

FINANCE COMMITTEE MINUTES
Wednesday, September 27, 2023

PRESENT	Brian Henry Dale Brungardt Brian Halstead Debra Jackson Greg Lynch Terrance McCaffrey Deanna McLaughlin Douglas Ragland Kyle Fairbairn	Missouri Commissioner Kansas Commissioner Nebraska Commissioner New York Commissioner Washington Commissioner Florida Commissioner Tennessee Commissioner Alabama Commissioner Military Impacted Schools Association Ex-officio	Committee Chair
EXCUSED	Rosemarie Kraeger J. Clarke Orzalli	Rhode Island Commissioner Massachusetts 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 11:00 AM ET by Treasurer and Chair Brian Henry (MO). Roll call was conducted by Executive Director Cherise Imai. A 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 Greg Lynch (WA). The motion carried.**

ITEM 3 – APPROVAL OF THE MINUTES

3. **Commissioner Debra Jackson (NY) motioned to approve the minutes from August 23, 2023. The motion was seconded by Commissioner Dale Brungardt (KS).**

4. Commissioner Deanna McLaughlin (TN) said she did not state “member states assist the commission by absorbing some of the cost at the commissioner level. For example, instead of increasing the budget line-item cost of the collaterals and postage, she suggested commissioners could produce their own materials and mail them out to requestors themselves. “She asked for the minutes to be amended to reflect that schools and other outside organizations to print their own materials and absorb the cost for printing.

5. **Commissioner Jackson amended her motion to reflect the minutes to be adopted with an amendment. The motion was seconded by Commissioner Brungardt. The motion carried with one abstention from Commissioner Halstead.**

ITEM 4 – COUNCIL OF STATE GOVERNMENT (CSG) BRIEFS

6. **Employee Benefits** – Mr. Tim Hall, CSG Human Resources Director, stated as MIC3 are CSG employees, CSG negotiates the terms of health benefits on behalf of the Commission. Mr. Hall

reported there was a proposed 12% increase to employee health benefits coverage for both the employee and the employer, according to the healthcare provider, Anthem Blue Cross. Based on MIC3 staff current coverage, the annual cost to MIC3 for medical coverage as estimated at \$25,495. With the 12% increase applied to both the employee and employer contributions and a small increase in the organization's HSA funding due to a rising deductible, the estimated projected annual cost would be \$28,395. The CSG decision is not yet final and CSG's 11 affiliates and 7 regional offices provided input on the matter. He would inform ED Imai once a decision has been made.

7. Members noted the importance of providing benefits for employees, in terms of employee retention, and stated the personnel costs were in-line with expenditures in school districts and other organizations.

8. **FY2023 Audit** – Mr. Jason Mosely, CSG Deputy Director and General Counsel, reported CSG has migrated to a new accounting system, and due to transition challenges, they would not be able to work on the audit until December. He noted this delay was not at the fault of the MIC3 staff. CSG Accounting has suggested two options for the Commission to consider: deferral on the audit report vote; or to move the June-July fiscal year to a January-December calendar year.

9. Members agreed moving the fiscal year to a calendar year was not feasible. They agreed a delay on the approval was the best option. They directed the national office to release the report once it was completed and posted online. They also asked for a webinar with the Accounting Firm to be scheduled to address member concerns.

10. **Reports – Executive Committee (EXCOM)** – ED Imai reported the EXCOM met on September 21, 2023. Executive Director Cherise Imai provided an update on National Office activities, including the National Association of Federally Impacted Schools (NAFIS) conference that she and Chair Anastasio attended. The conference included participation on the Supports for Military Connected Children panel and hill visits to inform on the Compact. The Communications and Outreach (C&O) committee reported a memorandum was released to the Commission on Sept. 12th outlining resources that were updated or created in 2023 that are available for distribution or use by the Commission. The EXCOM adopted the amended Code of Conduct policy proposed by C&O that outlines the acceptable use of Commissioner emails. This will be on the consent agenda at ABM for the full Commission's review and vote. ED Imai reminded members the Docket Book had been released and to review the agenda and handouts for the upcoming meeting.

