

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

BOARD MEETING AGENDA
TUESDAY, OCTOBER, 3, 2023 | 1:00-3:00 P.M.
IN-PERSON OR REMOTE

To join virtually: Click on the Microsoft Teams link in the meeting invitation or dial in #: 323-849-4874 / Phone conference ID: 794 904 022#

To join in person: Microsoft Campus, Building 34, The Boardroom 34/5565 Private

Meeting open to the public via conference line above.

Members of the public may register for remote or submit written Public Comment to address the Board. Details on how to provide Public Comment are listed below:

Remote Public Comment – Email Dena Parmer at dparmer@waopportunitiescholarship.org to speak during Public Comment. You must register 48 hours in advance of the meeting start time. Public Comment lasts six minutes in total, with each speaker having two minutes for comment. Speakers must be registered to be recognized by the Board Chair.

Written Public Comment - Email Dena Parmer at dparmer@waopportunitiescholarship.org to have your comments read during Public Comment. You must submit your comment 48 hours in advance of the meeting start time. Public Comment last six minutes in total, with each speaker/submitter having two minutes for comment.

GUIDELINES AND TIPS

- Agenda times are estimated.
- Generally, each speaker has two minutes to address the Board. If more than 3 people sign-up, speaker slots will be granted in order of registration/submission and speakers will be limited to one minute thirty seconds each.
- The total “Public Comment” period will be no more than six minutes.
- Please be advised that each speaker's public comment is being recorded.
- Questions will not be answered during a speaker’s turn.
- Give your name and connection to WSOS.
- All comments should be addressed to the Board Chair, not individual Board members, staff or members of the audience.

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I.	Meeting Called to Order		Brad Smith Board Chair	1:00pm
II.	Minutes from June 21 and July 28, 2023 Meeting » <i>Board Action:</i> Approve minutes	[Tab A]	Brad Smith Board Chair	1:00 - 1:05pm
III.	Mission Moment: Opportunity Scholar Story	[Tab B]	Arian Araiye Opportunity Scholar	1:05 - 1:15pm
IV.	Public Comment		Public	1:15 - 1:21pm
V.	ED Corner: Community & Technical College Landscape Review	[Tab C]	Javania Polenska Interim Executive Director Paul Francis SBCTC Executive Director	1:21 - 2:05pm
VI.	Academic Year 2023-24 Programs	[Tab D]	Johnathan Luster Programs Director	2:05 - 2:15pm
VII.	2024 Legislative Priorities	[Tab E]	Jessica Monger External Affairs Director	2:15 - 2:35pm
VIII.	Finance & Program Administrator Update » <i>Board Action:</i> Adopt F&I Committee Charter update	[Tab F]	Patrick Smith Finance & Investment Committee Chair	2:35 - 2:50pm
IX.	Executive Session		Brad Smith Board Chair	2:50 - 3:00pm
X.	Closing		Brad Smith Board Chair	3:00pm

Upcoming Board Meetings

Thursday, December 7, 2023

Attending in person? Check in at the front desk to get a nametag and give them your license plate number.

Tab A

Board Meeting Minutes

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING
JUNE 21, 2023, 1–3 P.M., AT MICROSOFT OR MICROSOFT TEAMS
MEETING MINUTES**

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) convened on June 21, 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), Julie Sandler, Miller Adams,
Board members virtual: Diane Cecchetti, Jane Park, Mike Wilson, and Patrick Smith
Board members not present: Latisha Hill, Gary Rubens

Additional attendees: Gina Breukelman, Jane Broom, Jolenta Coleman Bush, Aileen Miller, Jvania Cross Polenska, Nancy Long, Aileen Tubo, Courtney Chen, Dale Baker, Dena Parmer, Faye Alarcon, Francisca Mejias Campos, Genevieve Geiger, Hayley Schaefer, Jess Tholmer, Jillian Luis, Johnathan Luster, Juan Carlos Gomez, Kendyl Puhon, Lauren Pack, Lindzey Lien, Lisa Magennis, Lyanne O'Connell, Nick Goodwin, Nick Khamphilom, Niki Cramer, Rachel Wyers, Sam Svilar, Tara Warming, Tori Campbell, Veronica Craker, Ray Jackson

Meeting Called to Order

Brad Smith, Chair, called the Board meeting to order at 1:03 p.m.

Approval of Minutes

Diane Cecchetti moved that the minutes of the March 28, 2023, Board meeting be approved. Mike Wilson seconded the motion, and it carried unanimously.

Mission Moment: Scholar Opportunity Story

Jvania Polenska, WSOS interim executive director, introduced Nick Goodwin, CTS program manager. Goodwin introduced Donald R. Jackson (Ray). Jackson said he is a full-time student, father, and husband pursuing an Associate in Applied Technology (AAT) for networking technologies at Clark College in Vancouver, Washington. He was born in Louisiana and joined the Navy after graduating high school. Jackson said one of the biggest reasons he joined the military was for access to higher education. He chose Vancouver because Clark College was across the street from the local Veterans Affairs facility. Jackson shared that the CTS Scholarship helped improve his and his family's quality of life by allowing him to focus on school and pay for his daughter's childcare. He used to work long hours, eat in his lunch van and have a long commute that took time away from studying and family life. He decided to change his career path to work hybrid to spend more time with his family while better providing for them. Jackson said he is passionate about his future because of the opportunity to help develop technologies to make life easier and more efficient. He added that the chance to be involved in shaping the future of our world is a dream come true. Jackson finished his first year as a Career & Technical Scholar Lead and thanked the Board for working hard to help create his success story. Brad Smith asked if there were any questions.

Miller Adams asked how Jackson heard about the CTS opportunity. Jackson said Dwight Hughes, the department head at Clark College, is constantly pushing opportunities for students to grow in the field and become successful, and the CTS is one of the things he often mentions. Jackson said it has been more beneficial than he ever could have imagined.

Brad Smith asked Jackson to advise the Board about things WSOS should consider or change. Jackson said he does not have constructive feedback to give. He said the experience has continually gotten easier. He said the process has been streamlined and made it easier to process paperwork. He said the pay structure and timing for the CTS lead have improved. Jackson said there are so many things that WSOS is being proactive about that he has no complaints.

Adams asked what Jackson would be doing next. Jackson said he has two or three terms left to get his AAT and needs to decide if he will go directly into the networking workforce or pursue a bachelor's in cybersecurity.

Brad Smith thanked Jackson and told him the Microsoft cybersecurity profession needed him.

Public Comment

No one signed up for public comment.

Executive Session

The meeting went into Executive Session at 1:15 p.m. to obtain legal advice. The open meeting reconvened at 1:39 p.m.

Ed Corner

Polenska reviewed our intended impact and four key priorities. Polenska said the Awards team continues to focus on maximizing the eligibility of our Scholars. We struggled to reach our goal for eligible applicant numbers, which we believe is due to financial aid submissions on behalf of Baccalaureate Scholars (BaS). The Career & Technical Scholarship (CTS) Scholars need help navigating eligibility and more support navigating their paperwork submissions. Polenska said we've had instances where students cannot accept our Scholarship because they have maxed out their financial aid. We are evaluating our offerings and what we can do to make sure students maximize the money that we provide. The Programs team has been focused on Scholar persistence. We have seen persistence across all of our programs. The number one reason students have opted out of the renewal process is because they have graduated. Polenska said. We do not have the final numbers yet, but we are confident our flagship program, particularly Scholar Leads and all of our programming is working as intended. Scholars are engaging in our programming at a high level. An area for growth continues to be around improving career outcomes. We've already taken steps to offer more activities for Scholars. We continue to offer our Skills that Shine mentorship program but know that there's more to do to have the intended impact on the lives of our Scholars. The External Affairs team has traveled around the state, building relationships and spreading the word about WSOS. Polenska thanked Julie Sandler, who facilitated two important connections for WSOS that resulted in two meetings. We are meeting with the Washington School Counselor Association (WSCA) to provide some webinars, which will give us additional visibility and access to high schools across the state. We also have a meeting with the Pacific Northwest Region of the National Association of College Admissions Counselors to help extend our reach. External Affairs is working to gain more social media growth. We are learning to set appropriate targets as we learn from this past year.

Sandler mentioned the turnover metrics across the school pipelines. Teachers, administrators, and counselors are averaging 100% turnover over the past three and a half years resulting in the loss of many of our advocates. Polenska said that it is a big moment of opportunity for us as we reach new pipelines in ways we have not before. We have to work hard to make ourselves relevant in more ways.

Polenska said the Development team raised \$755K, which we have historically done at the fundraisers before Covid hit. Polenska acknowledged Brad and Kathy Smith's \$3M pledge. The Development team will continue to steward our existing donors and acquire new ones. Another priority is the hiring of two senior frontline fundraisers to help accelerate our fundraising efforts. Polenska shared that the Operations team is focused on the annual organizational culture survey. We are excited to utilize the results of that survey to continue to grow and develop the type of preferred workplace culture that we seek to have. She mentioned that staff are tired and looking forward to summer break the week of July 4.

Adams asked what would change during the summer break. Polenska said that things slow down because there are no Scholars in-house. It becomes a quieter planning time. Teams are building strategic plans earlier in the year so that they do not have the stress and pressure in the fall when we are really busy. Many people take vacations and utilize work flexibility more in the summer months.

Polenska shared wins of the quarter. We had two healthy babies delivered a couple of days apart, OpportunityTalks was a success, the Bill advanced through the Legislature and became law and we received \$3M pledge to support the WSOS mission. Kimber delivered three weeks early and this created a challenge. Another challenge is the navigation of 501 Commons processes and systems. They have had a lot of turnover, and their controller is retiring.

Polenska presented three Program Administration (PA) options for the Board to consider. Since the inception of WSOS, we've had three program administrators. We have learned the scale of our program, and the nuances between fiscal sponsorship and program administration models have led to some challenges. We have had problems even getting organizations to submit a bid to be our PA. WSOS must have a PA to exist. The statutory amendment allows this Board to partner with multiple PAs or to create a nonprofit corporation to perform the function of a PA. Polenska reviewed the guiding principles we applied while building the recommendation. The goal is to find a long-term fit. We have learned that we must make our evolving needs and expectations more prominent. Another consideration is that this Board makes decisions about the program, not the PA. A PA will have to cede some decision-making control to the WSOS Board. We learned that the norm is fiscal sponsorship, where they have some control over the model. While we were doing research,

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we had to educate folks about what PA is, and control of the model always came up in the discussion. Polenska said we were surprised to learn that fee structures for traditional fiscal sponsors are usually between 8-15% of incoming revenue as soon as it comes in. We were told that State match funds were not exempt, and they would take 15% of that too. Polenska said that when we look at the money we are raising and services to our Scholars, fiscal sponsorship is a costly proposition. Polenska reviewed the three options for program administration.

