

HALIFAX

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Item No. 14.1.15
Halifax Regional Council
April 25, 2017

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by 

SUBMITTED BY: _____
Jacques Dube, Chief Administrative Officer

DATE: April 18, 2017

SUBJECT: Supplementary Education Tax Rate for 2017-18

ORIGIN

A budget and tax rates for Supplementary Education must be set for the 2017-18 fiscal year. Regional Council provided direction during its March 28, 2017 in-camera meeting on the renewal of the Supplementary Education Memorandum of Understanding (MOU).

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, Section 80 et seq

RECOMMENDATION

It is hereby recommended that

- the Operating Budget for Supplementary Education in the amount of \$15,648,600 gross expenditures and \$15,648,600 in area rate tax revenues be approved; and
- the tax rates for Supplementary Education, under Section 80 of the *Halifax Regional Municipality Charter*, shall be set at the rate of \$0.027 per \$100 of the residential and resource assessment and at \$0.075 per \$100 of the commercial assessment.

BACKGROUND

Halifax provides two types of education funding to the education system. The first is mandatory education contributions. These are required under the Education Act and every municipality in Nova Scotia pays them. The second is supplementary education funding. Supplementary Education funding is required under Section 80 of the *Halifax Regional Municipality Charter*. This funding was originally provided by the former cities of Halifax and Dartmouth, ostensibly to provide a higher level of arts and music education. Funds are now raised and spent across the entire HRM. The funds are apportioned between the Halifax Regional School Board (HRSB) and the Conseil Scolaire Acadien Provincial (CSAP) based on the number of students within each school's system.

Since 2007-08 the funding levels have been determined by a Memorandum of Understanding (MOU) between HRM and HRSB. In 2015 Halifax and the HRSB negotiated a two year extension to the MOU that expired on March 31st of 2017.

DISCUSSION

The use of a long-term MOU has been valuable for both Halifax and for HRSB and CSAP as it enables both organizations to make advance plans and arrangements as to what programs it funds. For HRSB the advance planning is critical in order to hire teachers in the Spring for the upcoming school year. A budgeted amount and tax rate must be established for the 2017-18 fiscal year.

As an updated MOU is not ready to be ratified, it is recommended that the 2017-18 budget and tax rates be set immediately. This will allow the HRSB to make decisions for the 2017-18 school year now, as opposed to waiting for an updated MOU that would likely cover multiple budget years. The negotiation of the MOU can continue but can be completed after the passing of this year's tax rate. The 2018-19 budgeted amounts would be included in any final MOU and subject to Regional Council approval.

FINANCIAL IMPLICATIONS

The 2017-18 recommended budget for Supplementary Education includes a payment of \$15,896,100 to be apportioned between HRSB and CSAP. There is an estimated 2016-17 surplus of \$247,500 which reduces the amount that the tax rates would otherwise have to raise to 15,648,600. The required tax rates are 2.7 cents (residential and resource) and 7.5 cents (commercial). These are a reduction from the 2016-17 tax rates of 3.0 cents (residential and resource) and 8.2 cents (commercial).

The 2016-17 transfer for Supplementary Education was 16,346,100. The recommended 2017-18 budget of 15,896,100 is lower by \$450,000. This reduction is consistent with decisions made by Regional Council for each of the past MOUs agreed to by the HRSB. In each year there was an annual reduction of \$450,000.

Supplementary education is set as an area tax rate separate from the general tax rates. There is no change to the general tax rates or to the overall budget that was set by Regional Council on April 11, 2017.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this report.

COMMUNITY ENGAGEMENT

