



MILITARY INTERSTATE
CHILDREN'S COMPACT
COMMISSION

FINANCE COMMITTEE MINUTES

FISCAL YEAR 2021

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**FINANCE COMMITTEE MEETING MINUTES
TUESDAY, JULY 28, 2020**

PRESENT	Craig Neuenswander Tyler Backus Bob Buehn Chad Delbridge Dr. Debra Jackson Alan Kerr Clarke Orzalli Hal Stearns Cherise Imai Lindsey Dablow	Kansas Commissioner/Chair Maine Commissioner Florida Commissioner Wyoming Commissioner New York Commissioner South Dakota Commissioner Massachusetts Commissioner Montana Commissioner Executive Director/Secretary Training and Operations Associate
EXCUSED	Brian Halstead Greg Lynch Kyle Fairbairn	Nebraska Commissioner Washington Commissioner Military Impacted Schools Association/Ex-Officio

ITEM 1 – CALL TO ORDER AND WELCOME

1. The meeting was called to order at 11:00 AM EDT by Craig Neuenswander, Kansas Commissioner, Treasurer and Finance Chair. Executive Director (ED) Cherise Imai conducted the roll call.

ITEM 2 – AGENDA AND MINUTES

- 3. The agenda was motioned for approval by Commissioner Bob Buehn (FL), and seconded by Commissioner Alan Kerr (SD). Motion carried.
- 4. The meeting minutes from May 26, 2020 were motioned for approval by Commissioner Buehn, seconded by Commissioner Kerr as presented. Motion carried.

ITEM 3 – REPORTS

5. **Executive Committee (EXCOM)** – Chair Neuenswander yielded the floor to ED Imai for the report. ED Imai reported the EXCOM discussed planning logistics for the upcoming Annual Business Meeting which will be held virtually due to the pandemic crisis. The confirmed dates are October 1-2 and the platform are through *GoToWebinar (GTW)*. Several Commissioners expressed preference for the Zoom platform, however ED Imai explained a couple of Commissioners are unable to utilize the platform on their government computers. In addition, the GTW system is both secure and cost effective since the Commission currently subscribes to the platform at a cost of \$600 annually. The registration will be released this or next week. Regarding cost, the event will be held at no charge to non-Commission member attendees. The agenda includes committee reports, and program updates, as well as new initiatives. She added the Compliance committee extended the deadline for state reports and council meetings due to the pandemics – to provide states extra time to hold their annual meeting. Lastly, the National Guard and Reserve Task Force will present their recommendation at the ABM.

6. **Strategic Plan** – Chair Neuenswander reviewed the committee's goals and action items. The committee is on target to meet the Year 1 goal to draft the Investment Policy in response to the 2018 Audit recommendation, which will be discussed later in the meeting.
7. **FY20 Dues, Budget and Expenses, Investments** – Chair Neuenswander reported New Mexico's dues is the last state to pay which closes the fiscal year. He stated dues from two states for \$12,464 were inadvertently recorded to FY20 and will be corrected to FY21. Total June expenditure are projected at \$100,000 and we are projected to end the year \$44,000 under budget. This is partly due to the one staff vacancy, and he expressed appreciation for the national office staff in tracking the budget and maintaining operations with two staffers – especially in dealing with the pandemic. He stated the final FY20 reports are anticipated from Accounting on August 12.
8. **FY21 Dues and Budget** – Chair Neuenswander reported 15 states have paid dues - a total of just under \$98,000 or 15% of the budget – which represents 29% of member states to date. He reviewed the budget spreadsheet and noted the annual audit has increased from \$6,000 to \$6,300, and we secured a 3-year contract. At the last EXCOM meeting, we approved an amended budget, which included a reduction in the line item for the Annual Business Meeting which will be held virtually. In addition, employee medical benefits continue to rise annually and has increased by 12%. He noted a significant budget item continues to be the Kentucky Retirement System in which we contribute 50% of employee salary.
9. ED Imai reported staff checked with the Marriot Little Rock Hotel, the Commission will not incur penalties for moving the meeting to 2021. However significant cost increases were anticipated to meet pandemic health and safety regulations for the meetings, including individual meals instead of buffet style; individual tables for Commissioners and microphones; and additional meeting room necessary to accommodate the general and breakout sessions. She concluded she would need to add \$30,000 to the initial budget for audio visual cost alone and would like project \$10,000 more for food and beverage and logistics expenditures.

