

## FINANCE COMMITTEE MINUTES

Wednesday, March 26, 2025

11:00 AM – 12:30 PM ET

PRESENT	Greg Lynch	Washington Commissioner	Chair
	Brian Halstead	Nebraska Commissioner	
	Rosemarie Kraeger	Rhode Island Commissioner	
	Deanna McLaughlin	Tennessee Commissioner	
	J. Clarke Orzalli	Massachusetts Commissioner	
	Nickolas Sojka	North Carolina Commissioner	
	Kyle Fairbairn	Military Impacted Schools Assn.	Ex-officio
	Davis Whitfield	National Fed. of State High School Assns.	Ex-officio
EXCUSED	Dale Brungardt	Kansas Commissioner	
	Brian Henry	Missouri Commissioner	
	Debra Jackson	New York Commissioner	
STAFF	Cherise Imai	Executive Director	
	Lindsey Dablow	Training and Operations Associate	
	Allie Thomas	Operations Coordinator	
GUEST	Tim Hall	Director, CSG Human Resources	
	Samantha Nance	General Counsel	

### ITEM 1 – CALL TO ORDER

1. Treasurer and Committee Chair Greg Lynch (WA) called the meeting to order at 11:02 AM ET. Executive Director (ED) Cherise Imai conducted the roll call, establishing a quorum. ED Imai welcomed Mr. Tim Hall, Director of Human Resources, Council of State Governments (CSG), and Ms. Samantha Nance (General Counsel) as guests attending the meeting for agenda item discussion.

### ITEM 2 – APPROVAL OF THE AGENDA

2. Commissioner Brian Halstead (NE) motioned to approve the agenda. The motion was seconded by Commissioner Nickolas Sojka (NC). The motion carried.

### ITEM 3 – APPROVAL OF THE MINUTES

3. Commissioner Sojka motioned to approve the minutes from January 22, 2025, seconded by Commissioner Halstead. The motion carried.

### ITEM 4 – COUNCIL OF STATE GOVERNMENTS (CSG) EMPLOYEE BENEFITS

4. Mr. Hall provided an overview of benefits offered to CSG employees, including medical plans, retirement, and scheduled holidays. He reported that the aggregate value of benefits totaled a third of an employee's salary costs and that CSG covered 80% of the total cost for medical premiums as a market-leading employer contribution. Employees were given 12 paid holidays paired with a market-based accrual policy for paid time off (PTO).

5. Commissioner Deanna McLaughlin (TN) asked if there was a limit on the amount of sick time that could be rolled over or if there was a total cap on the amount that could be accrued. Mr. Hall responded that a person could accrue up to 800 hours of sick time and that it would not cost the employer anything until the time was used. Used sick time would then cost the same as if the employee were working and would accrue up to 800 hours again once some of the time was used.

6. Commissioner McLaughlin asked if PTO was used to cover days when the office closed that were not listed on the holiday schedule, such as the four days between Christmas and New Year's. Mr. Hall responded that the time taken off for those days was paid but not drawn down against an employee's PTO balance. He stated that CSG did not guarantee those four days to employees because they made holiday closure decisions in the summer once finances had been reviewed for the year and then left it to the discretion of the affiliated organization on whether they would shut down during that time.

7. Mr. Davis Whitfield of the National Federation of State High School Associations (NFHS) stated his organization shut down for the days between Christmas and New Year's with the understanding that staff was on-call for any critical matters that required work during that time and asked if the national office had a similar practice. ED Imai responded that the national office checked emails and responded to anything requiring immediate attention while the office was closed. Commissioner Sojka commented that school systems across North Carolina operated on the same practice of being on-call for business during the week between Christmas and New Year's.

8. Chair Lynch asked Mr. Hall to explain how far out CSG projected benefit cost increases and the factors used for planning the budget. Mr. Hall responded that the PTO and retirement plans were not anticipated to increase and that CSG maintained single-digit increases in the medical plans but planned for 10-15% when doing the annual budgets. The organization prepared the budget in the spring for the July 1<sup>st</sup> fiscal year start and committed to renewal rates that began in January of the following year. Chair Lynch stated the Finance Committee was trying to project what the benefits costs would be for the next five years out and that the health and medical insurance increases were the hardest to predict.

## ITEM 5 – REPORTS

9. **Executive Committee (EXCOM)** – ED Imai reported the EXCOM met on March 20, and noted the information was sent to the members before the meeting for their review. She announced that the EXCOM tabled the pursuit of resolutions recognizing the Commission and Month of the Military Child following directives and executive orders by the new administration that caused changes and confusion at the federal level, particularly concerning the Department of Defense and Department of Education. The EXCOM planned to approach congressional sponsors in the fall for joint resolutions in April 2026. The EXCOM approved an award for Pennsylvania Commissioner Barbara Clemmer upon her retirement to celebrate her years of service.

