



MILITARY INTERSTATE
CHILDREN'S COMPACT
COMMISSION

2017 ANNUAL REPORT

SUCCESSFUL EDUCATIONAL TRANSITIONS



Leadership



CHAIR

Rosemarie Kraeger (RI)



VICE CHAIR

Mary Gable (MD)



TREASURER

Bob Buehn, Capt, USN (Ret.) (FL)



Letter from the Chair

It has been an honor to serve over the past year as the 5th Commission Chair. Founder of Ford Motor Company, Henry Ford said, *"Coming together is a beginning, staying together is progress, and working together is success."* We started in 2006 with an idea, and the Commission began with a handful of signatory states. Today, with 50 member states and the District of Columbia, we celebrate our progress and milestones: adoption of the new strategic plan, mission and vision; rebranding; new website and collaterals; and focus on ensuring the Compact is implemented in all member states.

As an educator for over 40 years and the District Superintendent of Middletown Public Schools, caring for children has been my passion and why I joined the teaching profession. I am proud to support our military as they serve and sacrifice for our country, and know first-hand that our efforts have a positive impact on children.

I would like to thank our Ex-Officio members: the U.S. Department of Defense; Military Impacted Schools Association; Military Child Education Coalition; National Military Family Association; and National Federation of State High School Associations for their continued support. Their partnership is invaluable and vital to our work.

Our success is largely due to our member states and Commissioners for their dedication and collaborative efforts. Working together is the key to our progress and is the reason for our success. I appreciate the trust and confidence placed in me and our Executive Committee to pave the way ahead - and we do not take this for granted. We look forward to building upon our relationships in the coming year, being passionate about children, and supporting *successful education transitions*.

With warm regards,

Rosemarie K. Kraeger

Commission Chair and Rhode Island Commissioner

General Counsel Report

Richard Masters



The General Counsel provides legal guidance to the Commission and its Committees with respect to legal issues, related to their duties and responsibilities under MIC3 terms, its by-laws and rules. Actively participating in both dispute resolution and litigation matters related to enforcement of the Compact provisions and rules, Counsel also advises the Commission on issues pertaining to investigation, compliance, and enforcement responsibilities. Finally, Counsel may assist with training and presentations to Commissioners and other stakeholders involved in implementation of the Compact as to its legal foundation and application to the states.

NATIONAL OFFICE STAFF



Cherise Imai

Executive Director

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Richard Pryor

Communications Assoc.

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MISSION

Through the Interstate Compact, MIC3 addresses key educational transition issues encountered by children of military families.



Facts and Figures

THE US MILITARY HAS BEEN AN
ALL VOLUNTEER FORCE

SINCE 1973

there are about
1.4 MILLION
on active duty

&

1.4 MILLION
National Guard
and Reserve

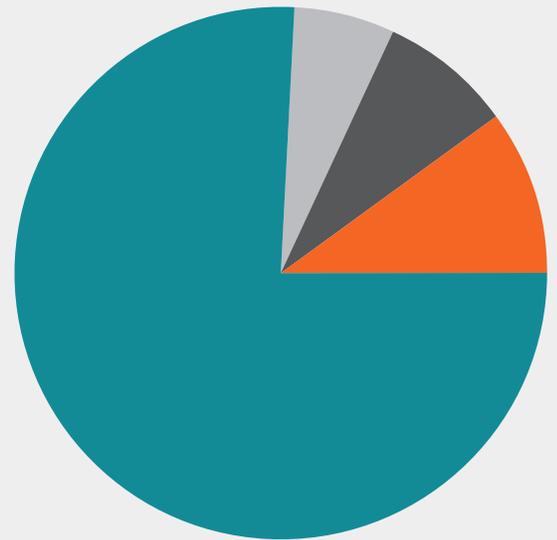
across all branches, approximately
10% ARE DUAL-MILITARY MARRIAGES

OF **1.1 MILLION** SCHOOL AGED CHILDREN (5-18)

630,000 ARE CHILDREN OF
ACTIVE DUTY PARENTS

75% OF ACTIVE DUTY CHILDREN
ARE UNDER AGE 12

DISTRIBUTION OF MILITARY-
CONNECTED CHILDREN BY TYPE
OF SCHOOL ENVIRONMENT



- PUBLIC 76%**
- PRIVATE/PAROCHIAL 10%**
- DODEA 8%**
- HOME SCHOOLED 6%**

Based on data provided by the Military Child Education Coalition (MCEC)

Committee Report

EXECUTIVE COMMITTEE (EXCOM)

Meets monthly, every 3rd Thursday

“During the Interstate Commission meeting, members will be tasked with electing commission officers from among the member states. These officers will serve as the designated leaders of the commission, officiating at commission meetings, overseeing the development and composition of committees, and maintaining close contact with the commission’s staff once hired.”

