

# **Funding for public education in Québec at the preschool, elementary and secondary school levels**

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**School Boards**

**2001-2002 School Year**

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Québec 

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**2001-2002 School Year**

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**DIRECTION GÉNÉRALE DU FINANCEMENT  
ET DE L'ÉQUIPEMENT**

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**NOTE**

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THIS DOCUMENT OUTLINES AND CLARIFIES THE  
2001-2002 BUDGETARY RULES. IT IN NO WAY  
REPLACES THESE BUDGETARY RULES.

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# Funding for public education in Québec at the preschool, elementary and secondary school levels for the 2001-2002 school year

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## School Boards

### 1. INTRODUCTION

Created in 1964, the Ministère de l'Éducation du Québec (MEQ) is responsible for promoting education; fostering, developing and supporting efforts to help Québec society and its individual members reach a higher level of scientific, cultural and professional achievement; making higher forms of learning and education available to any person who is willing and able to pursue these courses of study; and ensuring that MEQ orientations and activities are consistent with general government policy and with economic, social and cultural needs.

Preschool, elementary and secondary school education is provided by a public school system and a private school system. The public school system consists of nearly 3 000 schools administered by 69 school boards, 60 of which are recognized as French school boards and 9 of which are recognized as English school boards. In addition, there are 3 special-status school boards (Littoral, Kativik and Cree).

Recognized as legal persons established in the public interest, school boards are local, decentralized bodies administered by commissioners elected by majority vote. The school boards have the power to levy taxes; they provide services in either French or English in the territory under their jurisdiction.

The school boards' prime responsibility stems from the *Education Act*. The Act states that every person is entitled to the preschool education and elementary and secondary school instructional services provided for in the Act and in the basic school regulations made under the Act, from the first day of the school calendar of the school year in which he or she turns 5<sup>1</sup> (before 1 October) to the last day of the school calendar of the school year in which he or she turns 18, or 21 in the case of a person with a handicap. The Act also states that every person no longer legally required to attend school is entitled to the educational services prescribed by the basic regulations for adult education and by the basic regulations for vocational education.

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<sup>1</sup> 4 in the case of a child with a handicap or from a disadvantaged area as defined in the basic school regulations.

To fulfill these requirements set out in the *Education Act* and, in so doing, to meet the expenditures associated with these responsibilities, school boards have two main sources of funding: Québec government grants and school tax revenues.

For the government's 2001-2002 fiscal year, appropriations for preschool, elementary and secondary school education total \$6 397 300 000 and are apportioned as follows:

<b>Programs</b>	<b>\$</b>	<b>%</b>
01 School boards (operating expenditures)	4 978 200 000	77.8
02 Special-status school boards	142 200 000	2.2
03 School board debt-servicing costs	540 600 000	8.5
04 Private education	307 300 000	4.8
05 Support for partners in education	37 300 000	0.6
06 Support for school bus transportation	391 600 000	6.1
<b>Total</b>	<b>6 397 200 000</b>	<b>100.0</b>



## 2. SOURCES OF FUNDING FOR SCHOOL BOARD EXPENDITURES

There are two types of school board expenditures: operating expenditures and capital expenditures.

Operating expenditures mainly involve money that school boards spend for current operations (e.g. salaries, supplies, maintenance and repairs)

Capital expenditures cover the acquisition of movable and immovable assets as well as improvement or refurbishing projects.

Based on information in the 1999-2000 financial reports (the most recent data available), the following table shows the relative importance of the different sources of funding for these two types of expenditures:

### ⇒ Operating Expenditures

<u>Funding Sources</u>	<u>\$</u>	<u>%</u>
Québec Government		
– Ministère de l'Éducation	5 743 300 000	78.3
– Ministère de l'Emploi et de la Solidarité sociale	24 200 000	0.3
– Other Québec government departments	7 900 000	0.1
Property taxes	994 500 000	13.5
Other revenues	570 900 000	7.8
<b>Total</b>	<b>7 340 800 000</b>	<b>100.0</b>

### ⇒ Capital Expenditures

<u>Funding Sources</u>	<u>\$</u>	<u>%</u>
Québec Government	390 800 000	84.0
Self-financing	55 200 000	11.9
Other	19 500 000	4.1
<b>Total</b>	<b>465 500 000</b>	<b>100.0</b>

## 2.1 OPERATING EXPENDITURES

### 2.1.1 GRANTS FROM THE MINISTÈRE DE L'ÉDUCATION

In fulfilling its responsibilities, the MEQ plays an essential role in funding school boards so that all children throughout Québec can have access to education, regardless of their socioeconomic background.