The first option we explored was staying with 501 Commons. We have had struggles getting up to speed with 501 Commons, which has been time-consuming for both organizations. Polenska said there are better options than this in the best interest of the program long term. There are risks and rewards. The rewards are it is a straightforward contracting process, and they are familiar with our work now. The risks outweigh the desire to move forward together in this way. Polenska asked the Board to exercise the convenience clause in our contract, allowing us to terminate this relationship within 240 days.

Polenska said the second option is to contract with a new partner or set of partners. Seven potential PA partners were identified. We had initial conversations with all of them. Some did not have the capacity to support a program like ours, another did not administer scholarships, and another one did not do anything with public dollars. Evergreen Social Impact and Seattle Foundation are two of the organizations we approached the last time around. They were in transition at that point and are still in transition. They are both open to conversation, but there are a lot of moving pieces that give us pause and slow down their interest. Two California-based organizations raised concerns about PA versus fiscal sponsorship. There could potentially be issues for Scholar leads because of contractor laws that California has in place. There is a risk that we might not find someone to bid because we have struggled the last two times, we were looking for a PA. This is also a costly option as we have learned what typical fee structures are, which is very different from what we have experienced in the past.

Brad Smith asked for more information about Washington Student Achievement Council (WSAC). Polenska said she had a conversation with WSAC, and they have some staffing challenges. WSAC said the earliest they could deploy an RFP on our behalf would be sometime in the fall. At this point, they have yet to start hiring, so it pushes things out further into fall.

Polenska presented the third option of building a nonprofit to administer the program. She stated that this is the best path forward to help us accomplish our intended impact of ensuring certainty and continuity for program administration for WSOS. Some of the rewards of building our own nonprofit would be that we have better values alignment, we could build exactly what we need, and there would be no RFP. Another benefit is that we could move to a July 1 – June 30 fiscal year which would help us plan and align with what schools are doing. This option will inflate costs and will require us to educate stakeholders about these higher costs.

Brad Smith asked for clarification about the costs. He asked if costs would look higher or would be higher. Polenska affirmed that they would be higher. We pay 501 Commons about \$600K per year, and with this model, it is closer to \$1.5M per year. Polenska said she would do a cost breakdown in upcoming slides.

Polenska said we need about four to eight months to make the transition. She said we need the Board to say yes to the path we want to go and appoint foundation Board members so we can file articles of incorporation. When both things are done, we can file for 501C3 status and continue to engage with partners. Polenska said she would like to err on the side of getting started sooner versus later to make sure we are in a position to get money out the door to our Scholars. The Foundation needs three to seven Board members, but we can start with three to file for articles of incorporation. We will write in our bylaws that the WSOS Board would appoint and remove members of the Foundation Board and have a voice in the extraordinary actions of the Foundation Board. Polenska said it is important for the two Boards to work in concert to ensure the continuity of the program. Polenska said the working titles for the foundation staff would be Managing Director, Director of Finance, Director of Technology as well as the Director of Human Resources. Based on our work with WA STEM and 501 Commons, Polenska believes we will also need a staff accountant and some additional administrative support. We do not have technology staff because we would outsource that body of work. We will continue to talk to see if we need full-time staff. These are senior roles, but knowing that in our previous PAs, nobody was working 100% of the time for WSOS, we can look at where there is overlap with the WSOS program. Polenska said that a lot of her role fits into human resources.

Polenska reviewed a cost comparison of the three options over three years. The cost to stay with 501 Commons will be around \$1.8M. This covers fractional employees and SAS fees as well as an overhead allocation. 501 Commons said they need additional resources to execute the contract, so \$1.8M is not an accurate baseline for what it actually costs to

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serve as program administrator. Polenska said in option two the fiscal sponsor will take 8% of private dollars and up to 15% of public funds. Polenska said our plan is to fundraise \$10M each year. There is probably room for negotiation, but three of the organizations said they would also take a percentage of the state match funds. The cost of option two could be as much as \$6M - \$7M over a three-year period. Polenska said option three is the Foundation which will cost about \$5M over three years. This represents foundation staff salary, benefits, managed IT services, insurance for the PA, and some third-party services related to finance, HR, and legal and Software as a Service (SaaS) fees. The range in numbers is \$1.3M - \$1.5M, and the additional one-time transition costs. Polenska said that to set up the Foundation, we need money for state filings, contractors, and systems that WSOS does not currently have. These costs are closer to \$225K - \$250K in one-time costs. When we transitioned from WA STEM to 501 Commons, we spent \$200K in one-time costs to facilitate the transition.

Adams asked if we would use a private law firm or would the state file. Polenska said we would need a private law firm to file.

Wilson asked what the capital needs are for this. Polenska said that costs are affiliated with people. She said the salary for staff is more than \$1M. There are other costs associated with bringing this online. Some might be accomplished with a quid pro quo agreement between WSOS programs and the WSOS Foundation, which allows the flow of working information. The Foundation doesn't need its own building or website. Most costs will be affiliated with salary after some initial infrastructure costs. She stated that this is a pretty conservative estimate. She said we have talked to Clark Nuber the finance and accounting firm, and we are utilizing their cost as an example to give us a baseline.

Brad Smith said that typically, an organization like this would have a financial reserve sufficient to cover payroll for some period of time. If payroll is \$1M a year, you would need to raise around \$500K for six months to park it. Polenska said she believes she built in a 15% contingency in the numbers but would need to double-check. Polenska said we did talk about other ways for the Foundation to earn revenue because all of these costs become WSOS programs' costs. Polenska said we heard from legal counsel that the Foundation could earn revenue any way it wanted to. It just must be in direct support of WSOS programs. Polenska said the \$5M is a strong place to start.

Brad Smith said a \$5M contract for three years doesn't give it the capital reserve. So, in effect, we are saying that in addition to the \$5M, we need to generate money for capital reserve that either the Board funds or is raised privately. Polenska said that the money needed would come through the program, or the Foundation would seek out other ways to raise that revenue. Adams said in the notes that there is an annual cost of \$1.5M per year, but in this presentation, we see \$5M over three years. Polenska said the first year would be about \$1.3M and she built a little runway with 10% - 12% growth to cover the unknown. Adams said if we think we can do it for \$1.5M and we ask for a \$5M contract, we could start building the reserve during the first three years. Polenska affirmed this to be true and reiterated that the number is conservative. She said that the Board authorized the exploration of creating a foundation, but we were not allowed to go in and build out all of the details. Polenska said she wanted the Board to have enough information to feel confident voting in favor of pursuing this, but we know there is still work to be done. She said she would be fully prepared to come to the October Board meeting with a deeper financial analysis knowing that this is the route we want to pursue. The charge given by the Board was to look at all three options.

Brad Smith asked, based on what we know today if Polenska is saying the best option is the third one. Polenska said that given where we have been as an organization and the challenges we have had sourcing and maintaining a long-term relationship with a PA; the Foundation is the one that gives us certainty and ensures continuity. Brad Smith said this is not about 501 Commons, and he said we are very unique. Polenska said we have heard that from all three PAs, and this is part of our difficulty.

Wilson wanted to review the total cost factor because we are missing the overlap factor between the next eight months when we are not producing anything out of our new Foundation. Still, we are incurring substantial costs, and we are also paying 501 Commons to continue to do their work. WSOS will have to be the bank long-term, and if these numbers are wrong, there is no bank to go to. Wilson said he wanted to see the numbers more clearly. Polenska said she has a rough budget that she has put in front of other people. She said it doesn't change how much this will cost, and WSOS will have to pay if it costs more than estimated, but it does not change her recommendation. Adams asked about the \$200K cost. Polenska said that the \$200K - \$250K is a one-time cost to transition away from 501 Commons. She said that last year we spent \$200K, and we would be in that vicinity this year, with a lot of it being dedicated to the startup costs of the Foundation and then the eight-month period. We would not be paying annual salaries, just contractors. Polenska said that with smaller budgets and points, there is an opportunity to backload some of the costs so we don't have to invest in

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everything all at once. Polenska said she is confident in the numbers but acknowledged there is more work to do on the financials.

Sandler applauds the leadership for putting these options together, especially knowing that Polenska is serving as the interim executive director. She said she wanted to push on one assumption, which may be a lever for the Board. The assumption is looking at this as a classic foundation and organizational structure. Sandler suggested we look at it as a startup with a great CFO whose primary role is finance, everything from the very tactical work all the way up to strategy along with IT, legal, HR, etc. That person may tell you I don't need four and a half or five and a half people. It may be much leaner if you have a finance-focused person at the top who is also doing all the foundation work. You created a beautiful org chart for a foundation, but you may be able to put together a nimbler one, which would create many cost savings. Polenska said she agreed with that. She said we looked at doing this with part-time roles, and these were working titles. She added that the first role that we need is the finance function. This is a starting point for a conversation to get us closer to a decision, but not necessarily to the end.

Polenska said this was to get a discussion going. Brad Smith suggested we have a meeting between June and October to give Polenska an opportunity to look at the transition with 501 Commons since we want convenience for both parties and to look deeper at the finances. Polenska said that we need to file articles of incorporation as well as 501C3 status because we can't contract with this entity if it is not a 501C3. We have no control over how long the feds are processing information. Brad Smith said that we have 240 days from today, or from four weeks, to do all of that after a decision is made. He suggested that option three and termination for convenience seems like the right path, but we need more time. Cecchettini said that Polenska needs a directional path today, but it makes sense for the Board to have more meetings to discuss things in more detail. Brad Smith said that the Board could provide direction without formally authorizing the invocation of termination for convenience today. Adams said that we could not have a meeting in a month if Polenska had not done all of this work. He said no one is concerned we are going down the wrong path.

Sandler said she hears Polenska's concerns about filing so we don't lose a month. She said that filing articles of incorporation can be done cost-effectively. She suggested that we file now so that if we do choose option three, we can continue to move forward. Polenska said that we need to file and need to name the foundation board members because we cannot file without that. She said we don't need to do anything with it, but we should file. Polenska asked for more specificity that the Board needs to get to a decision. The work done to this point is what she can tell them now as far as what we are trying to create. We talked to vendors, insurance brokers, etc. Polenska said she could show the budget, but it might not change anyone's mind.

Brad Smith asked Polenska to walk us through how much we are spending out the door every year. Polenska said between \$16M- \$17M in Scholarships every year. He asked what we are spending on program costs today, not just 501 Commons. Polenska said it is about \$5M in operating costs. Brad Smith said we are spending \$5M to send out \$16M. He asked if she is suggesting we take up to \$5.5 - \$6M to send out the \$16M in Scholarships. Brad Smith said the Board has a fiduciary duty to the beneficiaries, the state government, and to the public of the state of Washington. The continued support of the beneficiaries depends on the continued support of the legislator on behalf of the state. Brad Smith said that even when we vote, there will be 240 days to work through the rest of it. But we need to look deeper at the financial model before the Board can say this is the right thing. We know you and Kimber Connors have been working on this for some time. We know the fundamental problem has been present since the organization was established. We have a path, and the timing makes sense. We will continue to operate this business as usual until we reconvene to review financials for the recommendation as well as to make a decision on the contract with 501 Commons.

