

10.1.10



PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

**Regional Council  
August 1, 2006**

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

**SUBMITTED BY:**

A handwritten signature in black ink, appearing to read "Dan English", written over a horizontal line.

Dan English, Chief Administrative Officer

A handwritten signature in black ink, appearing to read "Geri Kaiser", written over a horizontal line.

Geri Kaiser, Deputy Chief Administrative Officer

**DATE:** July 20, 2006

**SUBJECT:** Supplementary Funding of HRSB and CSAP, 2006-2007

### **ORIGIN**

In August of 2004 a number of HRM residents with children attending Conseil scolaire acadien provincial (CSAP) commenced a court challenge of the constitutionality of supplementary funding being provided to only the Halifax Regional School Board.

To resolve this issue the Provincial Government introduced Bill No. 9 on June 30, 2006. It requires HRM to provide funding to CSAP. If passed, it will become effective April 1, 2006 and may affect the 2006 HRM property tax bill.

### **RECOMMENDATION**

It is recommended that :

1. Regional Council maintain total 2006-2007 Supplementary Education Funding at the amount approved by Regional Council on June 27, 2006.
2. Assuming that the MGA is amended as proposed by Bill 9, education funding currently allocated to HRSB be shared between the HRSB and the CSAP, based on relative number of students resident in each of the three charge areas.

## **BACKGROUND**

Prior to amalgamation both the Halifax and the Dartmouth City Council's provided their respective school boards with additional funding for educational uses. The purposes of these funds was for enhancements to the school system especially in the areas of music and arts. As part of amalgamation funding from the cities was entrenched in legislation. Under the Municipal Government Act HRM was required to levy a "supplementary education" area rate in Halifax and in Dartmouth. The funds must be collected and spent only in those two former cities and are to be provided to the Halifax Regional School Board (HRSB). The wording of the act prevents HRM from providing these funds to CSAP. Council may not direct how the funds are to be spent but is free to reduce the budgeted amount by 10% per year.

In 2000-2001 Council added an education area rate to the former Bedford and County areas. Unlike supplementary funding Council controls the area rate and may eliminate it or make stipulations as to how it might be spent.

In 2005-2006 Council reduced the Halifax and Dartmouth supplementary education rates and reallocated the funds to two new "music and arts" area rates. The total funding stayed the same but the new area rates ensured that those funds were dedicated to arts and music.

CSAP has alleged that the current system is unfair since French parents must pay for supplementary and area rated funds even though they receive no benefit. As a result of this and a subsequent Human Rights complaint the Province of NS offered to amend the MGA. Under Bill 9, it is proposed that any education funds provided to HRSB must also be provided to CSAP, either by splitting the current allocation or adding to it. The Bill died on the floor when the provincial election was called but was re-introduced on June 30, 2006. If passed, this law will take effect for the year 2006-2007. It is not expected to be debated until the Fall of 2006, after the HRM property tax bill is issued.

At the time of Regional Council's budget deliberations and decisions, Regional Council and staff, as well as the Halifax Regional School Board, were aware that provincial legislation was being prepared to address this issue. Regional Council set education funding and rates in June of this year. The purpose of this report is to confirm that if this provincial legislation passes, that Regional Council wishes to share the HRSB allocation.

## **DISCUSSION**

### **Based on Residency**

Provincial Bill No. 9, as currently drafted, states that supplementary and area rated education funding, if provided to HRSB, shall also be provided to the CSAP. The bill also outlines the basis on which the supplementary funding shall be split. The funding in each of the three areas -- Halifax, Dartmouth and Bedford/County -- shall be split based on the number of students resident in each area.

In other words, the funding ratio is not to be set based on where the students attend school but, rather, where the students live. The result is that there will be three different ratios used to split the funding in each of the three rated areas. The exact ratios cannot be determined at this time, since HRM does not have residency information from the HRSB. Based on information from the Department of Education, the total funded enrolment is 53,873 for the HRSB and 1,355 for the three CSAP schools in HRM.

#### Two Options for Funding

Bill No. 9 provides two options for funding the CSAP:

##### Option I

The first option is that current Supplementary Education funding could be shared between the HRSB and the CSAP. The second option is that the HRSB funding be held constant and the CSAP be provided with new funding.