The resources that school boards receive from the MEQ are allocated according to the annual budgetary rules explained below.

### 2.1.2 SCHOOL TAXES

School taxes collected by school boards are also an important source of funding for operating expenditures.

In 1990-1991, the school tax formula was significantly changed in order to correct the inequities in school board funding that resulted from the 1980 formula and to make school boards accountable for the management and financing of certain operating expenditures.

This emphasis on accountability meant that various responsibilities were transferred to the school boards. For example, they became responsible for recurrent expenditures on facilities in 1990-1991, for administrative expenditures in 1996-1997 and for expenditures related to the administration of schools and centres in 1997-1998.

The *Education Act* sets out the method for computing the maximum school tax yield:

$$\text{Base amount} + \left[ \text{Amount per student} \times \frac{\text{weighted}}{\text{enrollment}} \right]$$

Every year, a regulation determines the rate of increase in these amounts, the reference student enrollment and the weighting of this reference student enrollment.

According to the regulation for 2001-2002, these amounts are as follows:

* Base amount	\$190 592.00
* Per-student amount	\$635.32

The school tax rate is determined as follows:

$$\frac{\text{Maximum school tax yield}}{\text{Standardized assessment}}$$

Maximum: \$0.35 per \$100 of the standardized assessment

When the result of the above calculation exceeds the \$0.35 maximum, the MEQ provides an equalization grant to cover the difference between the revenues generated by this maximum rate and the maximum school tax yield. This grant helps school boards that are unable to reach the maximum school tax yield through school tax revenues.

### **2.1.3 OTHER REVENUES**

The other main sources of revenue used to finance school board operating expenditures are as follows:

- \* fees for food services, the rental of premises, school bus transportation or lunchtime supervision
- \* grants paid by the Government of Canada in lieu of taxes on its buildings.

## **2.2 CAPITAL EXPENDITURES**

### **2.2.1 LONG-TERM LOANS**

Capital expenditures authorized by the MEQ are financed by long-term loans. Annual debt-servicing subsidies are provided for such loans. Allocations for capital expenditures are made under the annual budgetary rules explained below.

### **2.2.2 SELF-FINANCING**

School boards may help finance certain expenditures using their own revenues or long-term loans authorized by the MEQ.

### **2.2.3 OTHER REVENUES**

The other main sources of revenue that help finance capital expenditures include municipal funding for a given project and the proceeds from the disposal of movable or immovable assets. This second source of revenue must be authorized by the MEQ.

## **3. RESOURCE ALLOCATION METHOD**

### **3.1 GENERAL PRINCIPLES**

The resource allocation method was implemented in 1980-1981 and revised in 1986-1987. The main features of this allocation method are as follows:

- a *priori* allocations in accordance with a normative and/or historical funding base; funding is not based on expenditures, but on allocations that are proportional to school enrollment
- a simplified system for calculating allocations
- fairness
- transferability of resources

Since it came into effect, several events have affected this resource allocation method:

- the 1990-1991 school tax reform
- spending cuts
- the advent of linguistic school boards in 1998-1999
- the significant decline in school enrollments
- the implementation of many MEQ policies that have led to other additional allocations
- the growing number of disadvantaged areas

As a result of these events, various stakeholders have called for changes in the funding method and for additional budgetary resources. Following the Québec Youth Summit, \$280 million was to be invested between 2000-2001 and 2002-2003, \$140 million of which was to be recurrent, in order to provide all students with qualifications that reflected their abilities and interests.

