureaucratic form of benefits and includes the biggest incentive traps. The level of social assistance has also been reduced with regard to approved housing costs.

Cuts to social security have a significant impact on low-income families with children, reducing their disposable incomes. This issue has been brought up by several organisations, such as the Finnish Institute for Health and Welfare (THL)<sup>5</sup>. According to THL, the cuts will significantly weaken basic security and considerably widen income disparities and increase the risk of poverty. The Ombudsman for Children has also pointed out<sup>6</sup> that changes to social security weaken the position of low-income and poor families with children and are likely to lead to increased poverty among families with children. Moreover, government proposals for social security cuts recognise that the cuts affect people on low incomes and, in particular, single-parent families and those with parents working part time and earning low wages.

The cumulative impacts of social security cuts on people in vulnerable positions are worrying. The Government implemented significant cuts to benefits in 2024, and further cuts are planned for 2025, including cuts to housing allowance, unemployment security, rehabilitation allowance and sickness allowance. The assessment of the combined effects of social security changes<sup>7</sup> published by the Ministry of Social Affairs and Health on 23 September 2024 shows that the changes made in 2024–2025 will result in a decrease in the share of the overall disposable income of households among the three lowest income deciles. These three lowest income deciles are the ones most affected by losses of disposable income (changes of at least 5%). Single-member and single-parent households are hit hardest in terms of the loss of disposable income. In relative terms, students, unemployed people on earnings-related unemployment security and unemployed people on basic social security are hit hardest in terms of the loss of disposable income. The biggest impact on people's disposable incomes resulted from the changes to social assistance implemented in 2024. The impact of the proposed changes for 2025 will be less severe.

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<sup>3</sup> Työpaperi 45/2023 Hallitusohjelman mukaisten sosiaaliturvan leikkausten vaikutukset vuoteen 2027.

<sup>4</sup> Vuoden 2024 sosiaaliturvamuutosten yhteisvaikutusten arviointi. Ministry of Social Affairs and Health, 2023.  
[https://stm.fi/documents/1271139/148062577/V+2024+sosiaaliturvamuutosten+yhteisvaikutukset\\_muistio.pdf/24e8c11e-78cb-bf3e-6018-ad80359fb45a/V+2024+sosiaaliturvamuutosten+yhteisvaikutukset\\_muistio.pdf?t=1696842353098](https://stm.fi/documents/1271139/148062577/V+2024+sosiaaliturvamuutosten+yhteisvaikutukset_muistio.pdf/24e8c11e-78cb-bf3e-6018-ad80359fb45a/V+2024+sosiaaliturvamuutosten+yhteisvaikutukset_muistio.pdf?t=1696842353098)

<sup>5</sup> Työpaperi 45/2023 Hallitusohjelman mukaisten sosiaaliturvan leikkausten vaikutukset vuoteen 2027.

<sup>6</sup> Lapsiasiavaltuutetun lausunto eduskunnan sosiaali- ja terveystieteiden valtiokunnalle julkisen talouden suunnitelman ja valtion talousarvioesityksestä sosiaaliturvan muutosten yhteisvaikutusten sekä hoitoon pääsyn (ml. mielenterveyspalvelut) näkökulmasta). LAPS/63/2023, 23.

<sup>7</sup> Vuosien 2024 ja 2025 sosiaaliturvamuutosten yhteisvaikutukset kotitalouksien taloudelliseen asemaan. Ministry of Social Affairs and Health, 2024.  
<https://stm.fi/documents/1271139/198978037/Yhteisvaikutukset+kotitalouksien+taloudelliseen+asemaan.pdf/8faeab99-e198-0ec0-0382-88bf718bcbcd/Yhteisvaikutukset+kotitalouksien+taloudelliseen+asemaan.pdf?t=1727089437080>

The most significant cuts in terms of overall impact are those to unemployment security and general housing allowance. As a result of the changes made in 2024–2025, the relative at-risk-of-poverty rate across the entire population is set to increase by 1.7 percentage points, i.e. by approximately 100,000 people. For the non-employed, the increase will be significantly higher, 4.5 percentage points. According to SOSTE ry's calculations<sup>8</sup>, the number of people on low incomes was due to increase by about 68,000 in 2024. Of these, approximately 16,700 are children.

In addition to the increase in the number of people on low incomes, cuts to social security also deepen existing poverty among those whose circumstances are not improved by social assistance.