Polenska summarized what she heard the Board needs to ensure they can make a decision. She stated that we need to have another meeting to review financials. She requested that the Board appoint three board members to the Foundation board and approve a responsible fee to file the articles of incorporation so that the body of work can actually take place. Brad Smith affirmed that this all made sense and asked what amount of money was needed to move things forward. Brad Smith proposed that the minutes reflect the Board's decision to authorize Polenska to seek the incorporation of the WSOS Foundation and spend up to \$10K in a prudent way for the necessary legal work and filing costs and authorize you to initiate the work to appoint three members to the Board and express the Board's deep appreciation for the work that has gone on and the work that is needed until next August. We have an understanding that the Board is inclined to support a move to consider within the next month, at another meeting, a motion to terminate for convenience and a desire to see it work in a manner that is convenient not only for WSOS but for 501 Commons as well.

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Polenska asked Aileen if we are able to name the individuals whom we would like appointed to the Board. Aileen said the Board should vote on the names of the Board members. Polenska said the three people are Jessica Peet, Gina Breukelman, and Jolenta Coleman. Brad Smith if there was any objection. Adams said this is right on track. Wilson said he does not have an objection and agrees that another meeting is good.

Wilson said he is wondering if 501 Commons has been determined to be unable under the current contract to meet the needs of WSOS, and at the same time, we are proposing a solution to that to be 250% higher than the current contract with 501 Commons. Is the problem that 501 Commons something that could be resolved well within the 250% increase that we are talking about? Brad Smith asked if we could consider that next month. He also said that if it requires some additional incremental spending of money between now and 240 days after this motion is passed during that time, Polenska will come back to the Board so it can be pursued as well. Polenska said she would work with Aileen to discuss the contract with 501 Commons because we cannot pay more than what 501 Commons bid to carry out the contract. Too many additional dollars would require us to go out to RFP because it changes what they bid for. So, this limits us as we move forward with 501 Commons.

Adams said that he read the reference to a cultural misalignment and that money would not solve that problem. Polenska said this is correct that there is 100% cultural misalignment, and it would require everyone to work differently to make it a viable solution for any extended period of time. Adams said that Wilson raised a good question that needs to be asked and answered.

Board Action: Brad Smith made a motion to authorize Polenska to seek the incorporation of the WSOS Foundation, spend up to \$10K in a prudent way for the necessary legal work and filing costs, and authorize her to initiate the work to appoint three members to the Board. Cecchetti seconded the motion, and it carried unanimously.

Polenska said this gives her what she needs to move forward.

2023 Career & Technical Scholarship Selection

Polenska introduced Lyanne O'Connell, Awards Director. O'Connell said she is asking for the Board's approval of the selection principles for CTS and Rural Jobs Initiative (RJI). She reviewed the three principles of looking for Scholars who are in high demand, high return jobs across Washington state; Scholars who are likely to graduate with a credential in STEM, health care, or the trades and the third selection principle is to select Scholars who are more likely to complete their credential or program if they receive a Scholarship. O'Connell said she is not recommending any changes to these principals for Cohort Five.

Brad Smith asked if there were any questions, and there were none.

Board Action: Sandler made a motion to approve the CTS Selection principles, Cecchetti seconded the motion, and it carried unanimously.

Finance and Program Administrative Update

Patrick Smith said the F&I Committee materials from June 13 are in Tab E of the pre-read. Patrick Smith reviewed the Balance Sheet slide. Total assets of \$115.6M is a 2% decrease from 12/31/22 and an 8% decrease from the prior year of 03/31/22. Baccalaureate Scholarship and CTS portfolios gained 3.9% in Q1. The endowment portfolio returned 6.1% in Q1. Approximately \$3M was transferred out of the investment accounts in March to cover Scholarship disbursements. Our total liabilities as of 03/31/23 were \$31.4M, a 7% decrease since 12/31/22, which is primarily due to Scholarship disbursements. That yields total net assets of \$84.2M, which is pretty much flat from 12/31/22. There were no questions about the balance sheet, so Patrick Smith moved to the income statement. Revenue for the period was around \$194K, and \$123K was from BECU. There was a discussion in the F&I meeting about fundraising needing to catch up to the budget. Patrick Smith said we had budgeted \$880K, but there have been gaps in staffing that have slowed down the fundraising activity. Staff expects that to pick back up with the filling of the frontline fundraising positions. Program expenses are largely in line with the budget. We are a little favorable on some of the operating expenses, and things like conferences, meetings, and travel are still a little slower than usual. A lot of the conversation in the meeting centered around some of the reporting challenges that we experienced with 501 Commons. Things were not lining up in the numbers that were presented, things were inconsistent with numbers on other slides, and the narrative was not consistent

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with the numbers. Some of this is due to staff transitions at 501 Commons, but the general theme is that it continues to be a challenge with the timely delivery of information and the precision of some of the numbers. Various committee members picked up on the numbers not lining up. Patrick Smith said this has been a challenge the last few quarters, and there must be a definite improvement for us to gain any kind of confidence back in the information that we receive. We did have a discussion about what we want to see from a financial perspective if we do make a change in the program administrator function. Sandler said that the F&I Committee is receiving financial reports with errors. She said it is a concern, and the committee is tracking it. Brad Smith added that accurate financial reports are important. Patrick Smith apologized for giving a light report and said that they are not getting the information with the quality they expect and deserve. He said it is impacting the committee's ability to carry out its function to the Board. He said that the question was asked earlier if money would help solve the issues with 501 Commons. Patrick Smith said that they have struggled to hold on to their staff, and it feels like we are spinning our wheels. He said that he does not know if it can be covered by the 250% gap. Brad Smith said that our immediate challenge is to make sure the committee gets accurate financial reports for the duration of the contract with 501 Commons. He said that it sounds like the combination of our contractual agreement and state procurement laws. He stated that if 501 Commons bid too low of an amount, it is something we cannot change during the contractual period. Aileen Miller said that we cannot make any significant changes. Brad Smith asked that we explore options consistent with what is possible. Miller said that we may be able to put some work on the WSOS side to give some assistance to 501 Commons. Patrick Smith said it is a tough situation because this is a function that has been reserved for the PA. He said that the F&I Committee and the Board don't have direct control and oversight of the PA function, so it is challenging to have any influence over the quality of the reporting we get. Adams said that the lack of control is intentional. Brad Smith said that we cannot ask you to do what you can't do but ask you to do what you can. Adams said that after we find out what they can do. Brad Smith said that this is a priority.

Board Action: Jane Park made a motion to add a fifth month of executive director pay to Polenska's salary at a rate of \$2250 a month because Connors went on maternity leave one month early, Adams seconded the motion, and it carried unanimously.

The meeting adjourned at 3:05 p.m.

Respectfully submitted,

Dena Parmer

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING
JULY 28, 2023, 3:30 – 4:30 PM, ON MICROSOFT TEAMS
MEETING MINUTES**

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

Board members virtual: Brad Smith (Chair), Diane Cecchetti, Jane Park, Mike Wilson, Patrick Smith, Latisha Hill, Miller Adams

Members not present: Julie Sandler, Gary Rubens

Additional attendees: Gina Breukelman, Jolenta Coleman Bush, Jane Broom, Aileen Miller, Nancy Long, Javania Polenska, Dena Parmer, Lauren Pack, Courtney Chen, Jillian Luis, Francisca Mejia Campos, Jess Tholmer, Camille Reynaud, Lisa Magennis, Johnathan Luster, Tara Warming, Sam Svilar, Lyanne O'Connell, Rachel Wyers, Lindzey Lien, Joanna Moznette, Faye Alarcon, Nick Goodwin, Juan Carlos Gomez, Kendyl Puhon, Jessica Monger

Meeting Called to Order

Brad Smith, Chair, called the Board meeting to order at 3:32 pm.

Public Comment

No one signed up for public comment

Program Administration Discussion

Javania Polenska reviewed the problem that WSOS has in securing a long-term approach to program administration (PA). She said we have had three PAs since inception, and all of them have had challenges administering the program largely because of its size and complexity. WSOS has grown from one scholarship with one funding model and only a few hundred students to three scholarships using three different models, supporting thousands of students WSOS has increased its staff and systems to evolve with the needs of the program. Polenska said it is important to remember that we have had a hard time finding organizations willing to serve as our PA, which means that we have little choice. Polenska said that today's discussion is about finding a long-term solution to ensure stability for the program. This is not about our current PA, it is about the future. She said our goal is to find a short-term option to stabilize the current partnership with 501 Commons, specifically in the finance and accounting function. Polenska said, then we will discuss long-term options for PA and focus on two options. Option one is to identify a new, long-term PA. The second option is creating a non-profit to serve as the PA.

Polenska reviewed what we can do to support our current contract with 501 Commons. Under the law, we cannot provide additional funds to 501 Commons to accomplish the work that they bid on. She said that WSOS could take on additional expenses to protect our interests as long as the expenses directly benefit WSOS. They cannot duplicate the work that we are already paying for. Nancy Long, 501 Commons ED, identified some technical solutions that will improve the reporting function as well as our staff's ability to get answers to some of the questions that they need answered. Long also identified that they need additional expertise to utilize the finance and accounting software MIP. We have to make sure this work really benefits WSOS so that this person would be an employee of WSOS. 501 Commons would have to onboard them because the systems and software live with 501 Commons. We would utilize this role for some of the customer service aspects, reporting needs around donors, and other things like this. This person would play a key role in setting up the WSOS Foundation's finance and accounting function. Long has also requested additional support on the audit from last year. Polenska said she believes we need an additional \$200K in costs to the program to support the work with 501 Commons.

Miller Adams asked where the \$200K would come from. Polenska said we have the money. She said the \$200K is outside the initial budget, so it will be incremental to what the Board approved as part of the budget cycle. The \$200K is largely for the hiring of an FTE Controller. Brad Smith asked if this would be a one-time increase to the operating expense budget for WSOS by \$200K to cover this expense. Polenska affirmed this and said that once the Foundation is approved, it would no longer sit within the program budget, it would shift to the WSOS Foundation.

Polenska said that she and Long agree that the expenses we've outlined won't immediately solve the pain points, but it will help stabilize the function in the coming months. If approved, we will take immediate action but you will see the expense spread out over the next year.

Mike Wilson asked if this step helps to resolve current problems but asked if it would be a long-term solution to keep and improve the existing contract with 501 Commons. Polenska said that this would help stabilize us and get us through the remaining term of the contract. Polenska said it would not significantly transform the partnership to make it mutually beneficial for both organizations.