An additional \$180 million will be invested for the implementation, by 2003-2004, of an action plan for students with handicaps, social maladjustments or learning difficulties. Furthermore, between 1998-1999 and 2000-2001, additional recurrent and nonrecurrent resources totalling \$231 million were also allocated.

With this context in mind, Education Minister François Legault pointed out that it was necessary to agree on a new funding method that reflects a more decentralized approach. The allocated budget would therefore involve more block funding and less targeted spending, but entail a much-improved system of accountability.

This new funding system will be completely implemented by 2002-2003. However, important changes will be made in 2001-2002. These changes are consistent with the education department's policy of greater decentralization involving a decrease in targeted allocations.

For instance, in 2001-2002, 27 measures involving additional *a priori* allocations totalling \$116.9 million are included in the basic allocations (Appendix 1). This represents 25.0 per cent of the budget in question. Furthermore, two recurrent adjustments (Québec sales tax and compensation for the implementation of a base amount — declining enrollment) totalling \$11.2 million are also included in the basic allocation.

In addition, in the interests of school board accountability, financial resources associated with basic allocations and additional allocations can continue to be transferred between these two categories, with the exception of financial resources earmarked for capital expenditures, which cannot be used to finance operating expenditures. Moreover, specific capital expenditure allocations cannot be used to finance other specific capital expenditures, nor can they be incorporated into the basic or additional capital expenditures allocations.

### 3.2 METHOD OF ALLOCATING OPERATING RESOURCES

The 2001-2002 school year will see total operating subsidies of \$4 630 800 000, which will be allocated as follows:

<b>Basic Allocations (\$4 300 600 000)</b>		
Educational activities in the youth sector: \$3 711 100 000 - Teachers \$3 366 700 000 - Other staff \$301 900 000 - Other costs \$42 500 000	Educational activities in adult general education: \$212 100 000 - Teachers \$176 000 000 - Other staff \$29 500 000 - Other costs \$6 600 000	Educational activities in vocational education \$376 900 000 - Teachers \$310 600 000 - Other staff \$32 300 000 - Other costs \$34 000 000
Administrative activities: \$40 600 000		
Facilities: \$35 100 000		
Additional allocations: \$448 900 000		
Recurrent and nonrecurrent adjustments, general revenues (\$193 900 000)		

#### 3.2.1 BASIC ALLOCATIONS

Generally speaking, basic allocations cover the basic configuration of services offered and correspond to the better part of the resources allotted to school boards so that they can fulfill their obligations with respect to educational activities in general and vocational education in both the youth and adult sectors.

##### 3.2.1.1 Educational activities

Educational activities relate to teaching, teaching support, student services and professional development. The allocations vary according to the type of education involved:

- \* For general education in the youth sector, the allocations are determined on the basis of student enrollments in the different levels of education (preschool, elementary and secondary school) as of September 30 and according to the categories of students involved (e.g. regular students,

students with handicaps, social maladjustments or learning difficulties, students in welcoming classes).

- \* For vocational education, the allocations are based on the number of full-time equivalent students who have been evaluated (deemed to have passed or failed) and on the amounts specific to each program.
- \* For general education in the adult sector, the allocations are based on the number of students, which is determined *a priori*.

**Allocations related to teaching** cover the costs related to the teaching staff. They are determined for each school board by taking into account the following factors:

- \* a per-teacher cost that takes into account specific factors affecting the compensation of teachers within a given school board (e.g. experience, schooling, mobility, employer contributions, absenteeism)
- \* an amount related to a school board's educational organization (number of teachers), which most notably takes into account the composition of classes within each school, the size of schools, collective agreements and basic school regulations.

**Other educational expenditures** relate to expenditures other than those pertaining to teachers and the administration of schools and centres.

For general education in the youth sector, the allocation for other educational expenditures is determined by adding up the following items:

- \* a base amount
- \* an allocation for each level of education, which is determined on the basis of the different per-student amounts for each category of student
- \* an allocation specific to each school board, which takes distance and sparsity into account
- \* an allocation specific to each school board, which takes into account small elementary schools
- \* an allocation for each level of education and specific to each school board, which takes into account additional allocations included in the basic allocations.