The Social Security and Living Arrangements of Low-income Families project (LAPSOSET) studied low-income families, social security benefits and their changes, effects of childcare allowance, families living apart and child maintenance. The study material consisted of previous studies, register data and interviews with experts. The project was carried out by researchers at [the Social Insurance Institution of Finland Kela](#) and [the Itla Children's Foundation](#), and its final report was published in October 2024<sup>9</sup>.

According to the LAPSOSET project final report, the changes to social security made in 2022-2024 have had an impact on the disposable income of families with children and work incentives; the cuts made in 2024 in particular increased the at-risk-of-poverty rate among families with children. In 2024, changes to housing allowance and unemployment security were the legislative changes that most affected the low level of disposable income among families with children.

According to microsimulations, disposable income in single-parent families will decrease by EUR 150–200 per month for those with a gross salary of EUR 800–1,600 per month. The change in income is smaller if gross earnings are higher. This calculation is based on a comparison between 2024 and 2022. Income from work of less than EUR 1,600 usually corresponds to a part-time job, in addition to which one-parent families in particular receive general housing allowance. In two-parent families in which one parent is employed and the other unemployed, income increases by approximately EUR 50 per month if gross income from work is more than EUR 2,200.

The benefit changes made in 2024 also changed incentives for working. As a result of the abolishment of the earned income allowance, the incentives to work part-time are weaker. It is worth noting that even if better incentives would lead to an increase in employment among some people, there are people who may not find employment despite greater incentives. The cuts implemented in 2024 will reduce disposable incomes and increase the need for social assistance.

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<sup>8</sup> Vuosien 2024 ja 2025 sosiaaliturvamuutosten yhteisvaikutukset kotitalouksien taloudelliseen asemaan. Ministry of Social Affairs and Health, 2024.

<sup>9</sup> Final report on the LAPSOSET project, <http://urn.fi/URN:ISBN:978-952-383-478-1>

### *Freezing of index increases to social security benefits*

No index increases will be made to several types of social security benefits for 2024-2027<sup>10</sup>. Not implementing index adjustments has a significant impact on the disposable income of low-income families with children, for example. The impact is particularly significant among families that receive long-term support and families that receive more than one type of benefit.

The index freezes concern, for example, minimum parental allowance and sickness allowance, minimum rehabilitation allowance from Kela and rehabilitation allowance for young people, basic unemployment benefits, child home care allowance and private day care allowance, allowances under the General Housing Allowance Act, study grants, the family provider increment of study grants and the supplementary allowance for the purchase of study materials under the Act on Study Allowance, as well as the reception allowance and spending allowance paid to applicants for international protection.

The effect of the freezes on the real level of benefits is limited to a maximum of 10.2%. Based on actual and projected inflation rates, this limit is likely to be reached, which suggests that the real value of each benefit will decrease by over 10%. Since other cuts have also been made to these benefits, the combined effects of reductions in social security will be significantly greater than this.

### *Comprehensive reform of social assistance*

A comprehensive reform of social assistance is being prepared. The term of the working group preparing the reform ended on 31 December 2024. The working group will prepare a proposal for measures by the mid-term policy review session so that the government proposal can be submitted to Parliament in autumn 2025. The aim of the reform is to halve the number of people in need of social assistance, increase employment and strengthen public finances in accordance with the Government Programme. The aim is to review the conditions for receiving assistance to achieve savings of EUR 100 million, representing a cut through the overall reform of social assistance.

### *Increased cost of living*

The sharp rise in the cost of living has increased poverty among families with children. In the past couple of years, the cost of living has risen more than at any time since the early 1980s. In 2023, the price of electricity rose sharply as did basic food prices, which has been challenging for families with children.

According to the Finnish Institute for Health and Welfare (THL)<sup>11</sup>, cuts to social security may increase the need for food aid. This is illustrated by the fact that the Government has issued a decree to systematise the

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<sup>10</sup> Laki eräiden kansaneläkeindeksiin ja elinkustannusindeksiin sidottujen etuuksien ja rahamäärien indeksitarkistuksista vuosina 2024–2027 ja siihen liittyviksi laeiksi sekä lapsilisälain 7 §:n muuttamisesta (Act on the Index Adjustments in 2024–2027 of Certain Benefits and Monetary Amounts Tied to the National Pension Index and the Cost-of-Living Index)

<sup>11</sup> Hallitusohjelman mukaisten sosiaaliturvan leikkausten vaikutukset vuoteen 2027. Työpaperi 45/2023.