11. **FY2023** – Chair Henry reported the Commission received Illinois and the District of Columbia's dues earlier this month. Currently, all 51 members have paid their dues. Last month, he reported on the final reports for the fiscal year. Therefore, the fiscal year is closed, pending the annual audit which will be discussed under new business.

12. **FY2024** – The 2024 Reports have not been made available to the Commission and are pending release from CSG Accounting.

ITEM 5 – OLD BUSINESS

13. **2022 NDAA: MIC3 Report by Penn State** – ED Imai reported the 2022 NDAA included a request by Congress to the USDOD on a report on several projects passed by the Defense State Liaison Office (DSLO), including the Compact. The House Armed Services Sub-Committee on QOL was briefed on the Compact by the Defense State Liaison Office earlier this month. The National Office provided information for the brief. In addition, The National Office is working on a congressional

resolution on the Compact – specifically in April during the Month of the Military Child. The National Office has met with Senator Hirono (HI) and Congressman Joe Courtney's (CT) offices to date.

14. **FY2023 Audit** – ED Imai reported as it was noted earlier, CSG was migrating to a new accounting system, therefore, the audit would also be delayed this year. The Members agreed once the audit was completed, the report would be released and posted on the website. And as there is a concern about cost savings, a hard copy would not be provided as in years past. Members may download and print a copy from the website at mic3.net.

15. **State Fiscal Support Memorandum** – ED Imai reported the Committee developed and released the memorandum last year, and to date, no submission or interest has been received by member states. Therefore, she recommended the item be: posted on the website on the Commissioner webpage; included in the new commissioner onboarding process; and to schedule the item in the newsletter twice annually. Members agreed with the way forward.

ITEM 6 – NEW BUSINESS

16. **FY2023 Training Data** – Training and Operations Associate, Lindsey Dablow, reviewed the training data for the past year. The total number of trainings offered by the Commission increased 172% over 2022. The Compact 101 Training course was provided or requested 68 times in 2023 compared to 25 times in 2022. The number of times the Compact 201 Training course was provided or requested increased but was not a focus in 2023. This will change in 2024 with the launch of the Commission's online virtual training platform. The Commission will shift focus to the Compact 201 training sessions. For new members and first-time attendees, the Compact 201 Training focuses on learning through case studies and real-life application of the Compact.

17. She noted the number of in-person trainings remained less than 25% of the total number of trainings. The Commission offered 51 virtual sessions in 2023, accounting for 75% of total training which was an increase over 2022. She added 37% of individuals attending the training sessions were U.S. DoD personnel – which includes school liaisons and Department of Defense Education Activity (DoDEA) personnel; 32% by District & School-level personnel. However, military families are still the hardest demographic for the Commission to reach. This will continue to be a focus of the Training Committee in 2024.

18. **Comparable Compact Commissions** – ED Imai presented information on the Interstate Compact for Juveniles (ICJ), and the Interstate Compact for Adult Offenders (ICAOS), both located in Lexington, Kentucky. The documents included the budgets and staffing for the organizations. She noted the staffing for ICJ was 5 while ICAOS was 6 and the budgets were in-line with MIC3 expenditures. She noted both organizations had established dues increases and guidance to maintain alignment with the consumer price index and cost of living.

19. **Open Records Request: State of Tennessee** – In accordance with the Commission processes, open records requests and their documentation are provided to the appropriate committee(s). In addition, the National Office submits the requests to General Counsel for review and approval prior to responding to the request. ED reported a request was received by Commissioner McLaughlin on the following:

- "FY2021 Approved Budget, FY2022 Approved Budget, FY2023 Approved Budget, FY2024 Approved Budget, & FY2025 Draft Budget.