10. **Finance** – ED Imai reported 12 states had outstanding fiscal year (FY) 2025 dues. Two confirmed that payment orders were in process and notices were sent on March 11, 2025.

11. ED Imai introduced the *Legal Advisory Cost Analysis Report* outlining the costs of legal services for advisories #1-2025 – *Ex-officio Conflict of Interest on the Finance Committee* requested by the Tennessee Commissioner and #2-2025 – *Flexibility and Waiver of Graduation Requirements* requested by the California Commissioner.

12. **Strategic Plan Year 3** – ED Imai briefed on the Committee's third-year tasks as assigned by

the Strategic Plan.

## ITEM 6 – OLD BUSINESS

13. **Finance Memorandum: Proposed Dues Increase Toolkit** – ED Imai reported the memorandum was released to the Commission on November 27, 2024, and January 21, 2025. The memorandum was also sent to a few state councils upon request of their state Commissioners. ED Imai stated the memorandum could be released to the Commission again.

14. **Finance Memorandum: Guidance on Fiscal Funding** – ED Imai stated the memorandum was released to the Commission on January 24, 2025, and was posted on the Commissioners page of mic3.net. The memorandum was updated and released in January annually.

15. **Dues Increase** – ED Imai announced that changes to the dues formula required a rules change proposal to be submitted to the Rules Committee and asked the General Counsel to assist with drafting the language based on the projected dues and new formula. Once approved by the Rules Committee, the new language would be forwarded to the EXCOM and then sent to the full Commission for a 30-day review. The Committee would be able to meet the rules promulgation timeline if the proposal was approved in May.

16. Chair Lynch reminded that the upcoming five-year budget was based on raising the minimum dues amount from \$2,300 to \$4,000 and eliminating the maximum dues cap. He stated the larger states understood the proposals and gave their support for dues increases. Commissioner Sojka briefed the members about his previous state council meeting, where he introduced Chair Lynch's dues increase slides and emphasized the services and support that North Carolina receives from the Commission. The North Carolina State Council was unanimously in favor of moving ahead with the dues increase as projected.

17. Chair Lynch stated more experienced commissioners needed to bring the dues increase proposal to their state councils, and newer commissioners needed to familiarize themselves with the proposal and prepare for the Commission vote. Commissioner Sojka agreed and stated newer commissioners should be contacted to determine if they were aware and ready to have the discussions and vote. Chair Lynch commented on using the Tier Group meetings and New Commissioner Mentoring Program to make new commissioners aware of the dues increase proposal.

18. Commissioner McLaughlin stated she introduced Chair Lynch's slides to the Tennessee State Council and had a discussion with her State Board of Education, where it was asked if the Commission could establish an administration fee for onboarding new commissioners since the Committee had determined that commissioner turnover was a large expense that used more staff time and resources than well-established states. Chair Lynch stated that the idea had not been introduced and asked to table the question for the next meeting so that he could conduct background research.

19. Commissioner McLaughlin requested a breakdown of the budget line items by expenses to understand how the proposed 4% dues increase would be applied. Chair Lynch responded that the line items were assessed as agreed by the Committee when the five-year budget and dues were developed. ED Imai said projected budgets are based on prior year expenditures and reviewed for anticipated expenses and increases for the next year. For FY2026, line items were adjusted according to their calculated expenditure, and a 4% was applied to the years thereafter. She stated that the approved FY2026 and eight-year forecast could be provided. Commissioner McLaughlin asked if the budget could include the line-item charge code details. Chair Lynch stated the item could be provided to everyone at the next meeting.

20. ED Imai introduced a document that outlined the benefits, supports, and resources that are included with Commission membership. Commissioner Rosemarie Kraeger (RI) asked if any states requested extensive training. ED Imai responded that 85% of the trainings were held virtually, and not one state requested training extensively. Training and Operations Associate Lindsey Dablow clarified that the Training Committee maintained the practice of only going into a state for in-person training once per year. Mr. Kyle Fairbairn of the Military Impacted School Association (MISA), stated that the number one thing the Commission does is help military children and that the Commission did not need to prove what the national office did as long as it was working.

## ITEM 7 – NEW BUSINESS

21. **Compliance Fees Cost Data and Draft Policy** – Ms. Dablow reviewed the results and comments from the finance survey held during the 2024 Annual Business Meeting (ABM) and the FY2024 costs of compliance-related items. Compliance costs were calculated based on staff and Committee time, with commissioner appointments being the most time-consuming task, followed by documentation requirements. Nine states had two or more outstanding items by the end of FY2024, and five states were consistently non-compliant each year.