The EXCOM has focused on the implementation of the first year of the Strategic Plan adopted at the 2016 Annual Business Meeting (ABM). They continue to make strides in outreach to organizations to further expand the knowledge of the Compact and establish partnerships to strengthen the organization. In addition, they continue work on developing a culture of leadership and mentoring for all Commissioners, engaging members on leadership opportunities for succession planning, and utilizing the smaller Tier Groups for more meaningful discussion on issues and concerns. Lastly, the EXCOM approved six legal advisory opinions on Compact applicability, and supported several awards to members and supporters for their contributions in furtherance of our mission.

RULES COMMITTEE

Dec. 13 (2016) | Mar. 14 | June 13 | Sept. 26

“Responsible for administering the commission’s rulemaking procedures, and for developing proposed rules for the commission’s consideration as appropriate.”

At the 2016 ABM, the Commission did not adopt the proposed rules change on Temporary Housing which included an enhanced definition and process under the Compact. They determined the current rule allowed more flexibility for accommodation by member states. The Committee developed a “Case Report Form” to collect best practices on Compact application from stakeholders which is currently under field testing. In addition, the Committee and General Counsel has reviewed legal advisory opinion requests for rules interpretations.

United States Coast Guard (USCG) Eligibility—Whether the provisions of the Interstate Compact on Educational Opportunity for Military Children (MIC3) apply to members of the USCG,

Kindergarten Eligibility—Whether the provisions of Article IV, D. of the Interstate Compact on Educational Opportunity for Military Children (MIC3) and Rule 3.102 (b) require documentation for enrollment in Kindergarten?

State Council Appointments—Whether the provisions of Article VIII, A. of the Interstate Compact on Educational Opportunity for Military Children (MIC3) permits member states to add members to the state council?

National Guard or Reserve not on Active Duty as defined by Title 10—Whether the provisions of the Interstate Compact on Educational Opportunity for Military Children, (MIC3) apply to members of the National Guard or Reserve who are not on active duty as defined in Title 10 of the U.S. Code.

End-of-Course Exam Waivers—Whether the provisions of Article VII, A. and B. of the Interstate Compact on Educational Opportunity for Military Children (MIC3) and MIC3 Rule 4.102 provide for waivers of course requirements, including end of course exams, for any student or is limited only to graduating seniors.

Spouse Eligibility—Whether the provisions of the Interstate Compact on Educational Opportunity for Military Children (MIC3) apply to Spouses of military members.

FINANCE COMMITTEE

Jan. 19 | Apr. 20th | July 20th | Sept. 21

“Responsible for monitoring the commission’s budget and financial practices, including the collection and expenditure of commission revenues, and for developing recommendations for the commission’s consideration as appropriate.”

After extensive discussion and research, the Committee recommended that the EXCOM initiate steps to establish an investment account. In May, the EXCOM approved the investment of a portion of the reserves under the Council of State Government (CSG) Vanguard portfolio which has already resulted in positive returns. The annual audit was completed in August by Blue & Company LLC, and the organization was found to be in good standing. The Committee continues to track external impacts on the MIC3 mission and fiscal outlook.



COMPLIANCE COMMITTEE

Jan. 10 | Apr. 11 | July 11 | Oct. 10

“Responsible for monitoring the compliance by member states with the terms of the compact and the commission’s rules, and for developing appropriate enforcement procedures for the commission’s consideration.”

In line with Article VIII of the model compact language, the Committee developed a new State Coordination Policy that outlines the notification and resignation process for Commissioner appointments, as well as annual information provided to the Commission. This policy ensures compliance with the Statute or Code requirements that each member State maintain a State Commissioner and a State Council. The national office established a records retention policy which includes archiving Commission documents to include State Council meeting agendas and minutes for archival purposes. The Committee continues to monitor several State Commissioner position vacancies as well as states that have not established State Councils.

PUBLIC RELATIONS AND TRAINING COMMITTEE

Nov. 15 (2016) | Jan. 17 | April 18 | July 18 | Sept. 19

“Responsible for developing educational resources and training materials for use in the member states to help ensure awareness of, and compliance with, the terms of the compact and the commission’s rules.”

Following the successful rollout of the new materials and rebranding at the 2016 ABM, the Committee focused on improving the digital newsletter. The reformatted newsletter was well received and reaches a wider audience. In line with the Strategic Plan, the Committee designed the framework for the new website, and included opportunities for constructive feedback throughout all construction phases which culminated in the new website launch on September 11th. To better align with the Strategic Plan and Goals, the Committee also recommended to the EXCOM that the Public Relations and Training be split into two smaller Committees—Communications and Training.

Ex-Officio Members

MIC3 acknowledges the support it receives from its Ex-Officio members as we all strive to do what is best for children of military families.