Adams asked how we confirm that this step will not raise any issues around procurement laws. Polenska said that if we are taking action that does not directly grant more money to 501 Commons, we are okay. She said that as we enter into these contractual relationships, we will make sure that we are very clear on what it means for WSOS and what it means for 501 Commons. When we hire the controller, we will make sure there is a clear division between labor responsibilities. Polenska said we will ensure that we aren't paying for services twice by hiring a controller. The other aspects of the work are things that WSOS could purchase. In our original contract with 501 Commons, we say that we can take on more cost, but it must be mutually agreed upon in writing. Polenska said she will work closely with our legal partner to assess all risks.

Polenska pivoted to long-term PA options to help create stability. One way to secure a long-term PA is to go out to RFP. We have learned that in order to attract a new bidder, we will need a contract of \$1.2M or higher. We learned that the fiscal sponsor's fee structure is driven by a percentage of incoming revenue. Polenska said that in conversations with potential partners, they would also take a percentage of the state match as well. Another thing that is good to know is that it still comes with the risk of finding available suitors. Two other aspects that are important to the partnership dynamics are culture and values. Polenska said that decision-making and control came up in conversations with possible PAs. We have had some of these same questions arise with our current PA. There is language that we have written into the existing contract to make sure that we can maintain some protections, particularly around hiring, compensation, and benefits. These are important considerations that we don't always know up front but could be a reason why someone opts out of the process. We could do this again, but it carries risks, and Polenska said she does not recommend this option.

Polenska said that she believes the better path forward is to create the WSOS Foundation. It is modeled after what we see in education, similar to community colleges. We have learned that we can start a foundation that has comparable costs to partner with a PA. Polenska said the benefits are that it creates a higher level of cost predictability because the foundation fees don't change with incoming revenue. She said that there are some staff efficiencies that can be gained because there are roles that happen on the program side that we would be able to assign the PA to take on. Polenska mentioned another benefit is that the foundation can evolve as the program changes.

Polenska shared a cost comparison and said that launching a foundation may be more cost-effective than partnering with a new PA because there are efficiencies in the salaries, taxes, and benefits. She said that in the last Board meeting, there were questions about the detail of the budget. She reviewed a WSOS Foundation pro forma for the next four years. Polenska said there were comments about the titles and compensation levels for the folks doing the work and that it seemed bloated. Polenska made changes, and that is reflected in the salary line item. She made sure there was enough funding for legal and consulting fees. She said the IT expense is actually pretty significant. This is because the PAs usually have that amount as part of their fee. Polenska said it is possible to strip out the WSOS component of that number and reduce the amount significantly. The IT number does include managed services. She said the last large number is other costs which is things like insurance.

Polenska said that there were questions about the funding of the foundation. She said she built in a ramp so that the foundation has its own next egg and that it can cover its costs in the future. The Foundation can fundraise, and we would want to take that on as a way to increase its own additional revenues to grow and support WSOS. Everything the foundation does has to be to the benefit of the WSOS program.

Wilson said that Polenska had done really good work in putting this together. He said that we talked about the fact that when a contract is signed with 501 Commons if there are additional financial needs, we are not able to modify the contract or the payment. He said that in the model where we are creating a foundation and we are projecting costs if we are not accurate and additional funds are needed by the foundation, with the restrictions that the government places on us regarding contracting between our organization and another organization, how do we resolve this? Polenska said that within the contract, we need to make certain there are allowances for additional costs that are mutually agreed upon because we don't have visibility to everything. She said that part of this work is the foundation's responsibility to ensure we have a long runway. Polenska said her goal is to ensure that we are doing some of the fundraising. Polenska said she is confident in our ability to deliver. The contingency fee will help, but we will have a better sense of the costs before we enter into a contract and ensure that we are well-aligned. She said we will make sure that in our contract, we have language that allows the program and the foundation to agree on any additional costs to support the work. We know today what many of the costs are. She said that one of the greatest challenges for 501 Commons is that they don't have the

number of people with the right expertise to take on the work so they are not able to take on the work. We looked at WA STEM and 501 Commons and have right-sized our budget. We won't have competing priorities because the foundation staff are solely focused on WSOS. As a result of this, we will have better and tighter cost controls than we would with another PA.

Polenska highlighted and compared the risks of the two options. The timeline to execute this before the end of the existing contract is high for a new program administrator because we have had conversations with about fourteen organizations, and only a couple are possibly willing to continue the discussion. We also know that WASC is having some capacity constraints and may not be able to begin the RFP process until later in the fall. We also learned through our work with 501 Commons that three months is doable but may not be enough time to actually successfully transition. The risk is medium for the WSOS Foundation. If we can hire the right people, we will be able to deliver this. Polenska said that the risk of detracting from WSOS program mission is low for the foundation and a new PA. The foundation is able to build it to suit. The third risk is the cost of maintaining the partnership. Our costs are controlled by the contract. Polenska said that once the fees are set, anything else that happens after that has to be agreed upon in writing. With the Foundation, WSOS has greater influence over those costs, and the WSOS program is the majority of the staffing, and the foundation exists to serve WSOS interests. The next two risks are culture and value misalignment and performance challenges. We don't know that there is a problem until things go wrong. Polenska said we would continue to take steps to mitigate these risks, but there are no guarantees. She said that from the foundation perspective, it is being born out of WSOS, and a lot of the culture, values, and alignment happens at the onset as they inherit who we are. If there are performance challenges, the WSOS Board and staff have a lot of influence on how things go. The WSOS Board is appointing the board for the Foundation, which creates an opportunity to collaborate in the hiring process. Polenska named the last area of risk that came up during the last meeting, which was IT integration. 501 Commons did a great job of building our own standalone O365 instance. She said that all of our data is stored in one place and is able to move with us, so this is a low risk for a new PA and for the foundation. There are questions as to what the foundation will choose to invest in as it relates to HR, payroll, and finance platforms. We have talked to 501 Commons and WA STEM about the pros and cons of the software they use. Polenska said she believes that the foundation would benefit from picking up what they have familiarity with and carrying it forward.

Polenska asked the Board if they had other worries or risks that they would like to address. No other risks were raised.

Polenska reviewed the timeline to launch the WSOS Foundation. She said if the Board says yes, she will take the steps to file for 501 C3 status because the foundation cannot assume WSOS as a client until they have that part of the process completed. We have no worries about this being achievable in the next three to six months. We have no control for how long the government takes to process the paperwork. Polenska said that while we wait for this to happen, the foundation staff and the controller would be able to begin some of the work to do the early build. Polenska said we will be working closely with Eileen Miler, our AAG, to make sure we are setting up the appropriate contracts to enable the foundation to begin its work. Polenska said the worst-case scenario is about four to eight months on the finance side of the house. Polenska said she is confident we can do this work before the end of our contract without risk.

Polenska said that she needs the Board to vote to cause the creation of a 501 C3 and that Polenska or Kimber Connors, depending on the timing of this, would be able to enter into a six-month agreement with up to \$200K in spending with the WSOS Foundation to support the build and transition. This is an interim contract to allow that entity to start to do some of that work. Polenska said she has had conversations with our AAG to make sure we structure it in an appropriate way. WSOS would come back to the Board once the Foundation has had additional time to sure up its budget to understand exactly what those costs will look like, whether that is an extension of another contract or if we are at a place to enter into a PA contract. The six-month contract is a bridge so the work can begin.

Brad Smith asked if there were any additional questions or feedback. There was none.

Board Action: Diane Cecchetti made a motion to authorize WSOS Interim or permanent Executive Director to create a 501C3 to serve as the PA of record at a future date and negotiate a contract to enter into a six-month agreement with up to \$200K in total spending with such 501CS; in addition, \$200K was authorized to be spent on services and supports to stabilize the 501C partnership. Patrick Smith seconded the motion, and it carried unanimously.

The meeting adjourned at 4:28 p.m.

Respectfully submitted,
Dena Parmer

Tab B

Mission Moment: Opportunity Scholar Story

SCHOLAR SPOTLIGHT



ARIAN ARIAYE

**Pursuing a bachelor's in biology
University of Washington – Seattle**

ABOUT ARIAN

Arian was born in Afghanistan and lived in Turkey before immigrating to the United States. He attended Kent-Meridian High School and was inspired to pursue a career as a physician after an internship. He enrolled at Green River College (GRC) and earned his Associate of Science degree before transferring to the University of Washington Seattle. At GRC, Arian served as a student government Senator, the Math Club President, and the Rotaract Club Vice President. Outside of school, he was the Chair of the Refugees & Immigrants Youth Advisory Council and a volunteer in the Emergency Department of MultiCare. He recently started working as an Undergraduate Research Assistant in the Neonatal Neuroscience Lab, which is led by the Department of Pediatrics/Division of Neonatology. He plans to continue his volunteer efforts while beginning to prepare for the MCAT.

IN HIS OWN WORDS

“When it comes to my involvement with WSOS, I was awarded the scholarship when I graduated from high school, and I've been a Scholar for the past 2 years. I believe I attended almost every single session held by numerous corporations and their incredible representatives, including nurses, interns, researchers, and more! They have assisted me to further widen my perspective on the values that diverse careers in health care bring to the table to maximize the patient experience in the best way possible. I also can't be grateful enough for all the endless support I received from my mentors to not only succeed academically but also learn how to take care of myself while trying to be a proactive student. It makes me feel even more confident knowing I have someone that will always be there for me to have a sincere conversation.”

Tab C

ED Corner

PROGRAM UPDATE | OCTOBER 2023

INTRODUCTION

Since the June 2023 Washington State Opportunity Scholarship (WSOS) Board meeting, we have been in planning mode. All WSOS team members established their program and professional development goals for the 2023-24 academic year. Time has also been spent reviewing 2022-23 performance data to influence the development and execution of plans to help us achieve our intended impacts. We are now on to the execution and continuous improvement of our work plans.

AWARDS ADMINISTRATION

The Awards team is actively working to prepare for the 2023-24 academic year and our 1,275 new Baccalaureate Scholars (BaS). In addition, the team wrapped up fall selection of the fifth cohort of Career and Technical Scholars (CTS). 638 eligible applicants were awarded, of which 89% accepted the scholarship and will begin as Opportunity Scholars starting this fall. This includes 55 Scholars awarded additional funds for the Rural Job Initiative and who live an average of 25 miles away from their campus. Please refer to the CTS Cohort 5 fall selection overview document (included in Tab C) to see the profile of these recipients.

We also welcome back 661 returning Career & Technical and 2,085 Baccalaureate Opportunity Scholars to campuses. Of those not returning this year, 27% of CTS and 18% of BaS Scholars indicated they had graduated this year. The second most common reason for not returning in the next year was due to not completing the financial aid form on time or deciding to choose a non-STEM or non-healthcare major.

The team has been working diligently this summer to provide colleges with full academic year awards for Scholars before the school year begins. This shift was based on feedback received from financial aid partners across the state, and the Awards team believes this shift will reduce the number of refund checks received and increase the number of Scholars maximizing their funds.

