

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

School Boards

2002-2003 School Year

Québec 

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NOTE

THIS DOCUMENT OUTLINES AND CLARIFIES THE
2002-2003 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

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 2 400 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 5¹ (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.

¹ 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 2002-2003 fiscal year, appropriations for preschool, elementary and secondary school education total \$6 721 200 000 and are apportioned as follows:

Programs	\$	%
01 School boards (operating expenditures)	5 252 300 000	78.1
02 Special-status school boards	156 100 000	2.3
03 School board debt-servicing costs	537 000 000	8.0
04 Private education	324 200 000	4.8
05 Support for partners in education	44 900 000	0.7
06 Support for school bus transportation	406 700 000	6.1
Total	6 721 200 000	100,0

The significant increase in appropriations (nearly \$275 000 000) for the 2002-2003 fiscal year serves to finance system costs (wage indexation and other expenditures, number of difficult cases among the student population, etc.) and developments, consisting of the third year of reinvestment under the Québec Youth Summit and of the third year of the *Early Steps Toward Success* policy.

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 2000-2001 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	5 844 900 000	77.2
– Ministère de l'Emploi et de la Solidarité sociale	58 400 000	0.8
– Other Québec government departments	10 100 000	0.1
Property taxes	1 026 900 000	13.6
Other revenues	632 500 000	8.3
Total	7 572 800 000	100.0

⇒ Capital Expenditures

<u>Funding Sources</u>	<u>\$</u>	<u>%</u>
Québec Government	401 300 000	76.9
Self-financing	92 000 000	17.6
Other	28 400 000	5.5
Total	521 700 000	100.0

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:

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

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 2002-2003, these amounts are as follows:

* Base amount	\$195 395.00
* Per-student amount	\$651.33

In 2002-2003, the reference student enrollment for the calculation of self-generated revenue was modified to take into account students attending daycare to cover part of the costs related to the organization of daycare services. This results in \$5 100 000 in additional funding allocated to 68 school boards.

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 REVISION OF THE ALLOCATION METHOD

During previous years, some observations were made with regard to funding for school boards:

- demographic changes: increase in student enrollments in certain sectors but an overall decline affecting some regions more than others (2.75 per cent during the last four years and over 7 per cent forecast by 2006-2007)
- increase in poverty and in needs in disadvantaged areas
- growth in the needs of at-risk students
- inequity in the establishment of certain resource envelopes based on student enrollment
- request from the school system to decrease targeted allocations and to allocate the negative recurrent adjustment introduced in 1997-1998

In November 2000, the Minister of Education indicated that based on these observations:

- a new, more equitable allocation method would be developed
- the new method would have fewer targeted allocations
- a better system of accountability would be required
- action would be taken as of 2001-2002, but the new method would only be implemented in 2002-2003

The objectives sought by the revision of the allocation method are as follows:

- to increase fairness with regard to the distribution of resources
- to alleviate the effects of demographic changes, including decreased student enrollments, while guaranteeing a minimum level of funding and paying special attention to at-risk students, especially those in disadvantaged areas
- to maintain certain aspects of the current allocation method whenever the partners in the school system agree on their equitable nature

- to ensure the longevity of the allocation method
- to decrease targeted allocations
- to allocate the negative recurrent adjustment in the various parameters

In order to achieve these objectives, a joint MEQ/School System working committee has been established. Eight working meetings have been held and subcommittees have been set up to examine specific issues.

The revision of the allocation method also entails certain changes to the structure of the budgetary rules. Budgetary rules will be organized as follows:

- basic allocations:
 - organization of services
 - educational activities in the youth sector
 - educational activities in adult general education
 - educational activities in vocational education
- adjustments:
 - nonrecurrent
 - recurrent
- additional allocations

In the interests of school board accountability, financial resources associated with basic allocations and additional allocations can 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 2002-2003 school year will see total operating subsidies of \$4 858 500 000, which will be allocated as follows:

<u>Basic Allocations (\$4 501 400 000)</u>																										
ORGANIZATION OF SERVICES	\$104 400 000 ⁽¹⁾																									
- Administration of schools	\$5 900 000																									
- Administration of small school boards' head offices	\$27 000 000																									
- Expenditures on facilities	\$38 300 000																									
- Specific geographical factors	\$33 200 000																									
⁽¹⁾ \$1 529 400 000 comes from self-generated revenue to finance these services (\$1 037 100 000 from school taxes and \$492 300 000 from equalization grants).																										
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Educational activities in the youth sector: \$3 788 800 000</td> </tr> <tr> <td style="padding-left: 20px;">- Teachers</td> <td style="text-align: right;">\$3 355 600 000</td> </tr> <tr> <td style="padding-left: 20px;">- Other staff</td> <td style="text-align: right;">\$353 500 000</td> </tr> <tr> <td style="padding-left: 20px;">- Other costs</td> <td style="text-align: right;">\$79 700 000</td> </tr> </table>	Educational activities in the youth sector: \$3 788 800 000		- Teachers	\$3 355 600 000	- Other staff	\$353 500 000	- Other costs	\$79 700 000	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Educational activities in adult general education: \$214 900 000</td> </tr> <tr> <td style="padding-left: 20px;">- Teachers</td> <td style="text-align: right;">\$197 800 000</td> </tr> <tr> <td style="padding-left: 20px;">- Other staff</td> <td style="text-align: right;">\$11 800 000</td> </tr> <tr> <td style="padding-left: 20px;">- Other costs</td> <td style="text-align: right;">\$5 300 000</td> </tr> </table>	Educational activities in adult general education: \$214 900 000		- Teachers	\$197 800 000	- Other staff	\$11 800 000	- Other costs	\$5 300 000	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Educational activities in vocational education \$393 300 000</td> </tr> <tr> <td style="padding-left: 20px;">- Teachers</td> <td style="text-align: right;">\$292 800 000</td> </tr> <tr> <td style="padding-left: 20px;">- Other staff</td> <td style="text-align: right;">\$85 900 000</td> </tr> <tr> <td style="padding-left: 20px;">- Other costs</td> <td style="text-align: right;">\$14 600 000</td> </tr> </table>	Educational activities in vocational education \$393 300 000		- Teachers	\$292 800 000	- Other staff	\$85 900 000	- Other costs	\$14 600 000
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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 Organization of services