Kathy Facon
Chief, Education Partnership
and Resources



David Splitek
Program Manager



Eileen Huck
Government Relations Deputy Director



Davis Whitfield
Chief Operating Officer



Kyle Fairbairn
Executive Director

“Thank you to those who helped my daughter and I tackle the impossible.”

—Kristi Queen



Executive Committee



CHAIR
Rosemarie Kraeger
Rhode Island



RULES COMMITTEE CHAIR
John Kaminar
Arkansas



VICE CHAIR
Mary Gable
Maryland



COMPLIANCE COMMITTEE CHAIR
Pete LuPiba
Ohio



TREASURER
Bob Buehn, Capt, USN (Ret.)
Florida



PUBLIC RELATIONS AND TRAINING COMMITTEE CHAIR
LTC Davina French, NDARNG
North Dakota



PAST CHAIR
Kate Wren Gavlak
California



DEPARTMENT OF DEFENSE
Kathy Facon
Non-voting member



“A few days short of graduation we received news that Hailey would walk, we were beyond thrilled. We will never know the lengths everyone went through to make this happen, but we will be forever grateful. Thank you all so very much.”

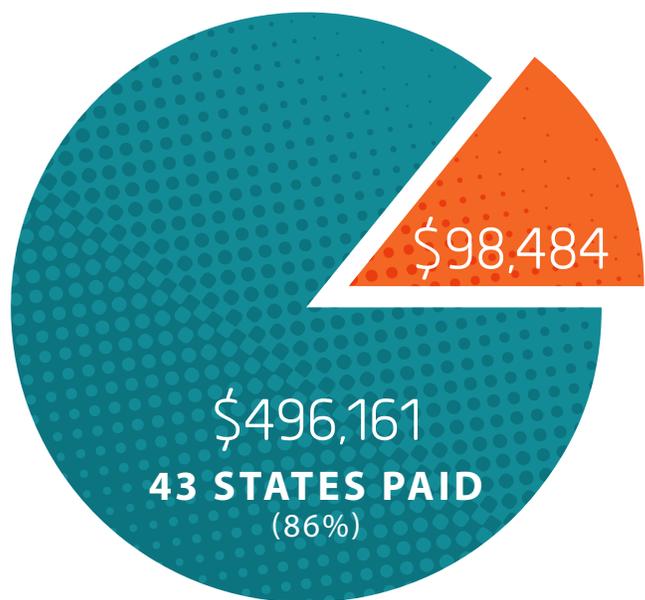
–Kristi Queen

Financial Outlook

ANNUAL DUES PAYMENTS FOR FISCAL YEAR 2018*

based on total amount due of \$594,645

*AS OF 1 OCT 2017



TOTAL PAID 86% | TOTAL OWED 14%

“The dues formula shall be based on the figure of one dollar per child of military families eligible for transfer under this compact, and beginning in FY 2014 this calculation shall be based upon the State in which each military family resides, except that effective FY 2013, and each year thereafter, no state dues assessment shall exceed the sum of sixty thousand dollars (\$60,000.00) per year and effective FY 2014, and each year thereafter, no state dues assessment shall be less than two thousand dollars (\$2,000.00).”

MIC3 Annual Audit

**To the Board of Directors
Military Interstate Children’s Compact Commission
Lexington, Kentucky**

We have audited the financial statements of the Military Interstate Children’s Compact Commission (the Compact) for the year ended June 30, 2017, and have issued our report thereon dated as of the date of this letter. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our letter dated July 23, 2017 and our engagement letter dated May 14, 2017. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Compact are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Compact during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.



Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of this letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Compact's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Compact's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements, we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

This information is intended solely for the use of the Board of Directors and management of the Compact and is not intended to be and should not be used by anyone other than these specified parties.

Blue & Co., LLC
August 14, 2017

"Schools are important in the transition process, and it was a more positive experience when they were welcoming and understood our challenges"

—Holly Meyers Bednarek

MIC3 YEAR IN REVIEW



AWARDS

MG STEPHEN HOGAN
Outgoing Executive Director, MIC3

KATE WREN GAVLAK (CA)
Outgoing MIC3 Chair of the Commission

BG (RET) KATHLEEN BERG (HI)
Outgoing Immediate Past Chair

MELISSA LUCHAU
Commissioner Designee, Virginia

DOUG TAGGART
North Carolina State Council

CURTIS JENKINS
Florida State Council

MARY JANE TAPPEN
Chair, Florida State Council

KAREN PASCHAL
MIC3 Administrator, Ohio

KATHRYN MATAYOSHI
State Superintendent, Hawaii



NEW COMMISSIONER
DR. DOUGLAS RAGLAND
Retired Superintendent



2016 SUPERINTENDENT
OF THE YEAR (NH)
KATHLEEN MURPHY
Commissioner, New Hampshire

PURPLE UP CAMPAIGN 2017



Above: Children from Sand Ridge Elementary School, Onslow County, North Carolina celebrate the Month of the Military Child.