For general education in the adult sector, the allocation is based on per-student amounts that pay for material and support resources. The amount for support resources is specific to each school board.

For vocational education, the allocation is based on per-student amounts that pay for material and support resources. These amounts are specific to each program.

#### 3.2.1.2 Administrative activities

Administrative activities are the activities carried out at the school board head office (e.g. general administration, electronic data processing, management of educational activities, administration of human, material and financial resources). These activities are essentially financed by self-generated revenue (school taxes and equalization grants). The allocation from the MEQ takes into account a school board's size, its remoteness and the sparsity of its schools. In 2001-2002, a number of additional allocations will be included in this basic allocation.

#### 3.2.1.3 Facilities

Expenditures on facilities cover maintenance and repairs, housekeeping, energy consumption, and safety and security. These activities are essentially financed by self-generated revenue (school taxes and equalization grants). The allocation from the MEQ takes into account specific factors affecting each school board (i.e. the need to maintain schools that are not fully occupied, distance and sparsity). In 2001-2002, a number of additional allocations will be included in this basic allocation.

### **3.2.2 ADJUSTMENTS**

Adjustments may be recurrent or nonrecurrent and either increase or decrease the basic allocations for various reasons.

The nonrecurrent adjustments relate to the following activities: verification of student enrollment head counts, technical adjustments to the parameters and the transfer of regular students between the public and private school systems after September 30.

The only recurrent adjustment in 2001-2002 relates to the 1997-1998 request that school boards do their part to put public finances on a healthy footing. Each school board has decided how these reductions would apply to its various activities.

### **3.2.3 ADDITIONAL ALLOCATIONS**

Additional allocations are granted to deal with special situations and to develop certain activities that the MEQ regards as priorities.



As was mentioned earlier, in 2001-2002, several measures will be covered by the basic allocations as part of the effort to revise the funding method. Appendix 2 provides a list of the remaining additional allocations.

### **3.3 METHOD OF ALLOCATING CAPITAL RESOURCES**

#### **3.3.1 BASIC ALLOCATION**

The basic allocation is mainly used to acquire furniture, equipment and tools (FET) for general and vocational education, to improve and refurbish buildings (IRB) and to develop computer systems.

The basic allocation is determined according to a base amount per school board, per-student amounts for FET depending on the types of services involved and an IRB amount for each school board. The IRB amount takes into account the area of the buildings, their age, their remoteness, the size of the student population and excess space.

#### **3.3.2 ADDITIONAL ALLOCATIONS**

Additional allocations are granted to deal with special situations (special education, student residences). These allocations are granted on request.

#### **3.3.3 SPECIFIC ALLOCATIONS**

Specific allocations are granted for special purposes and limited by the available resources. Their amount is definitively established following an analysis of the school board's financial report and confirmation that the school board has met the conditions associated with each allocation.

Specific allocations are mainly granted for the following purposes: new construction in the general education sector, new construction or refurbishing in the vocational education sector, litigation related to construction flaws, shared-cost projects, the compensation fund, materials that pose a health hazard and facilities for the implementation of new programs and new technologies in vocational education.

## **4. PRINCIPAL CHANGES IN THE BUDGETARY RULES FOR THE 2001-2002 SCHOOL YEAR**

In 2001-2002, the principal changes in the budgetary rules are as follows:

- ↳ Certain provisions of collective agreements must be applied, notably with regard to the salary escalation rate (2.5 per cent) and pay equity for teachers.