We continue to track the evolving financial aid landscape as a new federal process intended to simplify the applicant experience is rolled out federally. WSAC continues to review its own processes to support students across the state. We will continue to monitor these changes, assessing the impact on our offering.

Scholarship Highlights

	BaS	CTS/RJI*	GRD**	Total
Total Actual Disbursed (2012 – Present)	\$128,063,224	\$15,150,122	\$562,744	\$143,776,090
Scholars Enrolled 2023-24	3,172	1,221	39	4,432

*Rural Jobs Initiative (RJI)

**Graduate Scholarship (GRD)

SCHOLAR PROGRAMS

We have analyzed the impact of our support services during the academic year 2022-23. Details are in the subsequent sections, as well as a preview of our plans for the academic year 2023-24.

BACCALAUREATE SUPPORT SERVICES

Among first- and second-year Scholars, 71% reported engaging with their Scholar Lead, below our 80% goal. Of those who were engaged, 91% reported that their Lead helped them with their academic journey, above our 90% goal. For Skills that Shine (StS), 37% of third-year Scholars completed the program, below our 50% goal. Of those who participated in the program, 90% reported that StS supported their career development, above our 80% goal.

Engagement rates for the Scholar Lead and StS programs were lower than we wanted. We attribute these low levels of engagement to aspects of our programming already existing on campuses and our Scholars having competing priorities.

We are pleased that our impact exceeded our targets for the Scholars who opted in. Arian wrote: *“My Scholar Lead, Alisha, has been an amazing support! I appreciate her taking the time to navigate scholars not only academically but also mentally. She shares those motivational quotes and videos at times [when] I need the most! THANK YOU, ALISHA!!”* Similarly, Zach wrote: *“My [StS] mentor, Alan, helped me immensely with preparing for my job search. The advice and interview practice I got from him gave me confidence going into interviews that let me clearly communicate my qualifications, which lead to both a wonderful internship and my current job.”*

For the academic year 2023-24, we continue striving for the same Scholar Lead and StS engagement rates we set last year. We believe reaching our targets is possible and have adjusted our efforts to create better conditions for success. Examples include making Scholar Lead reporting more efficient so they can invest more time in Scholar outreach and we will utilize Leads to call every third-year Scholar so that they hear about StS from a peer. We are increasing our program satisfaction goals since we exceeded those metrics last year. Additionally, we are launching a new College to Career workshop series. These workshops will focus on gaps in campus career services, such as salary negotiation and searching for industry-specific jobs.

CAREER AND TECHNICAL SUPPORT SERVICES

Last year was the first time we offered CTS-specific Scholar Lead and StS programs at scale. All Scholars could opt into the **Scholar Lead** program and 48% chose to do so, above our 40% goal. Of those who opted in, 39% reported engaging with their Lead, below our 75% goal. Among those who engaged, 86% reported that their Lead helped them with their academic journey, above our 80% goal. For **Skills that Shine** (StS), 20% of Scholars participated, meeting our goal. Of those who participated, 93% reported that StS supported their career development, above our 80% goal.

Similar to BaS, the engagement rate for the Scholar Lead program was lower than we expected. The opt-in rate was promising, though, and the impact was strong. For the academic year 2023-24, we are adjusting the target audience for the Scholar Lead program from all Scholars to new Scholars. Data have shown that persistence rates are the lowest between the first and second quarters, and most Scholars who opted into the Lead program last year were new. We have adjusted our content and outreach plans accordingly. We believe these changes, plus improving Scholar Lead reporting, will result in stronger Scholar engagement.

For Skills that Shine, we plan to build on the successful momentum of last year. We aim to increase the participation goal to 30%, and we are offering the program during the spring quarter of 2024. The change in timing will allow us to focus on mentor outreach separately for BaS and CTS.

GRADUATE SCHOLAR SUPPORT SERVICES

Last year was our second year of support services. This included connection groups, travel stipends, clinic stipends, and partner presentations (such as with the Department of Health). Overall, 84% of Scholars engaged in at least one service, above our 70% goal. Among those who engaged, 87% reported that they feel more prepared to work as a Nurse Practitioner in an underserved area, above our 85% goal. One Scholar wrote: *“I was able to connect with the DOH workforce advisor because of my*

attendance at one of the WSOS meetings, and she helped make an introduction for me at a community health clinic in my area. This turned into an interview and a job offer, which I accepted. I would not have made this connection without the information I got from WSOS about the DOH workforce advisor.”

While the overall engagement was strong, some services were used less than we had hoped. For example, 46% of Scholars attended connection group meetings, below our 60% goal, and 50% of eligible clinic sites received the stipend, below our 60% goal. For the academic year 2023-24, we plan to offer similar support services to last year as Scholars have affirmed their positive impact. Like BaS and CTS, we will maintain many of our program engagement goals as we believe reaching them is possible. We will rely on strategies that enhance our outreach and ensure that our content is relevant.

CLOSING OPPORTUNITY GAPS

Last year, we prioritized engaging Scholars furthest from opportunity. Across all three scholarship programs, our goal was for at least 60% of Scholars from each of the following categories to complete programming for which they are eligible:

- Scholars with racial/ethnic identities that have been historically excluded (BIPOC)
- Scholars who are categorized as low income at application
- Scholars who live in rural counties

Our outcomes were:

	BIPOC	Low income	Rural
BaS	58%	56%	55%
CTS	38%	32%	30%
GRD	84%	73%	75%

For BaS, the slightly lower results are in alignment with the lower-than-expected engagement numbers. For CTS, we are continuing to scale support services, and the results are also in alignment with the percentage of Scholars who engaged overall, which was quite low compared to BaS and GRD. We believe the efforts we will make in the next academic year to increase engagement overall – coupled with executing similar strategies for engaging those furthest from opportunity – will enable us to reach/exceed these 60% goals.

DEVELOPMENT UPDATE

We have made progress on the development team, delivering a successful OpportunityTalks, building a solid grant pipeline, corporate engagement, and campaign events for fall. However, we remain behind target with year to date revenue at \$3.8m out of our \$8m annual goal. This is largely due to our lack of frontline fundraisers on the team.

REVENUE TARGETS

As of July 2023, we have raised \$48,872,934 of our \$75M campaign goal. We adjusted our CY23 and CY24 targets to \$8M and \$8M to reflect actual revenue from CY22 in May.

CAMPAIGN MILESTONES

Our campaign activity has ramped up since the kickoff in April. Jeff Peacock hosted a successful hot topic dinner on July 10 with 14 guests at Cedarbrook Lodge. We have three upcoming campaign events in the fall:

- September 21 – Cocktail party hosted by Amy Coleman and Douglas Barrancotto
- October 5 – Cocktail party at Farestart hosted by Robin Mendelson and Miranda Lewis
- November 14 – Hot Topic dinner hosted by Julie Sandler

Our next campaign steering committee meeting is on September 12 at Microsoft. We are currently engaging with committee members to solicit gifts for the campaign from our top prospects. We remain in need of additional Steering Committee Members and Honorary Cabinet Members to support the campaign.

We are hosting 11 lunch and learns with corporate partners between August and October. These events support volunteer recruitment and create future opportunities for financial support. Due to strong relationship management and cultivation, we were also awarded a \$150,000 grant from Bristol Meyers Squibb and a \$37,500 3-year grant from Avista Foundation.

HIRING FOR THE DEVELOPMENT TEAM

In August, we launched searches for an Associate Director of Individual Giving and Associate Director of Corporate and Foundation Giving with an October target for onboarding. We remain in need of additional front-line fundraisers for the team as this gap in staffing has hampered our ability to engage with major donors.

EXTERNAL AFFAIRS UPDATE

After unanimous passage of our bill in 2023, External Affairs plans to spend the 2024 session thanking legislators for their support, updating members on the program's impact, and laying the stage for our future plans, including fundraising. The upcoming election will result in losing several key legislative champions, including the governor's mansion, where we've had a longtime proponent in Governor Inslee and his staff. Building new champions in all key seats within the government will be important for the program's stability, particularly as our fundraising efforts increase and the state match requests grow.

In addition to the legislative work, the External Affairs team continues to build out our promotion partnerships across the state, with particular focus in our target regions of the Peninsula, Yakima, Tri-Cities, Vancouver, and Pierce County. We are currently securing events and sponsorship opportunities for the full academic year. We are updating our collateral and messaging thanks to the funding provided by The Boeing Company grant and continue to cultivate high-value partners such as local Workforce Development Councils, Education Service Districts, the College Success Foundation, regional partners of the Washington State Achievement Council, college fairs and more. Thanks to the support of Board member Julie Sandler, we are also launching new partnerships with the Washington School Counselor Association and the Pacific Northwest Association of College and Career Counselors (PNACAC).

Our promotion strategy returned outstanding results last year, including higher year-over-year application numbers in all cycles and our highest-ever application numbers for the fall and spring CTS cycles. Across the state, Washington also saw the third highest percentage increase in FAFSA completion in the US at 7.7%. It's too early to know whether that increase will correlate to an increase in enrollment, but partners and stakeholders are optimistic. We will continue to take advantage of the state's recent investment in college access programming to increase awareness of WSOS in a scalable, statewide approach.

DIGITAL MARKETING AND MEDIA COVERAGE

FINAL 2022-23 AY DIGITAL MEDIA REPORT (JULY 2022 – JUNE 2023)

Org Outcomes	July 2022	As of June 30, 2023	Target by June 30, 2023	Progress towards goal
Earned media	0	30	30 earned media pieces	100% of goal

ED/Directors appearances in articles/panels/speaking	0	(11 for ED) (7 leadership)	15 for ED and 7 for other leadership	67% for ED and 100% for leadership
Facebook audience growth	4,339	4,400	4,573	27% of goal
Twitter (X) audience growth*	1,943	1,972	2,109	18% of goal
LinkedIn audience growth	1,585	2,058	2,261	70% of goal
Instagram audience growth	1,010	1,172	1,316	53% of goal
TOTAL social media growth	8,877	9,602	10,259	53% of goal

Time and capacity to spend on digital and earned media were constrained by staff transitions during the 2022-23 AY. In reflecting on our challenges, the team is pivoting this year's goals to be in better alignment with capacity, built around more robust content planning efforts, and we are exploring dropping a focus on X (formally known as Twitter) so that we can focus on growth in channels where we can find more of our target audience.

Despite our challenges, our accomplishments include:

- Earned media in four of our five target regions spanning a variety of channels, including a radio interview, editorial, traditional print article, and a letter to the editor.
- A year-over-year increase of 350% in user-generated content, or content featuring WSOS that is created by our partners or followers.
- Our total engagement rate, averaged across all our social media channels, was 7.4%, which is significantly higher than the industry standard of 1%.
- We learned how to better promote our mentorship programs (Skills that Shine & Scholar Lead), as indicated by our program promotion posts landing in our monthly tracking of our top three best-performing posts almost 50% more than they did the year prior.
- We saw an increase of nearly 50% in new users accessing the website compared to the previous academic year and saw an increase of 13% in users outside of the Puget Sound year-over-year.
- More than 25% of our media appearances were in statewide publications or to statewide audiences.