ITEM 4 – OLD BUSINESS

10. **Small Business Association Payroll Protection Program** – As reported last month, ED Imai stated the Council of State Governments (CSG) was approved for 8 weeks of employee salary and benefits under the Payroll Protection Program (PPP). The projected amount for forgiveness is about \$30,000, if CSG is approved for forgiveness. If approved, it would be reflected in the FY21 budget, not in the FY20 budget as initially reported.

ITEM 5 – NEW BUSINESS

11. **FY2020 Audit** – Chair Neuenswander reported the Commission's preliminary audit documents have been submitted to the auditor, Blue and Co., and the audit will commence once CSG has finalized the end-year reports. ED Imai added the firm has conducted the Commission's audits since our inception.
12. **Areas of Opportunities** – Chair Neuenswander reported in June, the committee requested the National Office provide a list of future needs of the organization. In addition to needs, the document included projected cost for each initiative and budgetary impact. Opportunities included:

- Operations audit - included in the Strategic Plan, and one of the Finance committee priorities. This initiative would require securing an outside firm to conduct the audit, and would analyze current staffing, operations, programs, and identify areas of improvement.
- System Management Software and Database – Investing in a system to manage data and daily operations was needed to support operation efficiency and accuracy.
- Training and Development - investing in software to house and create virtual training webinars. Under the pandemic, this option is optimal to continue the effort to educate stakeholders.
- Ambassador Program – The initiative is new and under the Communications and Outreach committee. Due to the pandemic, they recently postponed the initiative and moved the program discussion to year 2-3.

13. Chair Neuenswander said it was an ideal time for an operations audit, with the current staff of two maintaining operations, with one staffer vacancy. ED Imai said it was a challenge to hire and train a new employee under the pandemic and teleworking environment. She stated in the interim, the EXCOM had approved hiring a temporary administrative assistant and communications intern to support operations.

14. Commissioner Buehn stated they recently hired a new staffer at his University, and it was a challenge for the new person to be trained and to do anything virtually. He empathized with ED Imai in her situation. He asked for clarification on the system data base, and if it was a one-time cost, or would it require ongoing costs? ED Imai replied the projected amount is based on development of a data base or modification of an existing software – she was unsure which option was more suitable without more research. She anticipated monthly costs or an annual subscription fee.

15. **Investment Policy Draft** – In response to Commissioner Clarke Orzalli's (MA) inquiry at the last meeting, if the investment portfolio included foreign companies as there are foreign taxes that are mandated. ED Imai reported she followed up with CSG Finance Director who stated less than 1% of the portfolio is with foreign investments, and to his knowledge CSG or MIC3 have made tax payments, however on the other 99% of the investments do not fall into the category. In sum, CSG, nor MIC3, has filed taxes because we are tax-exempt organizations.

16. The following revision was made by the committee under 'Return Objectives' – “achieve a net rate of return of a minimum of 3% per year.”

17. Commissioner Orzalli motioned to approve the Investment Policy with revisions, seconded by Commissioner Buehn. Motion passed.

18. **Operating Reserve Policy Draft** – The committee agreed to on the goal to target a minimum reserve fund equal to two-year average operating costs.

19. They considered three approaches for authority to use the operating reserves and determined the Executive Director will submit a request to use Operating Reserves to the Finance Committee. The request will include the analysis and determination of the use of funds and plans for replenishment. The organization's goal is to replenish the funds used within twelve months to restore the Operating Reserve Fund to the target minimum amount. If the use of Operating Reserves will take longer than 12 months to replenish, the request will be scrutinized more carefully. The Executive Director would submit a recommendation to the Finance committee. The EXCOM, on behalf of the Interstate Commission, is authorized to approve or modify the request, and authorize transfer from the reserve.

