

FINANCE COMMITTEE MINUTES
Tuesday, May 25, 2021

PRESENT	Craig Neuenswander Tyler Backus Bob Buehn Greg Lynch Brian Halstead Debra Jackson J. Clarke Orzalli Douglas Ragland Hal Stearns Chad Delbridge	Kansas Commissioner Maine Commissioner Florida Commissioner Washington Commissioner Nebraska Commissioner New York Commissioner Massachusetts Commissioner Alabama Commissioner Montana Commissioner Wyoming Commissioner	Chair
EXCUSED	Kyle Fairbairn	Military Impacted Schools Association	
STAFF	Cherise Imai Lindsey Dablow Mary Pendleton	Executive Director, MIC3 Training and Operations Associate, MIC3 Administrative Assistant, MIC3	

ITEM 1 – CALL TO ORDER

1. The meeting was called to order at 11:01 AM EDT by Committee Chair, Commissioner Craig Neuenswander (KS). Roll call was taken by Executive Director, Cherise Imai. Quorum was established.

ITEM 2 – APPROVAL OF THE AGENDA

2. Commissioner Bob Buehn (FL) moved to approve the agenda. The motion was seconded by Commissioner Hal Stearns (MT). Motion carried.

ITEM 3 – APPROVAL OF THE MINUTES FROM MARCH 22, 2021

3. Commissioner Stearns moved to approve the minutes from March 22, 2021. The motion was seconded by Commissioner Tyler Backus (ME). Motion carried.

ITEM 4 – EXECUTIVE COMMITTEE (EXCOM) REPORT

4. Commissioner Neuenswander gave a brief overview of the May EXCOM meeting. ED Imai said the EXCOM was briefed on the Texas Bill that will establish a State Council. There was a report from DoD Representative Chuck Clymer regarding the realignment of state military representatives. ED Imai reported there was discussion on the 2021 ABM that will be held in person in Arkansas on November 4-5, 2021. She noted the Army and Marines are still waiting on orders to be able to travel to the ABM, the Navy and Air Force will have representatives there. ED Imai said four policies were approved by the EXCOM, these include the Commissioner Merit Award program and three new policies from the Council of State Governments regarding staff travel to events and travel related to the pandemic.

ITEM 5 – REPORTS

5. **FY2021 Dues, Balance, Revenue and Expenses, Vanguard Expenses** – Commissioner Neuenswander reviewed the MIC3 financial documents. He noted the National Office needs to purchase a printer which will cost approximately \$3,000, so the office supplies line item will be over budget. He noted there are 8 member states outstanding for FY2021 dues.
6. **FY2022 Dues Invoices** - FY2022 invoices have been sent with two states already remitting payment.

ITEM 6 – OLD BUSINESS

7. **Kentucky Employee Retirement System (KERS)** – Commissioner Neuenswander noted Kentucky House Bill 8 was signed into law which reduces the retirement contributions MIC3 will need to make to the KERS.
8. **CSG's Paycheck Protection Program (PPP) Loan Forgiveness** – ED Imai said the update will be given at CSG's affiliate meeting on May 26, 2021. She noted she will email any updates to the committee.
9. **State Fiscal Support for the Compact** – Ms. Lindsey Dablow gave an update at the last Finance Meeting and Mary Pendleton, Administrative Assistant, will follow up with the remaining states. Staff is inquiring if states provide funding outside the annual dues for the operation of the state council or the programs/services performed by the Commissioner within their state to support the mission and outreach of the Compact. Results will be reported at the next Finance meeting in July.
10. **National Guard and Reserve Guidance/Options** – Ms. Dablow and ED Imai reviewed the National Guard and Reserve Commissioner Guidance document. Each state needs to choose one option for their formal report due to MIC3 by August 31, 2021.
11. ED Imai reviewed the matrix of the options, the operation needs/concerns, proposed solutions, projected cost and the fiscal impact. Should the Commission choose Option1, which is to change each state's statute, it would significantly deplete the Commission's reserve. That option, quoted by CSG, would cost \$760,656.03 over a period of four years. Option 2, amending the state codes outside of the Compact, would cost approximately \$2,000. Option 3 is to create an enhanced Compact, which has a projected cost of \$3,000-\$5,000. Option 4, adopting a memorandum of agreement, has a projected cost between \$3,000-\$8,000. Option 5 is to take no action and has no cost.
12. ED Imai gave a summary of the two states, Delaware and Idaho, that have emailed the National Office with their reports thus far.
13. Commissioner J. Clarke Orzalli (MA) inquired as to how eligibility is determined for the National Guard and Reserve members for the new Compact statute. He noted his state's dues would be over triple what they are now. ED Imai said all the Guard and Reserve dependents between the ages 5 and 18 are counted. He asked why dues for 100% of the Guard and Reserve would be charged if only 6% of these members move from state to state. ED Imai said dues would not have to be calculated with all the dependents, but the dues could stay the same or only increase by a percentage since a small amount of the National Guard and Reserve members move.

