

INFORMATION PAPER

Subject: Commission Dues

- I. Background: The dues formula was established based on budgets from other Interstate Compacts of similar size and responsibility. In October 2008, the Commission adopted an annual dues formula based on \$1.00 per child of an active duty military member residing in each member state and the District of Columbia. In 2018 the Commission voted to approve a new formula, effective in FY2020 that would be based on \$1.15 per military child.
- II. Language: (Sec 2.102 and 2.104 of the Commission Rules)
 - a. The Commission shall determine the formula to be used in calculating the annual assessments to be paid by states. Public notice of any proposed revision to the approved dues formula shall be given at least 30 days prior to the Commission meeting at which the proposed revision will be considered.
 - b. The Commission may consider the population of the states, the number of student's subject to the compact within each state, and the volume of student transfers between states in determining and adjusting the assessment formula.
 - c. The approved formula and resulting assessments for all member states shall be distributed by the Commission to each member state annually.
 - d. Beginning with FY2020, the dues formula shall be based on the figure of one dollar and fifteen cents per child of military families eligible for transfer under this compact, and this calculation shall be based upon the State in which each military family resides, except that no state dues assessment shall exceed the sum of sixty-nine thousand dollars (\$69,000.00) per year or shall be less than two thousand three hundred dollars (\$2,300.00).
- III. Information: The annual dues assessed to each State are used for, but not limited to:
 - a. All travel, meal and rooming costs for the State Commissioner or designee to attend the Annual Business Meeting.
 - b. Access to MIC3 materials and publications to publicize the Compact.

- c. Maintain sufficient funds for three full time staff at the National Office to carry out the day to day business of the Commission.

IV. References or resources

- a. Chapter 200, Section 2.102 of the Rules of the Military Interstate Children's Compact Commission
- b. MIC3 Legal – Frequently Asked Questions, drafted by the Legal Counsel, Richard Masters
- c. 2018 Annual Business Meeting - Minutes

Legal Rationale

Pursuant to MIC3 Rules, Section 2.104(a), the dues formula may be revised by the Commission upon public notice given at least thirty (30) days prior to the Commission meeting at which the proposed revision will be considered. Under Section 2.104(b), variables that may be considered when revising the dues formula include:

- a. The population of the states;
- b. The number of student's subject to the compact within each state; and
- c. The volume of student transfers between states.

Based on the most recent information available to staff, the number of student's subject to the compact within each state is steadily decreasing. An analysis of MIC3 dues from fiscal years 2017, 2018 and 2019 show that the number of dependents has decreased 2-3% annually. This results in a 2-3% decrease in the Commission's overall revenue during those years.

While revenue has decreased, the Commission membership has more than doubled and the requests for support have increased. In 2009, the Commission had twenty-four (24) member states. By 2014, the Commission membership increased to all 50 states plus the District of Columbia. The Commission also now includes five Ex-Officio (non-voting) members. Travel expenses for Commissioners to the Annual Business Meetings are paid by the Commission. Requests for resources, marketing collaterals, and training costs have also increased. At the same time, the Consumer Price Index shows an increase of 14.5% from 2008 to 2018, reducing the purchasing power of Commission funds during the same period.