The authority to use operating reserves' process outlined in this section may be enacted by the Finance Committee should the *Operational Reserve Goal* be attained as described in Section II of this policy.

20. Commissioner Tyler Backus (ME) asked for clarity once the operational reserve was reached, and suggested language be added the Finance committee would have the flexibility to determine what would be done next. The committee asked National Office staff to draft the verbiage for this clause, and voting would be conducted via email, with an affirmation at the next committee meeting.

21. Chair Neuenswander noted the committee was aware these types of questions may arise, especially in light of the recent inquiry by the state of Tennessee who expressed interest in a refund of a portion of their dues. However, under the current pandemic, the impact to the commission and operations is unknown at this time.

22. Commissioner Buehn motioned to approve the Investment Policy draft with the final approval of the verbiage to be conducted through email. Seconded by Commissioner Debra Jackson (NY). Motion carried.

ITEM 6 – ITEMS FOR THE EXECUTIVE COMMITTEE

24. No items from members were received.

ITEM 7 – OTHER BUSINESS

25. Pandemic Impact – Members shared about the impact of the pandemic on their state, communities and schools.

26. Chair Neuenswander thanked members for their time and support, especially during this challenging time. He encouraged everyone to stay strong in working through the pandemic – and the work and effort we make benefits students and families.

ITEM 8 – ADJOURNMENT

26. With no further business to conduct, Commissioner Hal Stearns (MT) motioned to adjourn the meeting, seconded by Commissioner Backus. Chair Neuenswander adjourned the meeting at 11:53 AM EDT.

Respectfully submitted by,
Cherise Imai
Secretary/Executive Director

FINANCE COMMITTEE MINUTES
Tuesday, January 26, 2021

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

ITEM 1 – CALL TO ORDER

1. The meeting was called to order at 11:02 AM EST 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 Brian Halstead (NE) moved to approve the agenda. The motion was seconded by Commissioner Debra Jackson (NY). Motion carried.

ITEM 3 – APPROVAL OF THE MINUTES FROM AUGUST 25, 2020

3. Commissioner Bob Buehn (FL) moved to approve the minutes from August 25, 2020. The motion was seconded by Commissioner Jackson. Motion carried.

ITEM 4 – EXECUTIVE COMMITTEE REPORT

4. Chair Neuenswander reports on the Executive Committee (EXCOM) Meeting held in January 2021. He gave a report to EXCOM on the financial standing of MIC3. The Communications Committee gave an update on the Purple Up program. There was discussion on Purple Star Schools at the meeting and the position Commissioners should have with this campaign. The group concluded this is not a MIC3 initiative and Commissioners should not feel obligated to facilitate the program. Commissioner Buehn commented in Florida the

Department of Education is overseeing the program and he is providing support along with the school liaisons.

ITEM 5 – REPORTS

5. **Kentucky Retirement System Update** – There was a written report from the Council of State Governments regarding the Kentucky Retirement System. Chair Neuenswander said the issue will be reported on in future meetings.
6. **FY 2021 Dues, Balance, Revenue and Expenses, Vanguard Investment** – Chair Neuenswander gave a summary of what states have paid FY 2021 dues. Commissioner Jackson shared the governor in New York is not allowing any payments that are not considered essential and wondered if other states are experiencing the same problem. Trainings and Operations Associate Dablow noted two other states have had alternate payment requests but no state has informed the Commission they are unable to pay the dues.
7. Commissioner J. Clarke Orzalli (MA) noted these scenarios support the need for the Commission to maintain an operating reserve.
8. Chair Neuenswander gave an update on the MIC3 Balance Sheet, Income Statement, and the Vanguard investment account. He noted some expenses are down due to the pandemic and the vacant full-time Communications Associate position.
9. Chair Neuenswander stated if expenses are less than budgeted, there will likely be a discussion as to whether some of the states' dues need to be refunded. He noted unless there is a significant decrease in expenditures the amount per state would not be much.