22. Ms. Dablow introduced a draft of the *Compliance Fee Assessment Policy* document that outlined a policy proposal for assessing fees to states for late dues payments and required paperwork. The proposal consisted of two options for the fee assessment: one recommendation based on the dues policy of the Interstate Compact for Adult Offender Supervision (ICAOS) using a percentage of a member state's total dues amount, and one recommendation based on historical compliance cost analysis data that assessed flat fees for annual dues payments and paperwork. Ms. Dablow noted that the Compliance Committee's position was to assess a high flat fee for late dues payments and a lower flat fee for paperwork items because assessing the fee based on a state's dues amount placed an uneven burden on larger states.

23. Commissioner Halstead asked what percentage of the Commission's total budget covered the compliance item costs. Chair Lynch responded that compliance costs took up less than 1% of the overall budget. Commissioner Halstead stated that being late in paying state dues or appointing a commissioner was the inherent nature of the consistently noncompliant states, and that the largest expense of the Compact was still the ABM. Chair Lynch commented that the assessment fee was intended more to hold states and their appointing authorities accountable than to recover lost expenses.

24. **Ex-officio Cost and Fees Discussion** – Ms. Nance provided an overview of Ex-officio membership to the Commission according to the model statute and outlined their responsibilities as non-voting members of the Standing Committees. She stated that a discussion was necessary to evaluate Ex-officio contributions and how the Commission wanted to proceed in the face of a dues increase. Ms. Nance explained how gifts of public funds or public purpose funds prevented the use of public funds for private purposes or benefits and introduced incidental and ancillary concerns for accepting money from Ex-officio organizations and allowing them to benefit from state dues payments. She reiterated that she had not completed a full legal review of the 50 state constitutions and that the states were authorized to allocate general fund dollars towards Commission dues because the Compact and public education were considered public purpose. Any ancillary effect felt positively by any non-state member was merely incidental and was not the purpose of the dues assessed as public funds when it benefited the Commission's work for all the states.

25. Chair Lynch emphasized the important work that Ex-officio members did to promulgate the Compact and assist military-connected children. Commissioner Halstead stated the Ex-officio organizations helped build valuable relationships and helped with educational transitions, so their value to the Commission was priceless, and that their attendance at that ABM was worth the support and advocacy they provided. Commissioner Sojka commented that Mr. Fairbairn's presentation about Impact Aid and MISA's support of the Commission was extremely helpful and much appreciated at the training held for school district personnel in North Carolina.

26. Chair Lynch stated the current practices and policies regarding Ex-officio membership had a lot of value as it stands and that no constitutional challenges were present. Ms. Nance confirmed that there were no concerns that necessitated any modifications.

## ITEM 8 – OTHER BUSINESS AND ANNOUNCEMENTS

27. **C&O Memorandum: Compact Resources & Tools** – ED Imai announced the Communications & Outreach memorandum for Compact Resources & Tools was disseminated to the Commission on January 15, 2025. The toolkit included items for the Month of the Military Child and other resources for members to share with their state councils and stakeholders.

28. **Compliance Memorandum: Reporting Deadlines** – Ms. Dablow reported the Compliance Committee released the Reporting Deadlines memorandum on January 16, 2025, which reminded the states of membership requirement deadlines. The Commission received 100% of the Code of Conduct and Conflict of Interest forms that were due on January 31, 2025. The remaining items were due on June 30, 2025, and the Commission was on track to receive them.

29. **2025 Compact 101 Trainings** – ED Imai reviewed the 2025 Compact 101 Trainings Calendar infographic and encouraged members to share with stakeholders. She stated that a question about the dates and times offered was raised in another Committee and clarified that the times varied to accommodate attendance worldwide.

30. ED Imai reported that a media release would be disseminated through CSG Communications on April 1 regarding the Month of the Military Child (MOTMC). She encouraged members to forward their state proclamations and social media posts to the national office for inclusion in the final MOTMC video. Mr. Fairbairn expressed gratitude for the Committee's support of Ex-officio members and stated that MISA bought 110 purple shirts for the district superintendents to wear throughout April to demonstrate support for military children.

## ITEM 9 – ITEMS FOR THE EXECUTIVE COMMITTEE

31. No items were received for the EXCOM.

## ITEM 10 – ADJOURNMENT

32. **Commissioner Sojka motioned to adjourn the meeting. Commissioner Halstead seconded the motion. The motion carried.** The meeting was adjourned at 12:21 PM ET.