

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING
TUESDAY, MARCH 28, 1:30–3:30 P.M., AT MICROSOFT OR MICROSOFT TEAMS MEETING MINUTES**

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) convened on March 28, 2023, in person and via Microsoft Teams. The meeting was publicized as available to the public on the WSOS website.

Board members in person: Brad Smith (Chair), Diane Cecchettini, Miller Adams, Patrick Smith, and Julie Sandler

Board members virtual: Latisha Hill, Mike Wilson, Gary Rubens

Additional attendees: Gina Breukelman, Jane Broom, Jolenta Coleman-Bush, Aileen Miller, Dorin Russu, Nancy Long, Eileen Moran, Heidi Thomson-Daly, Jennifer Weber, Kimber Connors, Javania Cross Polenska, Johnathan Luster, Lisa Magennis, Camille Reynaud, Dena Parmer, Lyanne O'Connell, Tori Campbell, Aileen Tubo, Courtney Chen, Dale Baker, Jess Tholmer, Kendyl Puhan, Francisca Mejia Campos, Genevieve Geiger, Jessica Monger, Joanna Moznette, Juan Carlos Gomez, Lauren Pack, Lindzey Lien, Mesa Herman, Nick Goodwin, Nick Khamphilom, Rachel Wyers, Sam Svilar, Tara Warming, Veronica Craker

Board Member not present: Jane Park

Meeting Called to Order

Brad Smith, Chair, called the Board meeting to order at 1:37 p.m.

Approval of Minutes

Julie Sandler moved that the minutes of the December 12, 2022, Board meeting be approved. Miller Adams seconded the motion, and it was carried unanimously.

Mission Moment: Scholar Opportunity Story

Kimber Connors, WSOS executive director, introduced Nick Khamphilom, Baccalaureate Advisor. Khamphilom introduced Dorin Russu, who graduated from Seattle University with a Bachelor of Science in Civil Engineering from Seattle University in June 2022. Russu currently works as an engineer at the Washington State Department of Transportation. Russu serves as a Scholar Lead for first and second year WSOS scholars at Seattle University. Russu shared that he was born in Ukraine. He and his family of eight moved to the US when Russu was one. Russu said his parents instilled in him the value of hard work and education. He attended Running Start, earned his Associate of Arts degree, and went on to attend Seattle University. Russu said he felt lost and alone as he faced the obstacle of paying for college. Russu said that WSOS not only provided financial assistance, but they also helped him develop organization, leadership, and communication skills. He noted that WSOS gave him the resources and support he needed to succeed. Russu said that WSOS was there to celebrate his successes and support him during various struggles while attending college.

Cecchettini asked what the Board could do to support students better. Russu said that Scholar Lead support and mentorship were very impactful. The Leads support a lot of Scholars, and the mentors could give more individualized attention if the ratio were lowered.

Adams asked when Russu decided to become an engineer. Russu said he has a brother who is ten years older and is also a civil engineer. He said he basically copied what his older brother did, including the same schools. Adams also asked about the projects that they are working on. Russu is working on the expressway that will connect to the Port of Tacoma.

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Brad Smith said that Russu exemplifies what we hope to draw to WSOS and also what we hope scholars will get out of the program.

Ed Corner

Connors reviewed the strategic priorities and reminded the Board that teams have goals that they are working toward under each priority. She overviewed the high-level categories of work each team was responsible for in the strategic plan, then turned to spotlight our current status.

The Awards team is focused on improving the eligibility of our applicants by advertising to students who will ultimately be eligible for the program. We are also focused on students successfully completing our internal processes, where they prove they have been accepted into an approved major to receive an increase in scholarship dollars, and the renewal process, where they show they still meet the program's statutory requirements. Lyanne O'Connell, Awards Director, has been working with Washington Student Achievement Council (WSAC) and other higher education partners to identify gaps in our processes, creating challenges and barriers to students accessing full financial aid packages. As a result, we have adjusted our renewal and increase deadlines to better align with financial aid processes.