ITEM 6 – OLD BUSINESS

10. **2020 Annual Business Meeting (ABM) Cost Analysis** – Ms. Lindsey Dablow, Training and Operations Associate, reviewed the cost of the 2020 ABM held virtually in comparison with previous years which were held in-person. Part of the expense was an upgrade for GoToMeeting online platform to increase the number of participants on the system, as well as printing and shipping expenses for the meeting documents.
11. Regarding the 2021 ABM, the Little Rock Marriott Hotel allowed MIC3 to move the contract from 2020 to 2021 with the hope that the ABM will be held in-person. She noted the different time frames for what will be owed on the contract to the Little Rock Marriott should the Commission cancel the contract. ED Imai noted \$40K more funds than normal were budgeted for the 2021 ABM to account for safety, health, and social distancing guidelines – such as one table and microphone per Commissioner, which are normally shared.
11. Commissioner Halstead inquired as to why the printing and mailing costs for the 2020 ABM were almost twice what was projected. ED Imai replied it was due to two factors: 1) the increased number of attendees. More than double the usual number of attendees participated

in the ABM than what was anticipated; 2) Hard copies of materials were sent to everyone who requested them.

ITEM 7 – NEW BUSINESS

12. **Strategic Plan Priorities for the Next Year** – ED Imai said the committee has done well with the strategic plan. In the next year, or year two of the strategic plan, the committee needs to research which commissioners are supported by organizations such as the Department of Education. The research will include what kind of funding and administrative support Commissioners receive. ED Imai noted the National Office has provided administrative support for new Commissioners and State Councils. In 2020, the National Office provided support to six or seven states, some of these Commissioners have had multiple meetings.

13. The second item for the Finance Committee to address is to conduct an audit of the operations and programs of the National Office. ED Imai requested permission to conduct a request for proposal for the audit. She noted if the committee approves the request, it would be presented to the Executive Committee for approval at their February meeting.

14. Commissioner Buehn motioned to allow the National Office to draft and secure request for proposals for an operations audit. The motion was seconded by Commissioner Tyler Backus (ME). Motion carried.

15. Commissioner Buehn inquired if the pandemic would affect the operations audit. ED Imai replied it wouldn't be an issue as the assessments and interviews would likely be conducted virtually.

ITEM 8 – OTHER BUSINESS

16. **Webinars and Town Halls** – Ms. Dablow gave a summary of the recent webinars and town halls. These include “The Pandemic and its Impact on Schools” with Dr. Keith Mispagel and “NFHS and Extracurricular Activities for Military Students” with Davis Whitfield. The town hall meeting with Dr. Mispagel was postponed from the 2020 ABM as he was unable to conduct facilitate the session due to an emergency at in his school district.

17. Commissioner Chad Delbridge (WY) said he is unable to attend the town hall meeting, but his school liaison will attend.

18. **Conflict of Interest and Code of Conduct Forms Due 1/31** – These are usually collected in-person at the ABM but due to the pandemic must be collected virtually this year. Commissioners will be sent a reminder email with the links.

19. **Impact of the Pandemic** – Commissioner Douglas Ragland (AL) said the school system where he's a school board member is on virtual learning due to high numbers of infection. He reported the district in Birmingham has had two teachers and a student die of COVID-19 within the span of a week, therefore they are trying to take all precautions.

20. Commissioner Orzalli reported his state has better attendance virtually than they do in person. He suggested the possibility of the EXCOM using virtual meetings to reduce cost and increase effectiveness. He suggested reaching out to the state veteran's affairs (VA) for vaccines if any people qualify for VA Healthcare, if they are unable to obtain them through their state. ED Imai noted some states have prioritized school personnel as a priority to receive vaccines while some have not.

ITEM 9 – ITEMS FOR THE EXECUTIVE COMMITTEE

21. Commissioner Orzalli said there is a financial component of the National Guard and Reserve Task Force (NGRTF) that was introduced at the ABM. He suggested having a person from EXCOM look at the financial impact with regards to cost and dues structure. ED Imai noted the EXCOM is releasing guidance on the NGRTF in the next week which will help discussions within the states.

22. Commissioner Jackson has a West Point parent with four children who is moving to South Carolina and would like to be a resource to discuss how the Compact has helped their children. She requested resources to film a video with their testimonial. Chair Neuenswander reminded the committee the National Office is seeking testimonials such as these. ED Imai said she would connect with Commissioner Jackson to discuss how the National Office can assist her in her with the filming.