- ↪ In order to decrease targeted spending, \$128.1 million will be included in the basic allocations: this involves 27 measures covered by additional allocations totalling \$116.9 million and 2 nonrecurrent adjustments totalling \$11.2 million.
- ↪ New rules relating to the composition of classes, which stem from the *Early Steps Toward Success* policy, must be applied throughout Québec at the preschool level and in disadvantaged areas in the first year of elementary school.
- ↪ The work on the map of the school population (i.e. carte de la population scolaire) must be taken into account. This work led to the creation of additional indices (i.e. the proportion of mothers without a Secondary School Diploma and the proportion of families in which no parent is in the labour force. As a result, the number of buildings subject to the new rules relating to the composition of classes, which stem from the *Early Steps Toward Success* policy, will increase from 411 to 852.
- ↪ The per-student amount for other educational expenditures in general education in the youth sector will be increased by \$10 in order to provide more educational resources to support students.
- ↪ The amount per secondary school student for other educational expenditures in general education in the youth sector will be increased by \$4 in order to improve spiritual care and guidance and community involvement services.
- ↪ Additional funding for the subsidized cost per teacher will be provided in order to account for an extra sick day and a change in the rate of expenditure pertaining to employer contributions.
- ↪ The calculation of the subsidized cost per vocational education teacher will exclude customized training that is not certified by the MEQ.
- ↪ Other costs and investments will increase by 1.6 per cent.
- ↪ The agreement with the CSQ on professional development related to the Reform must be taken into account.
- ↪ Self-generated revenue will increase by 2.6 per cent.
- ↪ A nonrecurrent adjustment will be introduced to compensate school boards facing financial losses due to energy expenditures resulting from significant increases in the cost of certain forms of energy.

## 2001 - 2002 BUDGETARY RULES

ALLOCATIONS INCLUDED  
IN THE BASIC ALLOCATIONS

## A) INCLUDED IN THE PER-STUDENT AMOUNTS

Measure	Basic Allocations			
	Educational Activities Youth Sector	Educational Activities for Adults (GE)	Admin. Activities	Facilities
30011 Educational services for 4-year-old children in economically depressed areas outside the Island of Montréal	X			
30012 Target schools in disadvantaged areas on the Island of Montréal	X			
30014 Students in target schools in disadvantaged areas	X			
30015 Educational services for 4-year-old children with handicaps	X			

## B) INCLUDED WITH "INTEGRATED ALLOCATIONS"

Measure	Basic Allocations			
	Educational Activities Youth Sector	Educational Activities for Adults (GE)	Admin. Activities	Facilities
30041 Special courses	X			
30042 Courses conducted at home	X			
30047 Plan of action on drugs	X			
30048 Books and electronic documents for libraries and training for the staff in question	X			
30056 Training for adult education students with handicaps		X		
30057 Assistance for students at risk	X			
30061 Ethnic concentration	X			
30062 Knowledge of heritage languages and cultures	X			

Measure	Basic Allocations			
	Educational Activities Youth Sector	Educational Activities for Adults (GE)	Admin. Activities	Facilities
30073 Moral and religious education	X			
30081 Network for the development of competencies through the use of technology			X	
30082 Computer applications in education and relevant training for school staff	X			
30084 Recruitment of computer technicians	X			
30092 Copyright royalties for audiovisual materials	X			
30111 Student residences			X	
30112 Housing assistance			X	
30131 Isolation allowances for nonteaching professionals			X	
30133 Training in remote regions for unionized nonteaching staff			X	
30137 Residences for teachers			X	
30138 Pension funds not incorporated into RREGOP			X	
30139 Legal fees related to grievance arbitration			X	
30141 Telecommunications and related costs				X
30143 Vocational education centres				X
30172 Support for academic and career information and guidance services	X			
Québec Sales Tax			X	
Compensation related to the implementation of a base amount (declining enrollment)	X			

**2001 - 2002 BUDGETARY RULES**  
**ADDITIONAL OPERATING ALLOWANCES**

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30010	Daycare services
30020	Education reform
30030	Supervision of student teachers
30040	Disadvantaged areas
30050	Special education
30070	Confessional services
30080	Microcomputing for educational purposes
30090	Support for cultural activities
30100	Support for educational development
30110	Board and lodging assistance
30120	Tuition fees for private schools or other schools outside Québec
30130	Allocations related to collective agreements
30140	Administrative support and support for facilities
30160	Support for regional priorities
30170	Success plans
30180	Support for training activities resulting from the policy on lifelong learning
30190	Other allocations