During fiscal framework and budget deliberations, the first option, HRM staff understood the intention of Regional Council was to share current funding between the two school boards. Based on available information, sharing of funding means that \$555,000 would be reallocated from HRSB to CSAP. (This number would be finalized once staff receive complete residency information from both school boards).

##### Option II

The second option is to provide new funding to CSAP equivalent to the per student funding provided to HRSB. This would require HRM to collect additional funds now even though the legislation has not passed.

Under neither option are additional area rates required. Rather, the existing tax rates can be used to collect the CSAP funds. Under option 2 the existing tax rates would have to be increased to provide for the additional funds.

#### Tax Bill Timing

The second tax bill of the fiscal year is prepared for printing starting August 1<sup>st</sup>. This will provide 6 weeks between mail out of the tax bills and the due date of September 29<sup>th</sup>. If there are no changes to the currently approved area rates, the tax bills will be able to go out on schedule.

#### Follow Up

HRM staff will work with HRSB and CSAP, as well as the Department of Education to obtain enrolment and residency information for supplementary education sharing.

HRM staff will monitor the progress of Bill No. 9.

HRM staff will prepare to provide payment to the CSAP, when legislation has passed requiring that such funds be paid out.

**BUDGET IMPLICATIONS**

Delaying a decision on this issue could lead to the tax bill being postponed. This could mean some additional administrative and interest costs.

The final allocation of funds to HRSB and CSAP will depend upon the exact number of students resident in each of the three areas. Final information is not yet available. Some adjustments may have to be made once complete information is available.

**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**

Regional Council could chose *Option II*, to increase total supplementary funding. This is not recommended. Because the legislation is not yet in place and student residency data has not yet been received from the HRSB, the final tax bill would either be delayed or a third tax bill would be required, at a cost to the municipality and an inconvenience to residents.

**ATTACHMENTS**

Attachment 1 - Funding Levels and Tax Rates under both Options

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Andre MacNeil, Acting Manager, Fiscal and Tax Policy



Financial Review: Gordon Roussel, Financial Consultant, 490-6468



Report Approved by: Pamela Caswill, Acting Director of Finance

**Attachment 1**

Funding Levels and Tax Rates under both Options

**Option One - Share Existing Level of Funding (Estimates)**

	HRSB	CSAP	Total
Halifax Supplementary Funds	10,518,600	142,800	10,661,400
Dartmouth Supplementary Funds	4,371,800	296,200	4,668,000
<b>Supplementary Funds</b>	<b>14,890,400</b>	<b>439,000</b>	<b>15,329,400</b>
Halifax Music and Arts Area rate	1,611,700	21,900	1,633,600
Dartmouth Music and Arts Area rate	535,000	36,200	571,200
Bedford/County Area Rate	3,254,100	57,900	3,312,000
<b>Total</b>	<b>20,291,200</b>	<b>555,000</b>	<b>20,846,200</b>

**Option Two - Provide Additional Funding to CSAP (Estimate)**

	HRSB	CSAP	Total
Halifax	10,661,400	144,700	10,806,100
Dartmouth	4,668,000	316,200	4,984,200
<b>Supplementary Funds</b>	<b>15,329,400</b>	<b>460,900</b>	<b>15,790,300</b>
Halifax Music and Arts Area rate	1,633,600	22,200	1,655,800
Dartmouth Music and Arts Area rate	571,200	38,700	609,900
Bedford/County Area Rate	3,312,000	58,900	3,370,900
<b>Total</b>	<b>20,846,200</b>	<b>580,700</b>	<b>21,426,900</b>

**Tax Rates under Funding Options**

	Option 1	Option 2	Increase
<b>Residential</b>			
Halifax Supplementary Funds	0.071	0.072	0.001
Dartmouth Supplementary Funds	0.060	0.064	0.004
Halifax Music and Arts Area rate	0.016	0.017	0.001
Dartmouth Music and Arts Area rate	0.013	0.014	0.001
Bedford/County Area Rate	0.031	0.032	0.001
<b>Commercial</b>			
Halifax Supplementary Funds	0.222	0.225	0.003
Dartmouth Supplementary Funds	0.188	0.200	0.012
Halifax Music and Arts Area rate	0.016	0.017	0.001
Dartmouth Music and Arts Area rate	0.013	0.014	0.001
Bedford/County Area Rate	0.031	0.032	0.001