Connors noted that the Programs team focuses on improving persistence that helps scholars reach the finish line. We want to make sure Scholar Leads are talking to their students. We are also focused on students improving career outcomes through industry mentorship. The Career & Technical Scholarship (CTS) is newer, and we are growing the industry mentorship program. Connors stated that Programs also focus on closing the opportunity gap by targeting phone calls and emails to students furthest from educational opportunities.

Connors said the External Affairs team has been focused on Media engagement. We are really close to meeting our earned media goal and about halfway to our goal for speaking engagements. We have a new interview with Bristol-Myers Squibb. We have had more opportunities coming to us rather than the need to pitch opportunities. We do not have the social media growth we want, but we have strong engagement with those who follow us. We are making minor changes to the website leading to a bigger revamping of the site for better click-through rates and time spent on our site.

Sandler suggested that when we have content that we are excited about, we should use Board members to help amplify it on LinkedIn.

Connors shared that we hired a new promotions specialist with a grant from Boeing who was immediately on the road doing promotions work. We also invested in targeted ads for specific communities. Although there has been a drop in higher ed enrollment, we saw a 9.5% increase in submitted applications for BaS and CTS this spring.

Connors said the Development team hired three new staff. Despite having a small team last year and no OpportunityTalks, donor loyalty numbers were strong. We think it is because we launched our first-ever annual fund. We also printed an impact report for the first time and an end-of-year card to keep our donors engaged with the mission and return year after year. We continue to focus on Hot Topic dinners for donor acquisition.

The Operations team is focused on onboarding the ten new staff and designing and conducting training for all staff. Jvania Cross Polenska developed the Management and Leadership Academy. The first training sessions were on feedback and accountability. We are still struggling with program administration transition issues.

Brad Smith asked if hiring is the main thing that has changed since the last board meeting. Connors said hiring and the learnings from the new hires as to what things are working and what needs to be changed to become

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more efficient and impactful. This past year we had so many unfilled positions, so we did not have enough time to do all that we knew needed to be done.

Connors reviewed the key wins of the quarter, which are the new hires, the implementation of our Management and Leadership Academy, and our Bill advancing through the Legislature. Typically, you need to wait until the governor signs a bill, and there is a 90-day waiting period before it becomes law. Our champion Senator Lee put in an emergency clause, so the bill becomes law as soon as it passes through both chambers. Another win is that our application numbers are up year over year. Connors said this is a testament that we can make a difference when a problem is identified, and resources are poured into it. Key challenges are building processes and systems with our program administrator (PA), onboarding all our new hires, and our leave planning.

Connors requested board action to direct the executive director to take the steps necessary to identify and pursue PA options that ensure certainty and continuity for program administration and delegate authority necessary to accomplish this task. Our contract with 501 Commons will end next summer. We have three options available. The first is to start negotiating to renew the contract with 501 Commons, which is a change to the cost structure. The second is to go through the RFP process to see if there is a new PA that we want to consider. Third, if the bill passes, we need to explore what it will take to start a new foundation. If approved, we will explore these three options and come back with a recommendation to the board at the June meeting.

Brad Smith opened it up for questions. Cecchetti said we must stay ahead of things rather than be reactive. There were no questions.

Board Action: Cecchetti made a motion to give the executive director authority to identify and pursue PA options. Adams seconded the motion, and it carried unanimously.

Management & Leadership Academy

Javania Cross Polenska, WSOS deputy director, gave a brief overview of her two decades of management and leadership experience. Polenska stated that when she started at WSOS, there were 16 staff and now we have 30. A significant ripple effect occurs when new leadership is brought into a small organization. We have great policies and practices in place, but we need indicators such as staff engagement and retention numbers to show that we are a preferred workplace. We know it is the people that create a great workplace culture and that we must start with leaders. Surveys show that non-profits struggle to retain mid-level staff, and 1/3 of people leave because of dissatisfaction or disengagement with the current organizational culture. Polenska developed the Management and Leadership Academy and is asking for Board feedback on what we can do to make it better while we grow our existing staff base. Polenska reviewed WSOS organizational survey data and said that she believes a big reason for the drop in satisfaction is due to our hybrid policy and that WSOS does not allow team members to work 100% remotely.