14. Commissioner Greg Lynch asked if there would be another way to manage these moves and the dependents outside the Compact. Commissioner Backus asked why the fees are so high on Option 1, ED Imai responded it is high because CSG would have to travel to each state and testify before state's legislatures on MIC3's behalf. The first option requires modifying the Compact, and MIC3 would have to ensure that no other changes are made outside what is agreed upon.

15. Commissioner Lynch asked with Option 2 if states are responsible for taking on the work of amending the state codes. ED Imai said someone in the state would need to advocate for the change, with technical assistance from MIC3. Commissioner Backus suggested possibly expanding the cost of this option to have CSG track these changes. Commissioner Lynch suggested asking the Guard and Reserve if they would cover the cost of amending the statutes in each state.

16. ED Imai stated the Department of Defense decides their top ten priorities in September, so MIC3 would have to wait a whole calendar year (since ABM is in November) to see if they could financially support the expansion of the Compact. Commissioner Brian Halstead (NE) indicated he does not see a need for MIC3 to move forward unless the Department of Defense and the National Guard and Reserve support these efforts.

17. ED Imai said states should submit a report on the NGR issue by the end of August to prepare for a decision to be made in November at the ABM. She said the secondary conversation regarding dues can be done next year, but if there is a change to the dues formula the Compact Rules would have to be changed with the Commissions' consent.

18. Commissioner Ragland expressed his State Council may have questions regarding this issue and asked for guidance on what to do if he cannot answer their questions. ED Imai suggested having her brief the State Council. She said the desire at ABM is to narrow down the options or identify the option the majority wants to pursue. Some commissioners expressed concern as to whether this is an issue since the data is hard to find on the number of National Guard and Reserve dependents that are moving. ED Imai said she suspects most kids are currently being accommodated because schools don't know the difference.

ITEM 7 – NEW BUSINESS

20. **CSG Services: Federal & Legislative Bill and Policy Tracking for Military Education –** ED Imai briefly explained the Legislative Tracking Proposal from CSG. She explained that earlier in the Spring some legislation in Arkansas threatened their status of remaining in the Compact. This will hire CSG to track potential policies and legislation on the state and federal levels that could influence MIC3. The proposal is four years, but she said the contract would be for the first year to see if it is beneficial, then the Committee can decide on renewing the contract for a second year.

21. **Operations Audit RFP –** ED Imai said a request for proposals was sent to four companies and two companies responded. She said EXCOM reviewed both options and selected Brian Riggs as the vendor due to the Benchmark option and the lower fees. Commissioner Neuenswander noted the Operations Audit is part of the Finance Committee's Tactics on the current Strategic Plan. The committee agreed to move forward with Brian Riggs' proposal.

ITEM 8 – OTHER BUSINESS

22. **State Deadlines –** ED Imai asked for states to submit their End of Year Reports by June 30, 2021 and also to let the National Office know of meeting dates for their State Councils.

ITEM 9 – ITEMS FOR THE EXECUTIVE COMMITTEE

23. No items were presented for the Executive Committee.

ITEM 10 – ADJOURNMENT

25. With no further business to conduct, Commissioner Backus motioned to adjourn the meeting. Commissioner Debra Jackson (NY) seconded the motion. Motion carried. Chair Neuenswander adjourned the meeting at 12:17 PM EDT.