[https://www.julkari.fi/bitstream/handle/10024/147877/URN\\_ISBN\\_978-952-408-229-7.pdf?isAllowed=y&sequence=1](https://www.julkari.fi/bitstream/handle/10024/147877/URN_ISBN_978-952-408-229-7.pdf?isAllowed=y&sequence=1)

provision of food aid<sup>12</sup> to help the most deprived and secure long-term development of aid through parishes and organisations in Finland. Thus, the form of support originally intended as a temporary solution is being established as permanent. It is problematic if the right to adequate nutrition is left to the provision of charities.

In Finland, approximately 200,000 people receive food aid every year. There are many reasons why people rely on food aid. According to a report on food aid, an important reason is that they cannot manage on their disposable income, are unemployed or need support from social services. People who receive food aid also have to make choices between, for example, buying food or medicines. Temporary and sudden changes in people's circumstances are also reflected in the need for food aid.<sup>13</sup>

### 3. Services have also been weakened

#### *Housing*

According to the National Enforcement Authority Finland, 4,900 evictions were carried out in Finland in 2023, an increase of approximately 13% on 2022. Of the social security cuts those to support measures related to housing costs, i.e. housing allowance and the lowering of the limits of housing costs taken into account in when deciding on the level of social assistance, have had a particularly negative impact on people's disposable incomes.

Talentia Union of Professional Social Workers, the Church Council of Finland and SOSTE Finnish Federation for Social Affairs and Health conducted a survey<sup>14</sup> in September–October 2024 among workers in the social sector, diaconal workers and workers in health and social services organisations, who are on the front line facing people in need who have difficulties managing on their disposable income. More than half (59%) of the workers in the social sector, more than half (58%) of the diaconal workers and just over a third (39%) of the respondents in the health and social services organisations said that the termination of or decrease in the level of housing allowance has caused significant problems related to disposable income among the people that they encounter at work. The rising cost of living, especially of housing, reduces people's disposable income. The high cost of food was another significant factor in the problems related to disposable income quoted by the respondents.

Social sector workers say that wellbeing services counties with financial difficulties have also tightened the criteria for providing preventive and supplementary social assistance. This results in situations such as rent arrears accumulating due to cuts to housing allowance, which leads to evictions as supplementary social assistance is no longer granted for rent arrears.

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<sup>12</sup> <https://valtioneuvosto.fi/-/1271139/ruoka-aputoiminnan-rahoitus-vakinaistetaan-jatkossa-avustuksia-myontaa-thl>

<sup>13</sup> [https://ruoka-apu.fi/wp-content/uploads/2024/08/Tilannekatsaus-5\\_Ruoka-apufi.pdf](https://ruoka-apu.fi/wp-content/uploads/2024/08/Tilannekatsaus-5_Ruoka-apufi.pdf)

<sup>14</sup> <https://www.talentia.fi/uutiset/kysely-sosiaaliturvaleikkaukset-nakyvat-jo-nyt-ihmisten-avuntarpeen-kasvuna/>

Social services and basic social security are no longer sufficient means to prevent social exclusion because the cuts to social security have been too substantial. People's need for help is growing, but there are no means to help them. The effects of the social security cuts that we see now are only the tip of the iceberg. As the effects of the cuts already made begin to have a full effect – and more cuts are planned for 2025 – the situation will become significantly worse.

### *Health care and social welfare*

The wellbeing services counties, which organise health, social and rescue services, receive most of their funding directly from the central government. They also collect client fees and receive other funding. Expenditure in the wellbeing services counties has grown rapidly, and government funding will only cover some of the increases in expenditure in the coming years. This will also lead to cuts to the services provided for children, young people and families with children in the wellbeing services counties.

The price of being ill is being raised by measures such as cuts to the national sickness insurance benefit payments. The annual maximum limit on out-of-pocket costs (the maximum amount payable for reimbursable medicines each year) increased from the beginning of 2024, and the VAT rate on medicines went up from 10% to 14% at the beginning of 2025. These changes will also worsen the situation for low-income families.

Most of the maximum client fees in primary healthcare services were increased by 22.5% and in specialised healthcare services by 45% at the beginning of 2025. The increases in client fees are disproportionately high. For many families with children they also mean reduced access to care and more difficulties coping with their disposable income.

In spring 2024, the Government also decided that social services will be subject to a EUR 100 million cut from 2026.

