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Halifax Regional Council
June 15, 2004

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


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 15th, and to give Council time to examine and consider the information, the report and additional information provided on the 15th will be brought forward for Council debate on June 22nd.

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

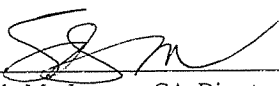
None

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:


S. Dale MacLennan, CA, Director, Financial Services 490-6308