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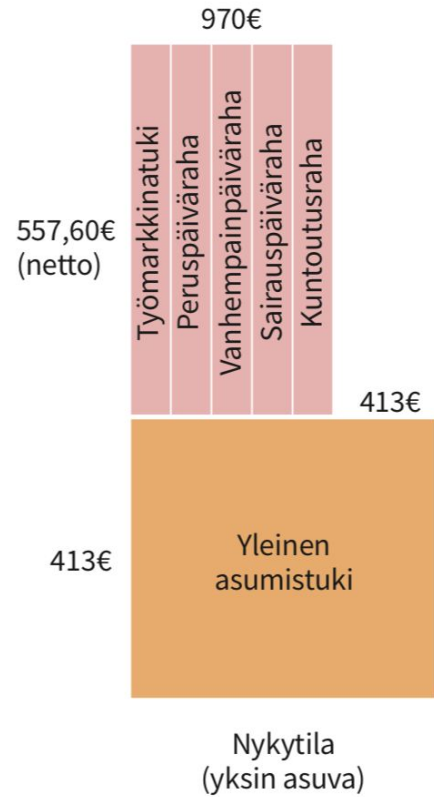
A hybrid model for basic social security in Finland and the steps forward

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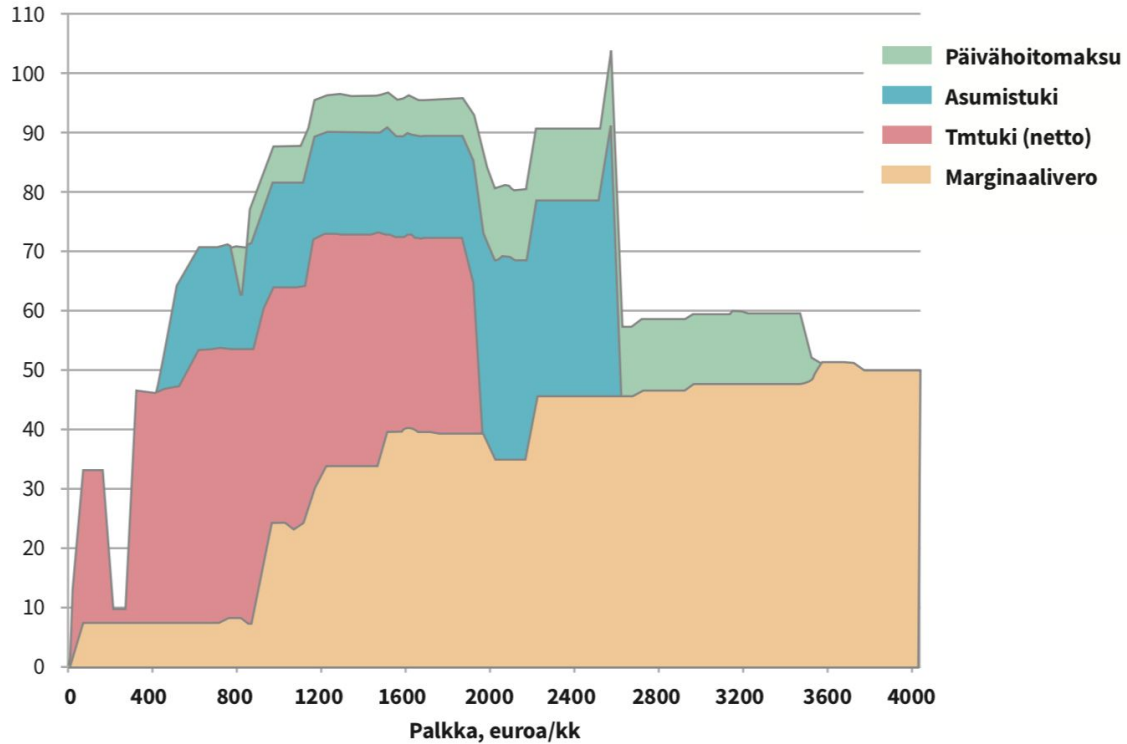