### *Early childhood education; abolishment of equality planning*

The realisation of the rights of the child is also undermined by the abolishment of the obligation to draw up site-specific equality plans for early education centres and the abolishment of the obligation to draw up local curricula for early childhood education. The equality plans explain to professionals in early childhood education how a child's characteristics such as language, religion and health are to be taken into account in activities. If such plans are not required in the future, it is unclear how equality can be promoted in all units in a systematic and consistent manner. There is a risk that the way that equality is promoted will differ between municipalities and early education centres.

## **4. Organisations: the fight against poverty must be a political priority**

The direction in which Finland is heading is particularly worrying from the perspective of children at risk of poverty and social exclusion. The cuts already implemented and planned, together with the weakening of

social security, raise the question of whether Finland is committed to reducing poverty and implementing the Child Guarantee and the recommendations of the UN Committee on the Rights of the Child.

The European Committee of Social Rights stated already before the significant cuts implemented during this government term that the level of Finland's social security is too low. In its decision, issued in early 2023, the Committee of Social Rights examined issues such as level of sickness, parental and rehabilitation allowances, basic unemployment allowance, guaranteed pensions, labour market subsidies and social assistance in relation to the median equalised income in Finland. The Committee concluded that the minimum level of benefits was too low to make it possible to cover the individual's basic needs as required under the Revised European Social Charter.<sup>15</sup>

The organisations receive information about children and families' standards of living through, for example, face-to-face encounters and surveys. This information also shows a worrying trend. A survey carried out by the Federation of Mother and Child Homes and Shelters in summer 2024<sup>16</sup> found that some families with children were struggling with serious financial difficulties, and social security cuts have made the situation even worse for them. Almost all the respondents brought up the mental burden caused by their financial circumstances. Prolonged parental stress can have significant effects on children's development, including their ability to self-regulate and their emotional development. Half of the families with children who responded were concerned about whether they could secure their baby's or child's essential needs, and provide food, nappies, clothes, health care and recreational activities. This result is alarming because research shows that infant poverty is particularly harming.

The responses to Save the Children Finland's survey Children's Voice<sup>17</sup> show that not only has the situation of children in low-income families deteriorated but there is also a gap between children's experiences. Of the children in low-income families, 19% felt that they did not receive sufficient or regular food at home, while the figure was 5% for all respondents. Poverty also restricts children's and young people's equal opportunities to participate in leisure activities, which narrows their friendships, weakens their sense of belonging and strengthens their feelings of inequality.

Studies show that policy can be used to influence the circumstances of poor families with children. The disposable income available to families with children can be increased by measures such as raising the real value of income transfers, abolishing index freezes on income transfers, providing affordable housing and supporting the work-family balance, and, particularly, by making it easier for immigrants and single parents to find employment. In addition to an adequate standard of living, appropriately resourced services, such as

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<sup>15</sup> <https://valtioneuvosto.fi/-/1271139/sosiaalisten-oikeuksien-komitealta-ratkaisu-suomen-sosiaaliturvan-tasosta>

<sup>16</sup> <https://ensijaturvakotienliitto.fi/wp-content/uploads/2024/08/KYSELYRAPORTTI-Lapsiperheiden-taloudellinen-tilanne-kesa-2024-FINAL.pdf>

<sup>17</sup> [https://www.pelastakaalapset.fi/wp-content/uploads/2024/10/pelastakaa\\_lapset\\_lapsen\\_aani\\_2024\\_fi.pdf](https://www.pelastakaalapset.fi/wp-content/uploads/2024/10/pelastakaa_lapset_lapsen_aani_2024_fi.pdf)



early childhood education, primary schools, vocational education, and health care and social services promote a positive growth environment for children.<sup>18</sup>

The undersigned organisations view that the fight against child poverty and the prevention of social exclusion should be a high political priority in Finland, against which all other policy measures are assessed. This is not currently the case. This is not due to a lack of information, as information was available to decision-makers when they planned and decided on the cuts.

We respectfully ask that the Commission, in its dialogue with Finland, pay particular attention to how the policy measures already taken as well as those included in the Government Programme will affect vulnerable children, in particular, and the realisation of their rights.

Sincerely,

Barnavårdsföreningen

Family Federation of Finland

Federation of Mother and Child Homes and Shelters

Mannerheim League for Child Welfare

Save the Children Finland

Central Union for Child Welfare

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<sup>18</sup> Sarkia, Aino 2024. Virallinen ja epävirallinen taloudellinen apu vähävaraisten lapsiperheiden vanhempien ja lasten kokemana. University of Jyväskylä.