23. ED Imai thanked the committee for their volunteerism and hard work. EXCOM has a target date of March to decide whether the 2021 ABM will be in person or virtual.

24. Commissioner Orzalli mentioned a report that was brought up from the Air Force with feedback regarding the Compact. He inquired whether the EXCOM was going to respond to that. ED Imai said the Air Force is the only military branch that has done the survey, it is good for awareness for state councils and Commissioners, but no action will be taken. Commissioner Buehn said the report hammered some large schools near Air Force bases. It has raised awareness on military schools and has increased the desire in Florida for the Purple Star Program. ED Imai said some of the data points are misleading in the study and the effectiveness of schools cannot be measured solely on data.

ITEM 10 – ADJOURNMENT

25. With no further business to conduct, Commissioner Delbridge motioned to adjourn the meeting. Commissioner Buehn seconded the motion. Motion carried. Chair Neuenswander adjourned the meeting at 12:00 PM EST.

FINANCE COMMITTEE MINUTES
Tuesday, March 23, 2021

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

ITEM 1 – CALL TO ORDER

1. The meeting was called to order at 11:03 AM EST 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 Tyler Backus (ME) moved to approve the agenda. The motion was seconded by Commissioner Bob Buehn (FL). Motion carried.

ITEM 3 – APPROVAL OF THE MINUTES FROM JANUARY 26, 2021

3. Commissioner Buehn moved to approve the minutes from January 26, 2021. The motion was seconded by Commissioner Hal Stearns (MT). Motion carried.

ITEM 4 – EXECUTIVE COMMITTEE REPORT

4. The Executive Committee (EXCOM) met on March 18th. ED Imai reported the EXCOM will meet virtually in April over two days. The EXCOM is working on a Commissioner Service Award Program based on years of service and approved the award pin designs. The Tier Groups Program is being restructured, with leads for each group.

5. ED Imai said the EXCOM hadn't determined whether the Annual Business Meeting format will be in-person or virtual, however this is on their agenda for April. A letter of introduction was sent to Dr. Jill Biden, the Secretary of Education, and the Secretary of Defense. MIC3 is a member of the Joining Forces 2.0 initiative, and ED Imai met virtually with

Dr. Biden and 4 other military family organizations last month. ED Imai highlighted April as Month of the Military Child and asked members to tag MIC3 on social media to widely share activities.

6. Commissioner Clarke Orzalli (MA) inquired as to whether EXCOM released further financial data on the National Guard and Reserve issue. She responded the same financial data disseminated in the Annual Business Meeting (ABM) Docket Books were released with the guidance developed by the Executive Committee. She stated she briefed at state council meetings on request.

ITEM 5 – REPORTS

7. **FY 2021 Dues, Balance, Revenue and Expenses, Vanguard Investment** – Chair Neuenswander updated the committee on the FY2021 Dues, Balance, Revenue and Expenses and the Vanguard Investment. Training and Operations Associate Lindsey Dablow noted several states have outstanding dues due to state vendor registration requirements. Additional documents must be processed prior to payment. She anticipated an uptick in payments once this is completed.

8. **FY 2022 Dues Invoices** – Chair Neuenswander reviewed the FY2022 Dues report, and noted the projected dues are \$2,200 less than the current fiscal year.

ITEM 6 – OLD BUSINESS

9. **Kentucky Retirement System (KERS)** – Chair Neuenswander reported Kentucky House Bill 8 would bring conclusion to this issue for MIC3 and said it reduces the employer contribution rate from 49.1% to 39.5%. Additionally, because MIC3 staff are Tier 1 employees, CSG offered to pay 29.35% and MIC3 will pay 10.1% of the cost – effectively lowering our rate substantially. Chair Neuenswander thanked the National Office for their work on this issue.

10. ED Imai expressed gratitude for CSG offering to lower MIC3's contribution. She said Kentucky's Governor is expected to sign the legislation by the end of March.