Current problems

- Level of primary benefits are low which leads to poverty and increased use of last-resort benefits
 - Currently up to 34% of basic unemployment allowance recipients also receive social assistance in addition to the general housing benefit.
 - 7% of Finns receive basic social assistance
- Complicated patchwork of a system causes people to fall in the cracks who go without basic social security benefits
- Categorization between benefits prevent offering the right assisting services and studies.
- Poverty and unemployment traps disincentivize work

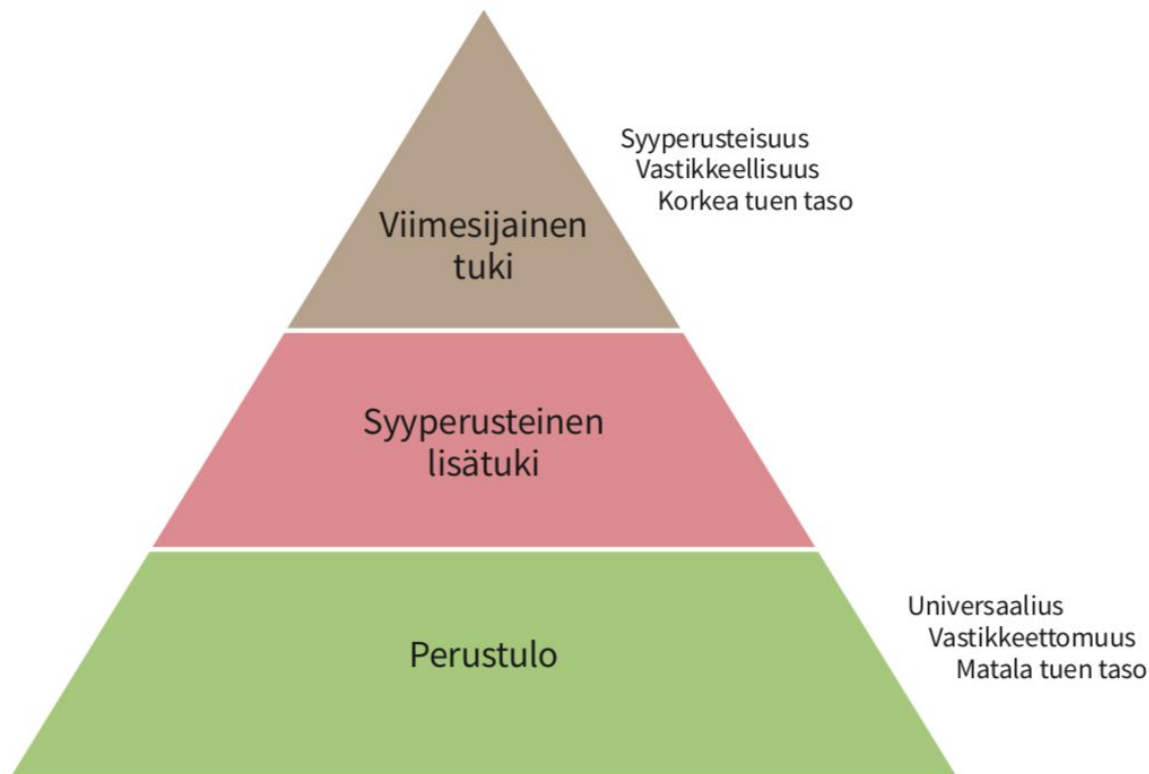


YKSINHUOLTAJAN EFEKTIIVINEN MARGINAALIVEROASTE VUONNA 2015, %.
Työllistyvä saa työmarkkinatukea (tmtuki). Yksi lapsi (2 v.). Vuokra 660 €/kk.