Expenditures related to the organization of services concern the administration of schools and centres, activities carried out at the school board head office (e.g. general administration, electronic data processing, administration of human and material resources) and maintenance and repairs, housekeeping, energy consumption, and safety and security. These expenditures are essentially financed by the school boards' self-generated revenue (school taxes and equalization grants). The allocation method for this budgetary envelope takes into account certain features of a school board. In 2002-2003, it underwent several important changes:

- * the establishment of a new allocation rule aimed at minimizing the impact of keeping small school open: the measure is part of the allocation for the administration of schools, and allows for a minimum level of funding by school/building for certain school boards. This results in \$5 900 000 in additional funding allocated to 45 school boards
- * the improvement of the measure related to the administration of small school boards' head offices: the measure applies to school boards with fewer than 12 000 students, whereas it was previously limited to school boards with fewer than 9 000 students. This results in \$2 600 000 in additional funding allocated to 35 school boards
- * expenditures on facilities: an allocation for specific needs and to maintain schools that are not fully occupied. This measure was also improved upon, resulting in \$1 200 000 in additional funding allocated to 14 school boards
- * specific geographical expenditures: a transitional allocation was added to the allocation related to distance, sparsity and additional sparsity in order to help remote and sparse school boards. This results in \$4 100 000 in additional funding allocated to 34 school boards
- * the implementation of a new adjustment for energy to protect school boards against the significant fluctuations in energy prices: this makes for a more equitable allocation method

3.2.1.2 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 and students with handicaps).

- * 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*.

In 2002-2003, financial resources associated with allocations for educational activities were reduced in order to take into account the allocation of part of the negative recurrent adjustment (a reduction of 2 per cent for teachers and 5 per cent for other resources).

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 to take specific needs into account (additional allocations included in the basic allocations)

In 2002-2003, two different resource envelopes, one for at-risk students and the other for students from disadvantaged areas, were created for general education in the youth sector, based on the following elements:

- * Additional resources allocated to teachers and other educational expenditures for at-risk students:
 - the resources generated by the minimum standardization rate are taken into consideration for at-risk students
 - the resources generated by the difference in rates (standardization rate specific to the school board and the minimum rate) are taken into

consideration for the assistance provided to students in disadvantaged areas

- certain additional allocations

These resource envelopes will evolve according to the parameters specific to each school board and the variation in school enrollments, if they are on the rise. Consequently, the envelopes will not be affected by declining enrollment and will allow school boards greater management autonomy with respect to the organization of services. In the first year, \$3 400 000 in additional funding will be allocated to the majority of school boards.

Finally, for general education in the youth sector, an additional amount for students receiving welcoming services and French-language instructional services and an amount to help small schools have been included in the form of an adjustment.

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.

3.2.2 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 2002-2003 relates to the 1997-1998 request that school boards do their part to put public finances on a healthy footing. The balance, which was not allocated to the basic allocations, is of \$56 100 000. An amount of \$110 200 000 was included in the basic allocations for educational 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.

The list of additional allocations for the 2002-2003 school year can be found in the appendix. Among them are the new measure to fund the *New Approaches*,

New Solutions program aimed at fostering success for secondary school students in disadvantaged areas (\$25 000 000), the new measure to help school boards implement the spiritual care and guidance and community involvement services in preschool and elementary education (\$13 000 000) and, finally, the additional resources to support training activities resulting from the policy on adult education (\$10 000 000).

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 2002-2003 SCHOOL YEAR

In 2002-2003, 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 (1.25 per cent).
- ↪ New rules relating to the composition of classes, which stem from the agreement on educational success, must be applied.
- ↪ Other costs and investments will increase by 1.8 per cent.
- ↪ Self-generated revenue will increase by 2.52 per cent.
- ↪ Restructuring of basic allocations:
 - a basic allocation for the organization of services consisting of allocations for the administration of schools, for the administration of small school boards' head offices, for expenditures on facilities and for specific geographical factors
 - three new additional allocations included in the basic allocation for educational activities in the youth sector, additional resources in the per-student amounts as part of the education reform (\$14 per student in elementary school and \$6 per student in secondary school), a specific allocation to help at-risk students and a specific allocation to help students in disadvantaged areas
- ↪ Two new adjustments will be included in the basic allocations for energy and to help small schools.
- ↪ The subsidized cost per teacher with respect to short-term absenteeism will be adjusted.
- ↪ Specific resources will be allocated for spiritual care and guidance and community involvement services in elementary school, for the *New Approaches, New Solutions* program and for supporting training activities resulting from the policy on adult education.
- ↪ Allocation of part of the negative recurrent adjustment to the basic allocations for educational activities.

**ADDITIONAL OPERATING
ALLOCATIONS**

30010	Daycare services
30020	Education reform
30030	Supervision of student teachers
30040	<i>Supporting Montréal Schools</i> and poverty reduction
30050	Special education
30060	<i>New Approaches, New Solutions</i>
30070	Spiritual care and guidance and community involvement
30080	Microcomputing for educational purposes
30090	Support for cultural and cross-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 adult education
30190	Other allocations