Top Performing Posts

Twitter: [Bill passage](#)

Washington State Opportunity Scholarship
@OppScholarship

It's official! HB 1289 is signed into law! Thank you, @RepJuliaReed, for your leadership and for ensuring our program will be stable for years to come. We are so grateful for the unanimous, bipartisan support received in both chambers during this legislative session!



LinkedIn: [Post Talks thank you and ask](#)

Washington State Opportunity Scholarship
2,202 followers
2w · 🌐

"If most of the jobs in our state require post high school education, why aren't students going to college?"

A study from the Washington Roundtable and Kinetic West found three main reasons:

- high cost,
- the stress of applying, and
- uncertainty about what to study.

These are actual barriers for our students, and those barriers are stacked highest against first generation students, low income students, rural students, and students of color.

So what does this mean for us? For those of us with the POWER to do something?

This is our CALL TO ACTION.

We know industries thrive when they reflect the communities where they're based.

- 100% of Opportunity Scholars are from low- or middle-income families,
- 5 in 10 are women,
- 7 in 10 are students of color,
- Over 75% of our Career and Technical Scholars are first-generation college students.

These statistics don't capture our students' full breadth of lived experiences - we support students from every county and legislative district across the state. We fund students returning to school later in life, parents and non-parents. Students who are immigrants and students who were born and raised in Washington.

WE NEED TO PREPARE THESE STUDENTS TO BE THE LEADERS OF TOMORROW.

TOGETHER, we have the power to affect change and knock down these barriers."

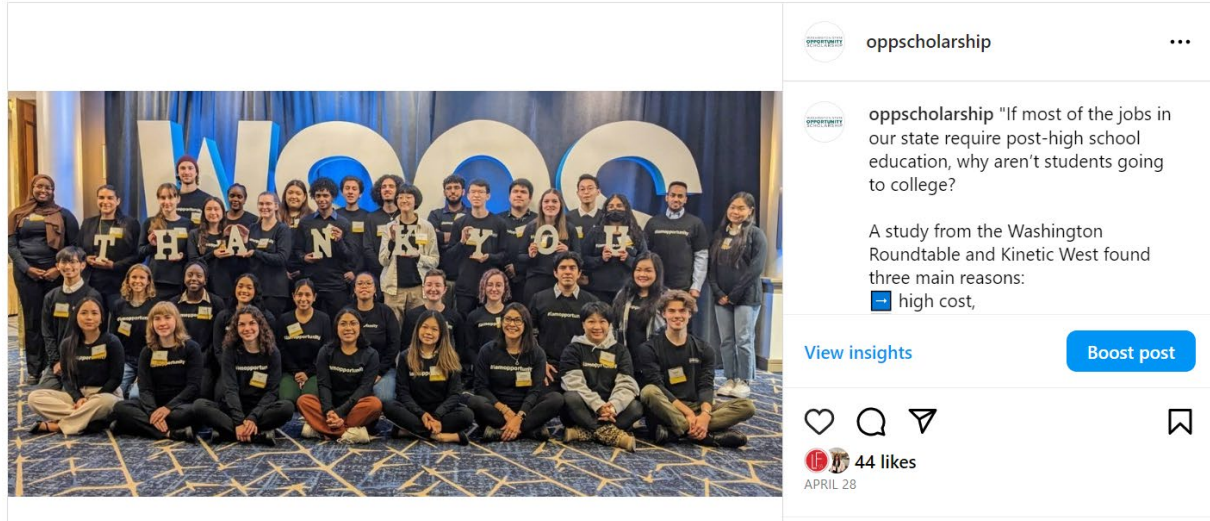
— Kimber Connors, Executive Director, Washington State Opportunity Scholarship.

👏 If you couldn't attend OpportunityTalks 2023 but still want to be a CHANGEMAKER, knocking down barriers for Washington students, donate to support the Washington State Opportunity Scholarship programming.

<https://lnkd.in/g/HNA4NNa>

👏👏👏 Kimber Connors and 40 others · 5 reposts

Instagram: [Post OTalks thank you and ask](#)



OPERATIONS UPDATE PROGRAM ADMINISTRATOR

This summer, we have continued to take steps to stabilize our program by investing in support to help 501 Commons and improve our own finance and accounting capacity. In August, we launched a search for a Controller. The role will increase our own finance and accounting knowledge and will partner with 501 Commons on process improvement, streamlining our practices, and improving the speed and accuracy of reporting. We also filed for articles of incorporation and are in the process of filing for 501c3 status for the WSOS Foundation after receiving approval to create a non-profit organization to serve as our program administrator in the future. We will continue to build a plan enabling a successful launch of the non-profit by summer 2024.

CULTURE

In June, we deployed our annual organizational culture survey. The results signal that we have work to do to deliver on our goal to be widely regarded as a preferred workplace. Among concerns raised by the team, access to raises/compensation, difficult-to-use systems, and team members needing to be more informed about what other teams and leadership are doing are near the top of the list. The Directors' team conducted listening sessions to understand what actions can be taken to address concerns and act on feedback shared. Team members have also shared that the impact of the program administrator and staff transitions throughout the 2023-24 academic year has made operating both effectively and efficiently challenging.

DATA AND SYSTEMS

During the back half of the calendar year, we work to assess the program's efficacy. We recently completed an analysis of our Scholar programming to guide our work for the 2023-24 academic year. As we approach the forthcoming launch of the Alumni survey in September, notable advancements have been achieved in our CRM. These enhancements enable incorporation of survey data into the system, facilitating improved engagement with Alumni. This will provide insights into their preferences for continued involvement with WSOS, whether in a volunteer capacity or through other avenues. It is noteworthy that we have retained the Alumni Survey questions from the previous year. This strategic decision enables us to analyze this year's survey outcomes comprehensively and facilitates a

comparative assessment between the current and prior year. Such analysis will illuminate shifts and changes in the results, guiding our understanding of evolving trends. Furthermore, our focus extends to the upcoming legislative report. We are proactively preparing preliminary data and refining our operational protocols to ensure a swift and effective response, enabling us to meet year-end deadlines seamlessly.

STAFFING UPDATE

Elaina Rogers (she/her) joined WSOS on September 18 as our Awards Coordinator. She is originally from Eastern Washington and moved to Bellingham to complete her degree in Marketing. She brings strong experience in customer service while working as a specialist for Big Brothers Big Sisters of Puget Sound, where she processed all new inquiries and engaged with stakeholders and the community. Her passion is for working with and uplifting local youth in Washington State. She loves to travel, has two wonderful kitties, and has lived in Seattle for a few years. Elaina loves coffee, drinking, and making and occasionally spends her spare time as a barista in West Seattle on weekends.

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Career & Technical Scholarship Cohort 5 fall Selection Overview

This document describes the selection criteria for and profile of cohort 5 fall recipients of the 2023-24 Career & Technical Scholarship (CTS). This fall brought 839 applicants, of which 668 were eligible and we selected 638 for CTS and 55 for Rural Jobs.

Career & Technical Scholarship Results

Selection Criteria

Based on the Board's directive, the selection criteria below were used:

Category	Factor	Target Weight
Economic Impact	Program	50%
Likelihood of Completion	Essay	15%
Financial Need	Income	20%
Equity of Access	First Generation Status	15%
	Single Parent Status*	15%

**Single-parent status did not apply to applicants who graduated from high school in 2021.*

Profile of Selected Scholars

The cohort 5 fall Scholars have a median family income of \$35,115 and represent 33 of 33 colleges, 29 of 39 counties, and 49 of 49 legislative districts. The top 5 colleges they will attend include South Seattle College, Bellingham Technical College, Bates Technical College, Clark College, and Spokane Community College. The table below represents the proportion of Scholars selected (% of Selects) compared to the share of job openings across the state led by industry (% of Job Openings).

Industry	% of Eligible Applicants	% of Selects	% of Job Openings
Engineering / Manufacturing	8%	8%	3%
Health Care	46%	47%	35%
Information Technology	11%	12%	15%
Trades	25%	24%	45%

The table below shares additional demographic data about Scholars by first-generation status, single-parent status, race/ethnicity, gender, and age. The acceptance rate reflects the percentage of eligible applicants whom we selected.

Category	% of Eligible Applicants	% of Selects	Acceptance Rate
First Generation			
Yes	52%	53%	88%
No	38%	37%	90%
Unknown	6%	6%	82%
Zero Parents	4%	4%	81%
Single Parent			
Yes	22%	23%	92%
No	78%	77%	94%
Race / Ethnicity			
American Indian / Alaska Native	2%	1%	100%
Asian	7%	7%	87%
Black or African-American	9%	9%	83%
Latinx	27%	27%	91%
Native Hawaiian or Other Pacific Islander	0.9%	0.9%	66%
Two or More Races	2%	2%	86%
White	44%	43%	89%
Did not report	8%	8%	88%
Gender			
Women	48%	49%	93%
Men	39%	38%	84%
Non-binary, gender non-conforming, genderqueer and/or self-described	2%	2%	86%
Did not report	11%	10%	86%
Age			
17 or under	6%	5%	73%
18	16%	15%	75%
19-22	11%	11%	91%
23-29	23%	23%	92%
30+	45%	46%	93%

Rural Jobs Initiative

Of Rural Jobs recipients, we selected 55 of 81 eligible applicants. 54 of 55 recipients were also selected for the Career & Technical Scholarship.

Selection Criteria

Based on the Board's directive, we select Rural Jobs recipients based on two criteria:

1. The applicant's points for the Career and Technical Scholarship
2. The applicant's distance from campus

To ensure an equitable geographic distribution of recipients, we included a "regional cap" that limited selects per eligible workforce development region to 1.5 times its share of the state's rural population.

Profile of Selected Scholars

These Scholars have a median family income of \$36,760, live an average of 25 miles from campus, and represent 7 of 8 eligible regions and 13 of 14 eligible colleges. The table below details selects by [workforce development region](#).

Region	% of Eligible Applicants	% of Selects	% of WA Rural Pop.
Benton-Franklin	5%	15%	1%
Eastern	1%	4%	13%
North Central	3%	5%	16%
Northwest	14%	31%	25%
Olympic	2%	0%	6%
Pacific Mountain	9%	27%	15%
South Central	4%	7%	18%
Southwest	7%	7%	6%

The table below shows how the proportion of applicants compares to selects by industry. At the Board's directive, a targeted list of programs for each region was developed with the guidance of local workforce development and education officials.

Industry	% of Eligible Applicants	% of Selects
Engineering / Manufacturing	7%	7%
Health Care	46%	54%
Information Technology	10%	9%
Trades	35%	24%

RJI: The table below shares additional demographic data about Scholars by first generation status, single parent status, race / ethnicity, gender and age. The acceptance rate reflects the percent of eligible applicants who we selected.