Esimerkki korkeasta efektiivisestä marginaaliveroasteesta vuonna 2015. Kuvan henkilön nettotulo ei juuri kasva, vaikka hän kasvattaisi palkkatulojaan 900 €/kk palkasta 2600 €/kk palkkaan. Hän on tuloloukussa, eikä työnteko ole tällöin puhtaasti taloudellisessa mielessä kannattavaa. Kuvan data: VATT

Visio's Basic Social Security 2030 model

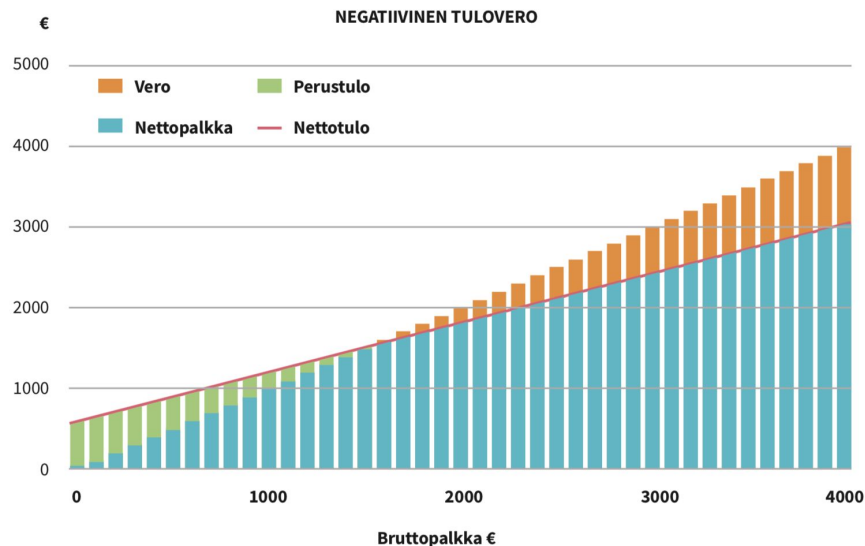
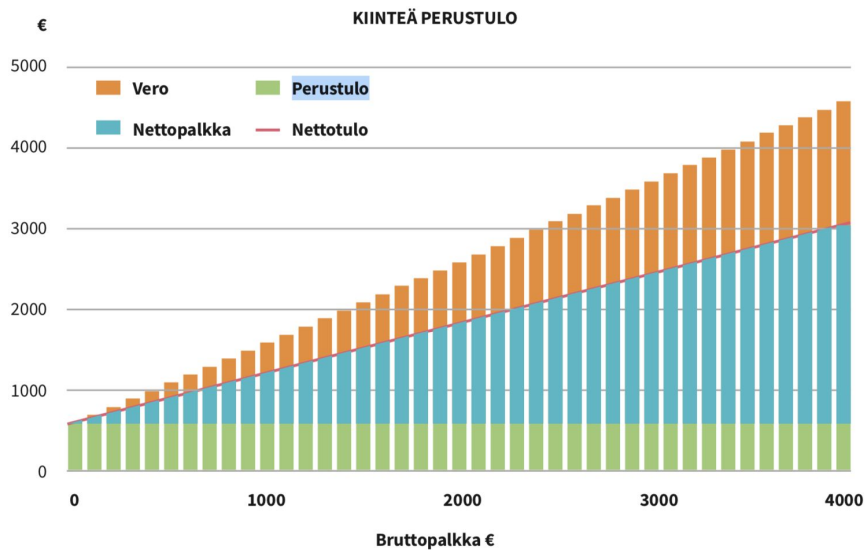


Visio's Basic Security Model

- Visio's model consists of 3 layers:
 - Basic income
 - Means-tested benefit
 - Last-resort social assistance
- For all adults except for pensioners.
- Basic income brings stability and helps low-income workers and entrepreneurs.
- Basic income alone long-term would be very low. With the means-tested benefit necessary income can be guaranteed in case of unemployment or sickness.