- Detailed income statements with expense descriptions, dates, and dollar amounts for every expense under each budget line item for the following fiscal years FY2024 YTD, FY2023, FY2022, and FY2021.
- Details on any staff expenses paid for by any of the MIC3 ex-officio organizations for the same fiscal years.
- A list of the current services provided by CSG and the cost for each service provided to include office space.
- List of base salary and benefit expenses for all four paid MIC3 National Staff members.
- Record of base salary and benefit increases for FY2024 YTD, FY2023, FY2022, and FY2021.
- Projected staff & excomm non-ABM travel for the remainder of CY 2023 (CY=Calendar Year), CY 2024, & CY2025 with the location name, reason for travel, name of the organization to be trained or spoken to, the number of staff members and excomm members attending and the breakout of costs for each person.”

20. **Point of View on the Commission Budget** – Commissioner McLaughlin presented her budget reduction proposal. She was concerned about the decrease in revenue and the budget which is at 25% in deficit. In cities, budgets come from taxes and if it is over, that usually means a tax increase. In the cities, if the budget is over the amount, they will go back to the budget and decrease the line items. In government and schools, there is governance to manage expenses. Although the Commission is managed by the Council of State Governments, they are in the state of Kentucky and are bound by Kentucky state policies regarding purchasing which requires a 3-bid minimum. All governments require this type of procedure and policy. She put together a quick google search of documents for review for the Committee to consider. She added the staff travel and are remote, and sometimes work remotely, therefore do they need as much office space at CSG? She had no intention of doing anything with the report, however, she put it together so she can better understand, and the Committee could see her concerns. She stated after the last Finance Committee meeting, she wanted to better understand where the increase in expenditures was trending, and she felt the only way to do that was to request the information ED Imai shared with the Committee. She created a big spreadsheet that includes FY2021 vs FY2023.

21. Commissioner Halstead said the single largest expenditure of the budget is the Annual Business Meeting. He also noted when he was first a member of the Compact, how long could the commission sustain operations with the current budget without raising revenue. He noted the issue was how long can we keep the dues at a fixed rate, and how often does the commission need to come together to discuss business – clearly there was low years, such as during COVID – however it does cost to meet in-person. He noted the staff provides excellent information annually to help guide the Committee and budget-making. Commissioner Lynch said the information provided was good, however we need to continue the discussion to help states if there are conversations on dues increases – and we need to stick to our current process.

22. Chair Henry said the organization and the committee needs to be proactive to design a dues increase - and the metrics to do this, and it should be reported on annually. Regarding budgets and needs, he noted he did the same process when he was in the school district – but it is a challenging conversation. Regarding staff, it is very difficult to find people, and we have good people. We can't keep good people if we don't pay them well and provide benefits. When ED Imai was brought in, the biggest issue was people didn't know about the Compact or what we do. Her charge, by the Executive Committee, was to build awareness of the Commission as we were not known widely. She was also charged with building our programs, resources, and communications on the Compact. We have made huge strides to expand and are successful, and we can see the results. Commissioner Henry stated he cared a great deal about the Commission; however, he emphasized the need to focus on the kids and how we are helping them through the Compact. He understood the need to be good stewards of

taxpayer dollars – and we are good stewards, however, the Commission requires resources to support our strategic plan goals to achieve our mission.

23. Commissioner McLaughlin wanted to know if the decision to not hold ABM was in the Executive Committee area, she also stated that Albuquerque is not a good in-and-out location as far as air travel. Several years ago, the Commission discussed holding the meeting at bigger hubs, and she thought the Executive Committee could look into that. She was in favor of every other year. She felt every other year was better than not in-person at all.

24. ED Imai stated the vote on the meeting frequency was on the Docket for the upcoming ABM.

ITEM 7 – OTHER BUSINESS AND ANNOUNCEMENTS

25. **2023 State End-of-Year Reports Guide** – ED Imai reported the guide was released and posted on the website.

ITEM 8 – ITEMS FOR THE EXECUTIVE COMMITTEE

26. No items of concern were received.

ITEM 9 – ADJOURNMENT

27. **With no further business to conduct, Commissioner Brungardt motioned to adjourn the meeting. Commissioner Lynch seconded the motion. The motion carried. Chair Henry adjourned the meeting at 12:15 PM ET.**