11. **CSG's PPP Loan Forgiveness** – ED Imai reported CSG's documents were filed and submitted to obtain loan forgiveness, however it will likely be in the next Fiscal Year when it is approved. CSG's Jason Moseley is tracking the forgiveness process for the organization, including the affiliates.

ITEM 7 – NEW BUSINESS

12. **Research State Support for Compact** – Ms. Dablow gave a summary on how activities of the State Council are funded. She reached out to states on additional funding sources outside of the annual dues to support compact activities. The information will be discussed at the next Finance Committee meeting.

13. **Operations Audit RFP** – The request for proposals was submitted to four companies for MIC3's operations audit. Two of the companies were recommended by CSG.

The National Office is interviewing the candidates. The proposals are due on April 7, 2021. ED Imai anticipated two or three proposals.

14. **National Guard and Reserve (NGR), Discuss Financial Impact – Chair**
Neuenschwander directed the committee to look at three documents detailing the potential financial implications of adding the NGR dependents to the Compact. ED Imai asked for feedback and thoughts on a dues for states. Commissioner Orzalli said the NGR Task Force said this affected a very small number of students who actually move interstate. ED Imai said the total NGR dependent numbers are included on the spreadsheet, which doesn't indicate the number that will move. Members were concerned about the increase of adding the NGR numbers to the Compact, and any costs to the Commission. Commissioner Orzalli said the only thing he saw as a possible increase in costs would be for a representative from the National Guard and Reserve to attend the ABM. Commissioner Buehn commented that some of these students are already included in the Compact because of the provision to include the National Guard when activated.

15. ED Imai said the EXCOM asked for a recommendation from the Finance Committee on whether dues should be increased if the NGR dependents are added to the Compact. ED Imai reviewed the five options for consideration. She noted there may be other options suggested by individual states in their report to the Commission due by end August. Thus far, ED Imai noted some states indicated they did not support an increase. She added the guidance provided to the Commission the financial impact is not included in the guidance and was tasked to the Finance Committee for a recommendation. She concluded this item was an entirely a separate decision by the Commission, outside of the options.

16. ED Imai asked for a recommendation from the Finance Committee on a dues increase be finalized at the May 24, 2021 meeting, which will be reviewed by the EXCOM in June.

ITEM 8 – OTHER BUSINESS

17. **Upcoming Webinars and Town Halls –** On April 7, 2021 MCEC will host a training webinar on Compact 101. Ms. Dablow invited everyone to participate if their schedules permitted.

18. **National Guard and Reserve Guidance –** The guidance and supportive documents are posted on the website and ED Imai is available to brief at meetings upon request.

19. **MIC3 Training Opportunities –** Ms. Dablow praised Commissioner Stearns for his work in requiring trainings for Purple Star Schools. The National Office conducted trainings in Montana. The National Office also provided Compact 101 and Compact 201 trainings for California school personnel, school liaisons, and other stakeholders.

20. Commissioner Buehn praised Ms. Dablow and the National Office for the Florida trainings, he highly recommended other states to conduct training. He reported he wrote an article for a military and veteran publication called Liberty Life about MIC3 which he will forward.

ITEM 9 – ITEMS FOR THE EXECUTIVE COMMITTEE

21. Commissioner Orzalli said he was approached by a regional representative for the Department of Defense with legislative priorities. He asked if anyone else received this call and asked for guidance on responding. Purple Star Schools was listed as a legislative priority, which is not an MIC3 program. ED Imai encouraged members to be familiar with the priorities.

22. Commissioner Orzalli asked if we could request the USDoD State Liaison Office, Bill Hampton, to brief all the commissioners on these DoD priorities rather than addressing it to the individual commissioners. ED Imai said Bill Hampton presents annually at ABM on this topic and the Military Representatives.

24. ED Imai stated a survey will be released shortly to Commissioners regarding the upcoming ABM. Feedback will guide the EXCOM in their decision regarding the Fall ABM.

ITEM 10 – ADJOURNMENT

25. With no further business to conduct, Commissioner Backus motioned to adjourn the meeting. Commissioner Stearns seconded the motion. Motion carried. Chair Neuenswander adjourned the meeting at 12:11 PM EST.

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.