Negative income tax and basic income

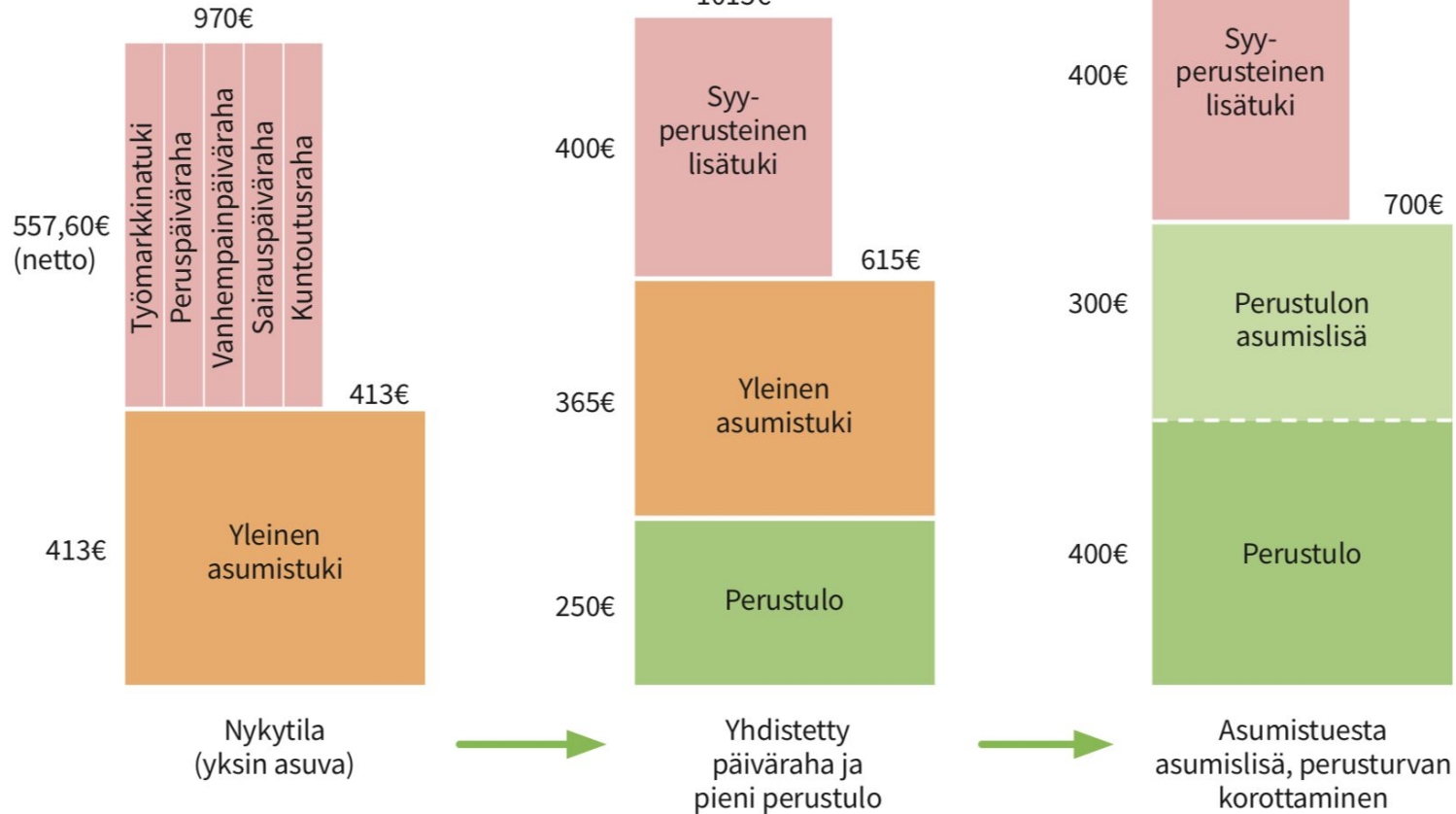
The net income is the same.



From a housing benefit to a basic income housing supplement

- The current housing benefit is effectively a basic income with a taper rate but with unnecessary bureaucracy.
- The supplement would be given to each individual like the rest of basic income (vs. family based).
- The amount of housing supplement would vary by area on a provincial scale. The amount of the supplement doesn't depend on rent. On the other hand, imputed rent (the advantage gained by owning your home vs. renting) can cut housing benefit.

