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Halifax Regional Council  
June 15, 2004

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:** *S. Dale MacLennan*  
S. Dale MacLennan, CA, Director, Financial Services

**DATE:** June 10, 2004

**SUBJECT:** Provincial Mandatory Education Increase / HRM Budget Shortfall

### SUPPLEMENTARY REPORT

#### ORIGIN

HRM has been advised that 2004/05 costs for Mandatory Education will be \$2.5 million higher than the amount included in the HRM budget. At the June 8, 2004 Halifax Regional Council meeting, a report was presented outlining staff's recommendation to recover the shortfall through an area rate. Council has requested that staff provide information as to areas within the HRM operating and capital budgets where this amount might be recovered.

#### BACKGROUND

During HRM budget deliberations it became clear that there was an error in the information used by the Department of Education in calculating the amount to be paid to school boards by NS municipalities for Mandatory Education in 2004/05. Several discussions have taken place over the past weeks with regard to how the Province would resolve this situation. It was announced last week that the Province will hold the education rate. This results in the Department of Education requiring municipalities to pay more to their school boards, via Mandatory Education grants, than the \$147 million included in the approved Provincial budget. This action creates a \$2.5 million budget shortfall for HRM and a total increase in HRM mandatory Education costs of \$6 million over the previous years' budget.

## **DISCUSSION**

At the June 8, 2004 Halifax Regional Council meeting, a report was presented outlining staff's recommendation to recover the shortfall through an area rate. Council has requested that staff provide information as to areas within the HRM operating and capital budgets where this amount might be recovered. Staff is preparing a list of options at Council's request. This information will be available and circulated on June 15, 2004. Due to additional time required to compile this list, the fact that senior staff will be unavailable on the 15<sup>th</sup>, and to give Council time to examine and consider the information, the report and additional information provided on the 15<sup>th</sup> will be brought forward for Council debate on June 22<sup>nd</sup>.

## **BUDGET IMPLICATIONS**

There are no budget implications stemming from this information report.

## **FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

## **ALTERNATIVES**

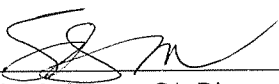
**None**

## **ATTACHMENTS**

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by:

Report Approved by:

  
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