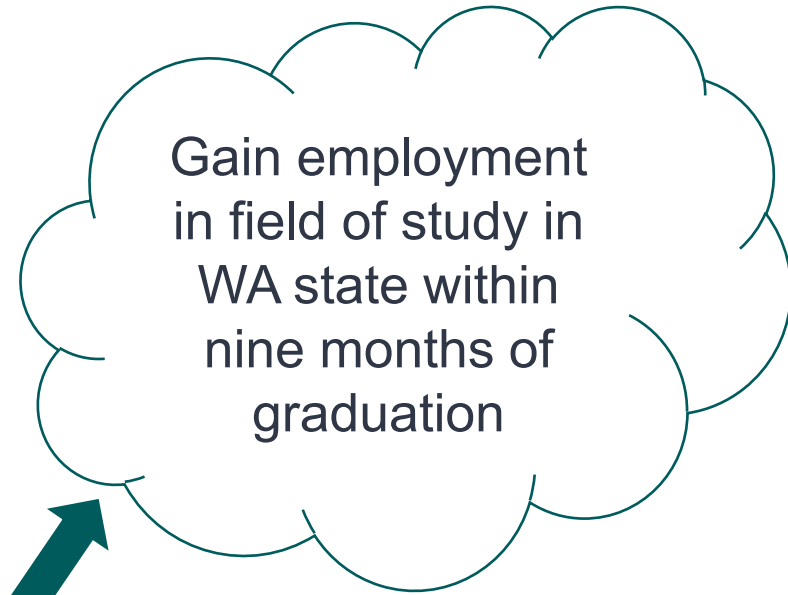
Category	% of Eligible Applicants	% of Selects	Acceptance Rate
First Generation			
Yes	53%	65%	80%
No	36%	29%	94%
Zero Parents	6%	4%	100%
Did not report	5%	2%	100%
Single Parent			
Yes	22%	27%	100%
No	78%	73%	100%
Race / Ethnicity			
American Indian / Alaska Native	2%	2%	100%
Asian	5%	4%	100%
Black or African-American	10%	5%	100%
Latinx	30%	36%	75%
Native Hawaiian or Other Pacific Islander	--	--	--
Two or More Races	1%	2%	100%
White	47%	45%	88%
Did not report	4%	5%	100%
Gender			
Women	49%	60%	94%
Men	43%	31%	70%
Non-binary, gender non-conforming, genderqueer and/or self-described	1%	2%	100%
Two or more	--	--	--
Did not report	6%	7%	75%
Age			
17 or younger	7%	11%	50%
18	14%	15%	63%
19-22	15%	13%	88%
23-29	25%	20%	100%
30+	43%	42%	92%



ED CORNER

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

**INTENDED
IMPACT #1**



**INTENDED
IMPACT #2**

THEORY OF CHANGE | Scholarships + Continuum of Support Services

STRATEGIC PRIORITIES

Design scalable, statewide programs.

Build the brand.

Fund to 2030.

Be a preferred workplace.



WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Org Strategic Priorities: AY2025-26 metrics

Ensuring scalable, statewide scholarship accessibility and financial aid impact	Ensuring scalable, statewide support services	Build awareness of the WSOS brand	Fund to 2030 and beyond	Be a preferred workplace																
AWARDS	PROGRAMS	EXTERNAL AFFAIRS	DEVELOPMENT	OPERATIONS																
80% of applicants are eligible	65%, 45%, 95% graduate in eligible program for BaS, CTS, GRD	At least 33 earned media pieces per year	\$75M raised January 1, 2021, through December 31, 2025, with 30-35 \$25K to \$1M gifts secured in CY25	Volunteer separation rate below 15%; average staff tenure of 36 months																
90% of Scholars complete renewal	Opportunity gaps are less than 10%, 5% by income, race	23 speaking engagements for WSOS leadership per year	25% of donors loyal (5+ years) by end of CY25 with 50% donor retention rate CY24 to CY25	90% of staff agree: “I believe the work I do advances our mission”																
90% work fewer hours because of WSOS	95%, 85% of graduates employed full-time within 9 months in any field, in high-demand field	Social media audience size of 4,800 (FB), 2,200 (Twitter), 2,900 (LI) and 2,700 (IG)	425 new donors acquired in CY25 with 100 total from WA outside of Puget Sound	90% of staff agree: “I would recommend WSOS as a great place to work”																
90% attend full-time because of WSOS	95% of employed in-high demand graduates work in WA	Applicant targets: <table border="1" data-bbox="1067 1265 1508 1376"> <tbody> <tr> <td></td> <td>BaS</td> <td>CTS</td> <td>GRD</td> </tr> <tr> <td>BIPOC</td> <td>85%</td> <td>60%</td> <td>55%</td> </tr> <tr> <td>First-gen</td> <td>64%</td> <td>68%</td> <td>70%</td> </tr> <tr> <td>From rural counties</td> <td>34%</td> <td>40%</td> <td>TBD</td> </tr> </tbody> </table>		BaS	CTS	GRD	BIPOC	85%	60%	55%	First-gen	64%	68%	70%	From rural counties	34%	40%	TBD	At least 15% (by #) of donors in CY25 from health care, (S)TEM	90% of staff agree: “I would recommend my supervisor to future employees”
	BaS	CTS	GRD																	
BIPOC	85%	60%	55%																	
First-gen	64%	68%	70%																	
From rural counties	34%	40%	TBD																	

Org Strategic Priorities: AY2023-24 metrics

Ensuring scalable, statewide scholarship accessibility and financial aid impact	Ensuring scalable, statewide support services	Build awareness of the WSOS brand	Fund to 2030 and beyond	Be a preferred workplace																
AWARDS	PROGRAMS	EXTERNAL AFFAIRS	DEVELOPMENT	OPERATIONS/DATA & SYSTEMS																
75%, 85% and 80% of BaS, CTS and GRD applicants, respectively, are eligible	BaS : 90%, 85%, 65% Y1-Y2-Y3-Y4 with 55% increasing CTS : 80%, 80% 75% Q1-Q2-Q3-Y2 GRD : 95% Y1 to Y2	At least 31 earned media pieces per year	\$8M, \$8M in CY23, CY24, with 30 50 \$25K to \$1M gifts secured in CY23, CY24	Volunteer separation rate below 30%; average staff tenure of 28 months 83% of staff agree: "I would recommend WSOS as a great place to work"																
90% (80%) of BaS (CTS) Scholars complete renewal 55% of BaS Scholars who complete the increase process on time	At least 60% of historically excluded races/ethnicities, low-income & rural students participate in programming	Elevate WSOS thought-partnership: 15 (7) engagements for ED (Directors)	Increase donor retention and loyalty. 50 100 (CY23 CY 24) donors will be loyal (5+ years); 37% 42% (CY 23 CY24) donor retention rate	83% of staff agree: "I believe the work I do advances our mission" 83% of staff agree: "I would recommend my supervisor to future employees"																
90% work fewer hours because of WSOS	50%, 30%, 70% of BaS, CTS and GRD participate in career resources	Social media audience size of 4,428 (FB), 2,068 (X), 2,153(LI) and 1,225 (IG)	350 425 (CY23 CY24) new donors acquired; 44 55 (CY23 CY24) of new donors will be from outside of the Puget Sound	80% of internal stakeholder regard data repository to support storytelling and messaging for external audiences as valuable																
90% attend full-time because of WSOS	90%, 90%, 85% of BaS, CTS and GRD career support participants report being more prepared	Applicant targets: <table border="1" data-bbox="1054 1136 1467 1390"> <thead> <tr> <th></th> <th>BaS</th> <th>CTS</th> <th>GRD</th> </tr> </thead> <tbody> <tr> <td>BIPOC</td> <td>70%</td> <td>55%</td> <td>45%</td> </tr> <tr> <td>First-gen</td> <td>52%</td> <td>66%</td> <td>60%</td> </tr> <tr> <td>From rural countries</td> <td>30%</td> <td>36%</td> <td>7%</td> </tr> </tbody> </table>		BaS	CTS	GRD	BIPOC	70%	55%	45%	First-gen	52%	66%	60%	From rural countries	30%	36%	7%	20% 25% in health care, 15% 20% in technology, computer science, information management, or IT, 10% 13% in biosciences, biomedical sciences, or research, 8% 10% in engineering (not civil) companies, 4% 6% in environmental or physical sciences, in CY23, CY24	80% of internal stakeholders have data and systems to support ongoing efforts to track and measure the impact
	BaS	CTS	GRD																	
BIPOC	70%	55%	45%																	
First-gen	52%	66%	60%																	
From rural countries	30%	36%	7%																	

Today's Snapshot

Ensuring scalable, statewide scholarship accessibility and financial aid impact AWARDS	Ensuring scalable, statewide support services PROGRAMS	Build awareness of the WSOS brand EXTERNAL AFFAIRS	Fund to 2030 and beyond DEVELOPMENT	Be a preferred workplace OPERATIONS/DATA & SYSTEMS
Improving eligibility of applicants: <ul style="list-style-type: none"> "Navigating the WSOS application" toolkit in development Collaborating with External Affairs to develop promotional strategies to target eligible applicants <p style="text-align: right;">★★★★</p>	Improving persistence: <ul style="list-style-type: none"> 1,898 Scholars are receiving welcome calls 50% of new CTS Opportunity Scholars have opted into the Scholar Lead program <p style="text-align: right;">★★★★</p>	Media coverage/speaking engagements: <ul style="list-style-type: none"> Building out fall/winter speaking opportunities Executive Director roadshow plan in active development <p style="text-align: right;">★★★☆☆</p>	Campaign revenue: <ul style="list-style-type: none"> \$3.8M of \$8M raised year to date Lack of front-line fundraisers slowing progress \$750K - \$1M gift being stewarded; close by year end <p style="text-align: right;">★★☆☆☆</p>	Staffing: <ul style="list-style-type: none"> Headcount: 24 FTE Open: 7 FTE (3 new) New hires last Q: 1 FTE <p style="text-align: right;">★★★☆☆</p>
Successfully completing processes (increase, renewal): <ul style="list-style-type: none"> Targeted BaS increase campaign Developing "Awards Corner" in partnership w/Programs to educate Leads on programmatic milestones <p style="text-align: right;">★★★★</p>	Closing opportunity gaps: <ul style="list-style-type: none"> Uneven engagement across scholarship programs Enhancing outreach to these populations in AY 23-24 <p style="text-align: right;">★★★☆☆</p>	Social media growth: <ul style="list-style-type: none"> Increased capacity has led to immediate and high levels of engagement and audience growth Launched a new website with an enhanced user experience, including campaign website <p style="text-align: right;">★★★★</p>	Donor loyalty: <ul style="list-style-type: none"> Opportunity Talks moved to Lunch in May Annual fund planning underway; launching in mid-October <p style="text-align: right;">★★★★</p>	Culture enhancements: <ul style="list-style-type: none"> Culture survey affirmed challenges; Prioritized solving for biggest pain points Significant improvements in strategic planning, promoting stronger alignment and collaboration <p style="text-align: right;">★★☆☆☆</p>
Attend school full-time and work less: <ul style="list-style-type: none"> Monitoring changes to federal aid program to project potential impact <p style="text-align: right;">★★★☆☆</p>	Improving career outcomes: <ul style="list-style-type: none"> CTS scaling up StS participation goals in AY 23-24 to 30% Launching new career workshops for AY 2023-24 Continuing efforts to connect Scholars and industry <p style="text-align: right;">★★★★</p>	Scholarship promotion: <ul style="list-style-type: none"> Developing partnerships with associations and partners in key regions Improved technical infrastructure to improve partner tracking <p style="text-align: right;">★★★★</p>	Donor acquisition: <ul style="list-style-type: none"> Donor engagement events on the calendar Campaign steering committee being engaged to accelerate fundraising efforts <p style="text-align: right;">★★★☆☆</p>	Data & Systems: <ul style="list-style-type: none"> Legislative report efforts kicked off; Alumni survey deployed & other data acquisition efforts Systems improvements made to support Scholar Leads and promotions <p style="text-align: right;">★★★☆☆</p>

Key wins of the quarter



- WSOS Foundation incorporated and 501c3 application filed
- Improved strategic planning for WSOS
- Sustained promotions and brand-building activities
- We survived without Kimber and she's back!