Sandler asked what the hybrid policy is. Polenska said that staff are required to come into the office two days per week. One day is with their entire team, and then they pick one other day.

Polenska said we continue to look at data internally and in other spaces. Nonprofits have a history of bringing in talent from the outside, which means we are not growing talent from within. Like most nonprofits, we are importing it. New hires learn not only their job but also the elements that are unique to our culture.

Latisha Hill asked if we have a baseline of how our data compares to other organizations of our size. Polenska said that she has some metrics and will follow up with Hill. WSOS is comparable in terms of turnover, attrition, and voluntary separation. Hill said they did baseline data on “enjoying work” to learn about the impact of hybrid. Hill said it is important to know where we are with our peers so that we are fixing the right things that we actually have control over.

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Polenska said we are doing many things that nonprofit capacity-building organizations say we should be doing. We invest in great leadership, competencies, goals, values, and role clarity. We know these things need to be executed at the management level. We know that nonprofit leadership is different from for-profit leadership, and even though the toolkits are similar, there are some distinct differences. We want to bring forward best practices from across the board and maintain high standards for what is possible. We are challenging ourselves around the characteristics of high-performing organizations. Polenska said that this is the pilot year for the Management & Leadership Academy, which is designed to give our leaders a community where it is safe to learn, practice, fail, try again, and succeed. We have a guided approach to leadership of self, program, others, and work management.

Gina Breukelman asked if we are doing the work as a leadership team in person. Cross said we are meeting virtually and in-person quarterly.

Adams asked if Polenska was facilitating all of the training. Polenska affirmed that she is doing it all, but when Connors is on leave, she will be unable to maintain this work in addition to the interim executive director role.

Polenska highlighted early indicators of success. All staff who have attended said it is a good use of their time. This work is scalable. We were able to use the training we did with directors and managers and use it for a full day of staff training. 100% of staff said they valued the training. There are areas for improvement. The challenge is ensuring that this work translates into outcomes. We will continue to look at the feedback from staff and iterate to great.

Polenska asked the Board for feedback. Brad Smith said that pre-pandemic nonprofits focused more on their donors and less on their beneficiaries. There has been a big push to act, look and think like our beneficiaries and there is a risk of losing donors. We have to span greater diversity in income, age, and background, which makes it a more complicated job than it used to be. We must invest more in leadership and management to do this well.

Sandler said this is the same conversation she is having with other nonprofit boards for organizations similar in headcount to WSOS. One of the trends in startups is not only leveraging a board of directors but empowering managers at different levels to have their own "board of directors." In the start-up world, different basis points are being given over to advisors to support folks who are new to roles. In the non-profit category, there is more of a sense of personal upside in the organization's social impact. A board of advisors can rally around highly critical positions with more personal advisory support. Sandler added that it could be monthly or bimonthly meetings, coaching, or just being a sounding board to check different opportunities and challenges a manager is facing.

Polenska asked the Board what the single most crucial piece of advice they would give leaders at WSOS to become more effective.

Adams said leading by example is very important, and Polenska is setting the tone in terms of organizational values through these trainings. Adams asked for an organizational chart to see who our leaders are.

Cecchetti asked if we had done an inventory of the emotional intelligence attributes of our team members. Polenska said we have tried different inventories, but it has yet to take hold. Polenska noted that recently staff were talking about the value of this. This is an excellent example of something we need to take stock of and figure out what we do to build coaching and support for strengths and gaps. Cecchetti said she used Daniel Goldman's work and incorporated it into evaluations. Cecchetti said that people seem to struggle in a negative cycle because they do not know how to lead in tough times. They lack the requisite skills needed, such as persistence, diligence, and the belief that they can do this. We need leaders to be proactive rather than reactive. Look at good examples of other companies and other times.