Viimesijainen toimeentulotuki säilyy.
Asumistuen alue: Helsinki



Steps towards Visio's model and basic income

Steps towards Visio's 2030 model

Small basic income

- Incremental steps through a small basic income. Structure reform with a relatively small cost.
- With time the amount of basic income can be increased while controlling the costs and rate of change.
- Even a small basic income brings more security to entrepreneurs and people falling in the cracks and helps people in low-income jobs financially.
- Can be seen as a compensation for increasing environmental taxes. “Environmental tax return” or “Social dividend”

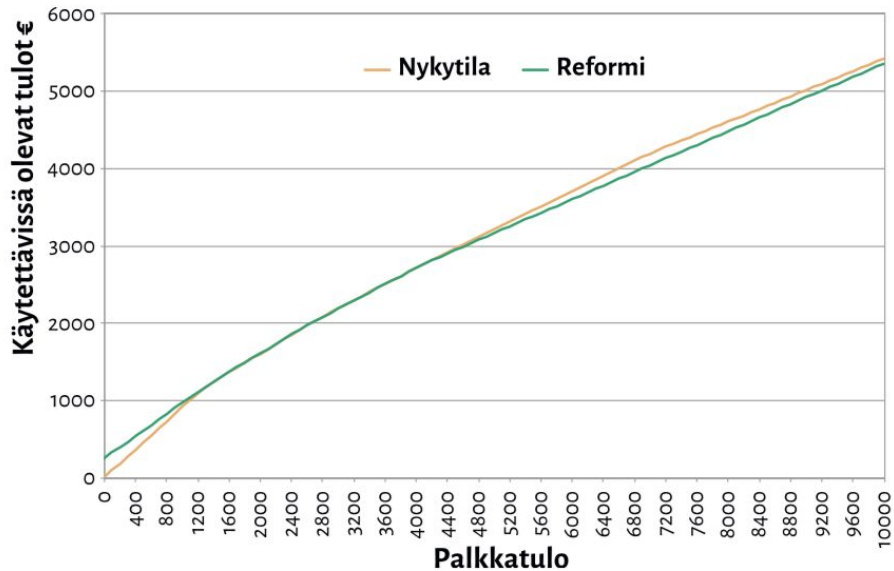
Developing means-tested benefits

- Combine and unify current basic means-tested benefits.
- The benefit type shouldn't guide social services provided to recipients. Multiple services should be provided at the same office. E.g. employment services, rehabilitation, education counselling, entrepreneurial counselling
- Integration between benefits and social work at the local level. With a basic income social work can be focused on those who need additional means-tested benefits.

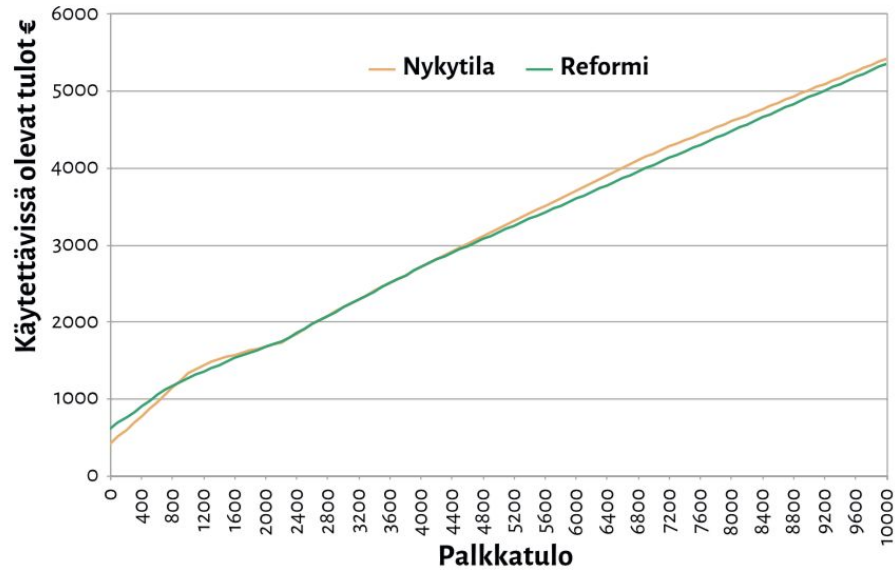
Palkansaaja

Käytettävissä olevat tulot palkan mukaan

Ei asumistukea



Asumistuki



Käytettävissä olevien tulojen muutos