While communities recognize the important role of our active duty men and women, we must remember that families—spouses, and especially children—sacrifice as well. The month of April is celebrated as the Month of the Military Child, and the commission recognized “Purple Up! For Military Kids” on April 25, a day to celebrate military families. “By wearing purple, we recognize the service of our youngest heroes—military children,” said Rosemarie Kraeger, Rhode Island commissioner and district superintendent of Middletown Public Schools.

Established by former U.S. Secretary of Defense Caspar Weinberger in 1986, the designation of April as the Month of the Military Child acknowledges the significant role military youth play in our communities. Why purple? Purple is the color that symbolizes all branches of the military, as it is a combination of Army green, Marine red, and the blue of the Coast Guard, Air Force and Navy.

Right: The Governor of Delaware, Governor Carney meets students from Caesar Rodney School District's Dover Air Force Base Middle School and Major George S Welch Elementary School in recognition of the Month of the Military Child.





MIC3 NATIONAL OFFICE – CASE ANALYSIS

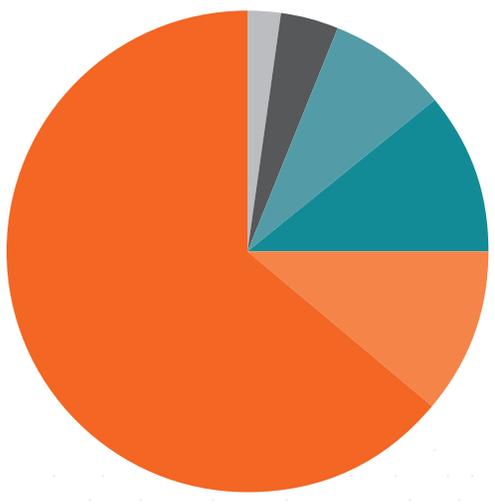
40% of cases were covered by the compact

vs

60% of cases were not covered by the compact

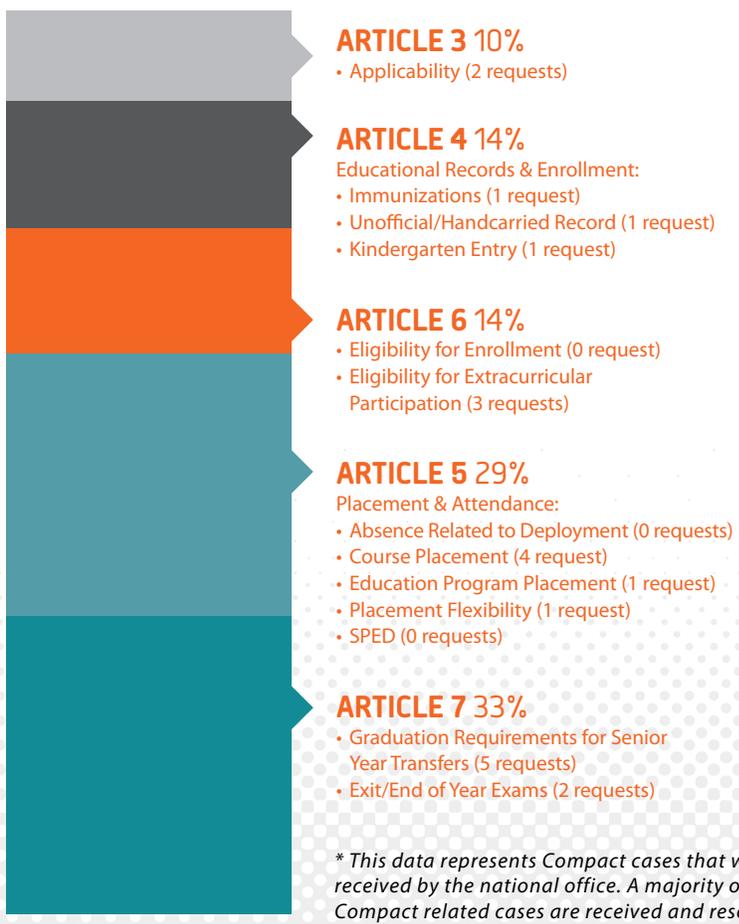
REQUESTS

Requestor



- **PARENT 64%**
- **MILITARY SERVICE 11%**
(i.e. School Liaison Officer)
- **STATE 11%**
- **COMPACT COMMISSIONER 8%**
- **DISTRICT/SCHOOL 4%**
- **STUDENT 2%**

Compact Related Case Topics



** This data represents Compact cases that were received by the national office. A majority of the Compact related cases are received and resolved at the school, district, and State Commissioner levels and not raised to the national level*