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Brad Smith said that a single piece of advice he would offer is what is reflected in everything that Connors does. He recalled in the early years when WSOS was having issues with the PA, who said that the WSOS ED had unreasonable expectations for a non-profit. Brad Smith said that is why they liked her. There are things that people give up to work at a nonprofit, but there are things they gain in terms of mission. Brad Smith said we are doing an excellent job of capturing the mission, the excellence, the ambition, and even investing in people the way we are. He said to stick to these values. Connors said one of our values is to seek excellence.

Mike Wilson said his advice is for leaders to be present. Staff must believe you know them, understand their job, and see them as colleagues instead of employees. Polenska said we continually talk about the need to be in relationship as a condition for success, which is a good reminder to continue reinforcing this message.

Polenska asked if there were other things we should be thinking about. Sandler shared a data point about the floating office day from a study they conducted across 60 younger companies in their portfolio with 4 – 40 employees. The companies with the floating day had higher unwanted attrition over the past year than those with set days. It is hit or miss who staff see in the office on a floating day, making it useless to come in. Sandler asked if we need a floating day vs. set days.

Hill said that she noticed that folks doing a reboot with a large number of new staff mixed with their legacy leaders takes a lot of work to merge the two cultures. The new staff may see the culture as different from what the legacy staff thinks it is. Make space to be authentic and genuinely know what you are working towards. Otherwise, no amount of training will help.

Brad Smith said effective leadership training is about staff spending time with leaders. Getting people together in the office, having informal interactions, listening to each other, networking, being present, and then carrying that over to the leadership training is another useful thing to consider.

Breukelman said that the people who have been doing two jobs while we have had unfilled positions are probably close to burnout. Recognize, acknowledge, and address this issue that is probably showing up in the culture, whether apparent or not.

Brad Smith commended Polenska on her presentation and said this is fantastic and thanked Connors for sponsoring this work.

Campaign Update

Connors introduced Heidi Thompson-Daly, our lead campaign counsel, and Jennifer Weber, campaign co-counsel. Thompson-Daly celebrated that \$44.6M is 60% of our goal of raising \$75M in private philanthropy. We have \$30.3M left to raise by December 31, 2025. We are in the active campaign stage, raising money from leadership, principal, and champion-level donors. Although we are actively raising these funds, it is still the quiet phase until we hit 80% of the \$75M. We want to launch the public phase at Opportunity Talks 2024 and will know at the end of this calendar year if we are in a position to do that. We would also like to implement a regional fundraising model. Most of the philanthropy so far has come from the Puget Sound area. WSOS, being a statewide program, needs a statewide campaign. Thompson-Daly reviewed a list of accomplishments to date. There are five priorities for the remainder of 2023. We want to fully mobilize campaign leadership and recruit additional members. We need to qualify prospective Champion and Leadership level investors. We also need to acquire new individual and corporate donors. Our fourth priority is to solicit and close gifts of \$50K-\$5M, and our final priority is to host well-attended engagement activities. Thompson-Daly listed the nine campaign steering committee members, and stated the committee needs 3-5 more members willing to passionately fundraise for WSOS for the next two to four years. Each member makes introductions to potential donors, solicits campaign gifts, stewards high-level donors, attends campaign events, supports the co-chairs, and champions the campaign overall. There is also an honorary campaign cabinet which is a diverse group of individuals representing a variety of STEM, health care, and trade industries from different parts of the state and different philanthropic circles. Cabinet members endorse the campaign, and their influence is leveraged

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thoughtfully. We are looking for 13 – 19 more members for this cabinet. Thompson-Daly shared the campaign's name, officially "Tomorrow, today. The campaign for WSOS." The tagline is, "Powerful students powering Washington." The secondary tagline is, "By investing today, we all win tomorrow." Thompson-Daly shared the campaign's core messaging, primary strategy, and goals for the next 8 months. Money follows engagement. In addition to the Hot Topic dinners, we have multiple other ways to engage potential donors. The ways the Board can help is by identifying five to eight campaign investors or corporate partners; hosting a Hot Topic Dinner; assisting with thank you calls after Opportunity Talks; assisting with the recruitment of additional steering committee and honorary cabinet members; joining Connors or Camille Reynaud on a donor visit which would give you a chance to hear how they talk about the campaign.

