FINANCE COMMITTEE REPORT

Greg Lynch (WA), Commission Treasurer and Finance Committee Chair

Maintain the integrity of the Compact through accountability, consistency, and best practices. Ensure our revenue and resources support our initiatives; ensure the organization has the tools needed to support the Commission. Continue transparent reporting of the Commission budget and develop opportunities for stakeholders to understand the fiscal operations of the Commission.

The Finance Committee remains dedicated to ensuring the long-term fiscal sustainability of the Military Interstate Children's Compact Commission (MIC3) while safeguarding the Commission's vision of *Successful Educational Transitions* for the children of uniformed service members.

In 2023, the Finance Committee initiated a comprehensive three-year review of the Commission's funding structure. This effort included extensive research and data gathering, financial analysis, committee deliberations, stakeholder engagement, and information sharing with member states. The culmination of this work was the development of recommendations that resulted in amendments to Commission *Rule SEC. 2.103 Dues Formula*, designed to strengthen MIC3's financial foundation and ensure the Commission has the resources necessary to fulfill its mission well into the future.

Leading up to the 2025 Annual Business Meeting (ABM), Finance Committee Chair and Commission Treasurer Greg Lynch conducted a series of informational webinars to educate member states on the Committee's findings and proposed changes to the dues formula. These sessions provided transparency into the Committee's work, encouraged dialogue, and ensured that states were informed before considering the proposed amendment.

At the 2025 Annual Business Meeting, member states overwhelmingly approved the amendment to Rule *SEC. 2.103 Dues Formula*, with 86% voting in favor, 10% abstaining, 2% opposed, and 2% absent from the vote. Representing only the third dues increase since the Commission's inception in 2008, the adopted amendment reflects broad support among member states for maintaining the Compact’s financial stability and preserving MIC3's ability to address the educational transition challenges faced by uniform-connected students and families.

The amendment became effective immediately upon passage and implemented several significant changes:

- Increased the FY2027 annual dues rate from $1.15 to $1.78 per school-age military dependent residing in each member state.
- Raised the minimum annual dues threshold to $4,000.
- Eliminated the maximum annual dues threshold.
- Established an annual 4% dues adjustment beginning in FY2028.
- Instituted a required minimum three-year review cycle of the base dues calculation formula by the Finance Committee.

With the launch of the Commission's 2026-2028 Strategic Plan in January 2026, the Finance Committee aligned its work with the strategic priority of Fidelity, recognizing that maintaining the integrity, intent, purpose, and meaning of the Compact is essential to the Commission's success. To support implementation of the new strategic plan, the Finance Committee developed policy guidance for conducting the regular financial review process now required by Rule SEC. 2.103. The Committee also created a standardized review rubric to ensure consistency, accountability, and timely communication with member states regarding future evaluations of the dues calculation formula. These efforts directly support the strategic objective of ensuring adequate and sustainable funding for the Commission's mission and operations.

During the second half of FY2026, and at the direction of the Executive Committee, the Finance Committee continued to examine additional factors affecting the Commission's fiscal health. Areas of exploration include both tangible and intangible considerations, such as balancing Annual Business Meeting expenses and registration fees, assessing engagement levels, and identifying opportunities to strengthen state and federal partnerships that support MIC3's work.

As the Finance Committee turns its focus to 2027, committee members remain committed to sound financial stewardship, transparent communication, and strategic planning that aligns with the Commission's mission and priorities.