Sandler asked if there are things we are doing to help mitigate the risk during these challenging financial times. She said she had seen commitments made before May of 2022 decrease because many people have less liquidity. Connors said that because of the timeline, we have seen people shift to the right time for them to make a gift, but we have yet to see them pull back from their gifts. We are fortunate that we don't have cash in and out in the same year. That is not the case for many nonprofits, so we are grateful for our financial model. Thompson-Daly said we should have more conversations about this issue as we move forward.

Brad Smith thanked Connors for being persistent and complimented Thompson-Daly on her clear and well-organized communication. This is a big step in the direction we need to go. Thompson-Daly said Connors is a big reason we are at \$44.6M during these challenging financial and staffing times.

2023 Graduate Selection Criteria

Johnathan Luster, WSOS programs director, shared the statutory intent of the Graduate Scholarship (GRD). The selection principles are to select Scholars who are likely to practice in a Washington State Medically Underserved Area (MUA) or Health Professional Shortage Area (HPSA) post-program completion, are most likely to benefit from the financial support, and will work in behavioral and primary health care fields across Washington state. The one change we would like to make is to increase the number of rural Scholars from four to six after hearing about clinic closures in understaffed rural counties.

Cecchetti recommended that we do some longitudinal tracking of our graduates to see that they really are serving in these particular areas. It would be telling to see what they are able to accomplish. This would help gain more support for the program.

Board Action: Adams made a motion to approve the 2023 GRD selection criteria. Cecchetti seconded the motion, and it carried unanimously.

Finance and Program Administrative Update

Patrick Smith, Finance and Investment Committee Chair, reported on the most recent meeting. The committee has changed the format, shortening the WSIB and PA reporting to leave more time for discussion and questions. We received the investment update from our fund manager through December 31, 2022, so it does not reflect the current banking crisis we have been experiencing. As of December 31, we have total assets of \$120.9M, down slightly from October 31, an 11% decrease over the same month from the previous year. We had private cash receipts of just under \$600K, and scholarship disbursements for the period were \$5.9M. Total liabilities were \$22.8M, down slightly from October 31 due to the scholarship disbursements and a slight change in payables. Net assets totaled \$98M, a 3% increase from October 31. Pledge receivables include \$9M from Gary Rubens and \$12.5M from Microsoft and some others. Patrick Smith noted that any pledges from a Donor Advised Fund (DAF) could not be recognized as revenue until we receive the cash. We have commitments higher than what shows up on the balance sheet, and they show up on the income statement where our actual revenue for the year shows as significantly under budget. This is primarily because of the

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Ballmer pledge of \$10M through a DAF. Development staffing issues, markets, and other things also contributed to the private revenue being slightly below budget. Expenses are favorable for the year by just under \$900K, mainly due to gaps in hiring. The overall bottom line is \$22M unfavorable for the year. Scholarship expenses are a little below budget, which leads to our overall net income for the year being unfavorable by \$18.2M. An F&I committee member asked for a rolling 12-month cash flow statement, which is included in the pre-read. We are required to review our short-term investment policy. It had minor changes, like changing the PA from WA STEM to 501 Commons and other wordsmithing. This is also included in the pre-read. The committee voted to recommend that the Board approve these changes.

Board Action: Patrick Smith made a motion to adopt the updated short-term investment policy. Cecchetti seconded the motion, and it carried unanimously.

Executive Session

The meeting went into Executive Session at 3:31 p.m. to evaluate the performance of a public employee and to obtain advice from legal counsel.

Board Action: Cecchetti made a motion to increase the Executive Director's base salary by 8%, retroactive to January 31, 2023, plus an 8% bonus, and a motion to appoint Polenska as the interim executive director and compensate her \$9,000 for four months. Adams seconded the motions, and they both carried unanimously.

The open meeting reconvened at 3:37 p.m.

The meeting adjourned at 3:38 p.m.

Respectfully submitted,

Dena Parmer