Challenges of the moment



- Culture work – balancing speed and intention; a need for better communication
- Staff transitions
- Financial reporting and reconciliation are behind
- Controller hiring delayed

COMMUNITY & TECHNICAL COLLEGE LANDSCAPE REVIEW

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP



WASHINGTON'S COMMUNITY AND TECHNICAL COLLEGES

Challenges and Opportunities

SBCTC Executive Director Paul Francis
October 2023 Opportunity Scholarship Board

SBCTC VISION STATEMENT



Leading with racial equity, our colleges maximize student potential and transform lives within a culture of belonging that advances racial, social, and economic justice in service to our diverse communities.

<https://www.sbctc.edu/resources/documents/about/agency/strategic-plan/strategic-plan.pdf>

STRATEGIC PLAN GOAL 1



Increase access and retention among populations who can benefit the most from college access. This includes young adults, working adults, low-income people, people of color, immigrants and refugees, individuals with disabilities, LGBTQ+ identifying individuals, rural residents, and single parents. We must be intentional in eliminating inequities in college access and retention for students institutionally marginalized in higher education.

STRATEGIC PLAN GOAL 2



Improve completion and transfer rates for all enrolled students across all types of programs and credentials — workforce degrees, transfer degrees, certificates, apprenticeships, and bachelor’s degrees. We aim to improve completion rates across-the-board for all students, and to improve completion rates faster for students of color. Students must also receive necessary guidance and support about how to efficiently transfer to continue their educational journeys.

STRATEGIC PLAN GOAL 3



Provide flexible career-training options that are responsive to the needs of businesses and industries, offer Washingtonians access to well-paying jobs and career mobility, and lead to a more resilient and diverse workforce.

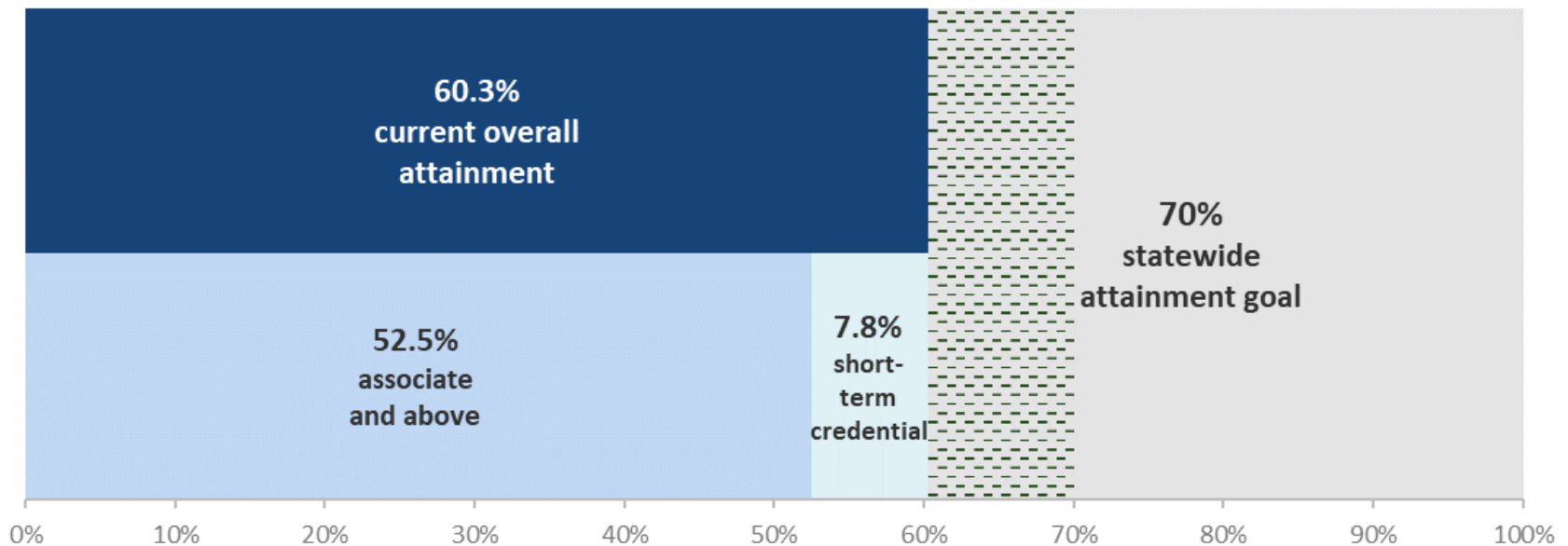
STRATEGIC PLAN GOAL 4



Secure resources and develop systemwide strategies to support colleges' financial sustainability and resiliency.

WASHINGTON'S CREDENTIAL ATTAINMENT GOAL

At least 70% of Washington adults ages 25-44 will have a postsecondary credential by 2023.



Source: Associate and higher data retrieved from American Community Survey, 2021 PUMS 1-Year Data, Washington postsecondary attainment, ages 25-44. Short-term credential data retrieved from Lumina Foundation, a Stronger Nation, Washington residents ages 25-64.

CURRENT SYSTEM CHALLENGES

- Enrollment★
- Fiscal health
- Leadership transitions
- Workforce shortages



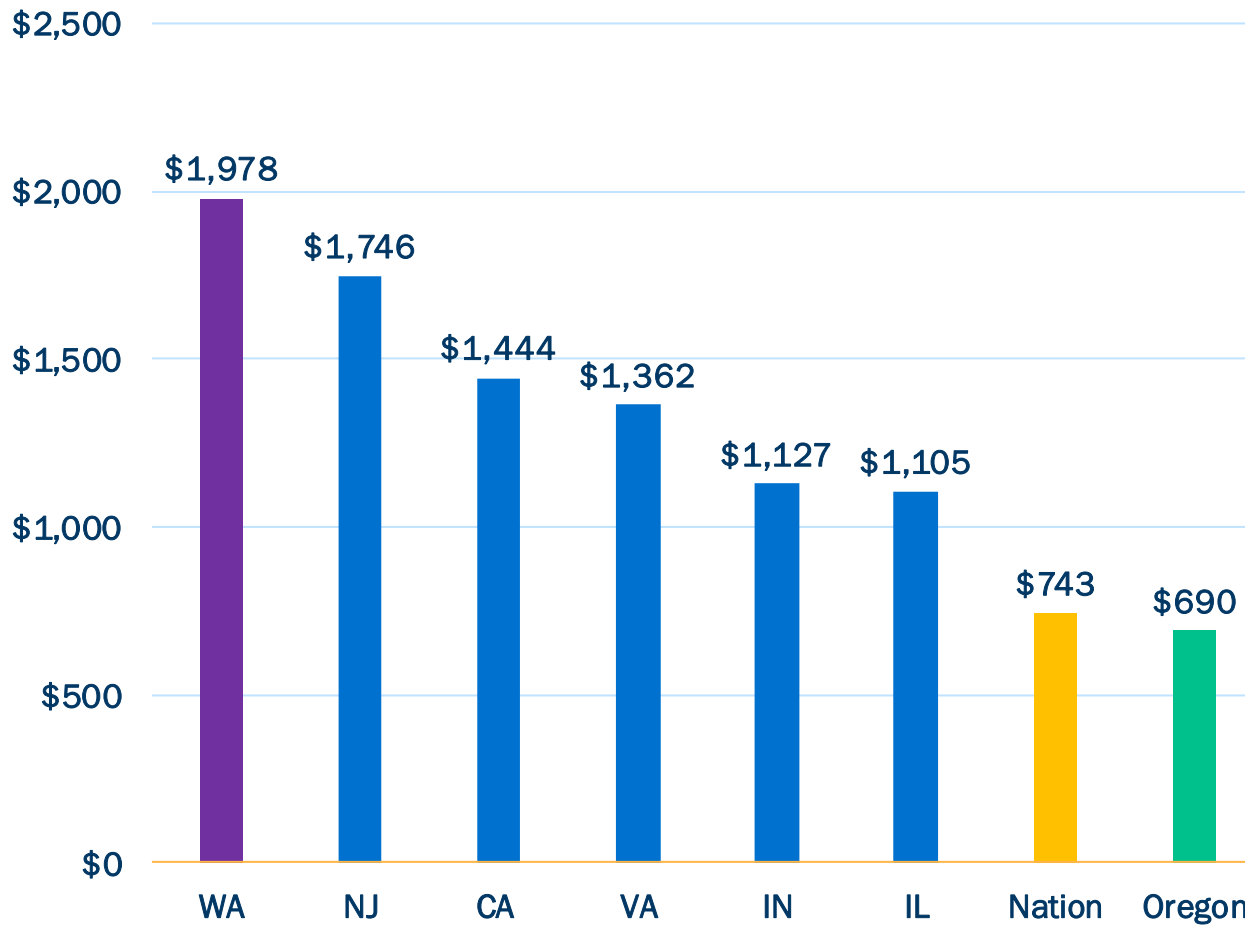
ENROLLMENT IMPEDIMENTS

- Community and technical colleges are underfunded
- Washington does not have a college-going culture
- Washington ranks low nationally in FAFSA completion
- We remain a net exporter of high school graduates
- COVID-19 exacerbated existing opportunity gaps
- The number of Washington high school graduates will not increase from 2019-2037
- There is growing public skepticism about the value of college

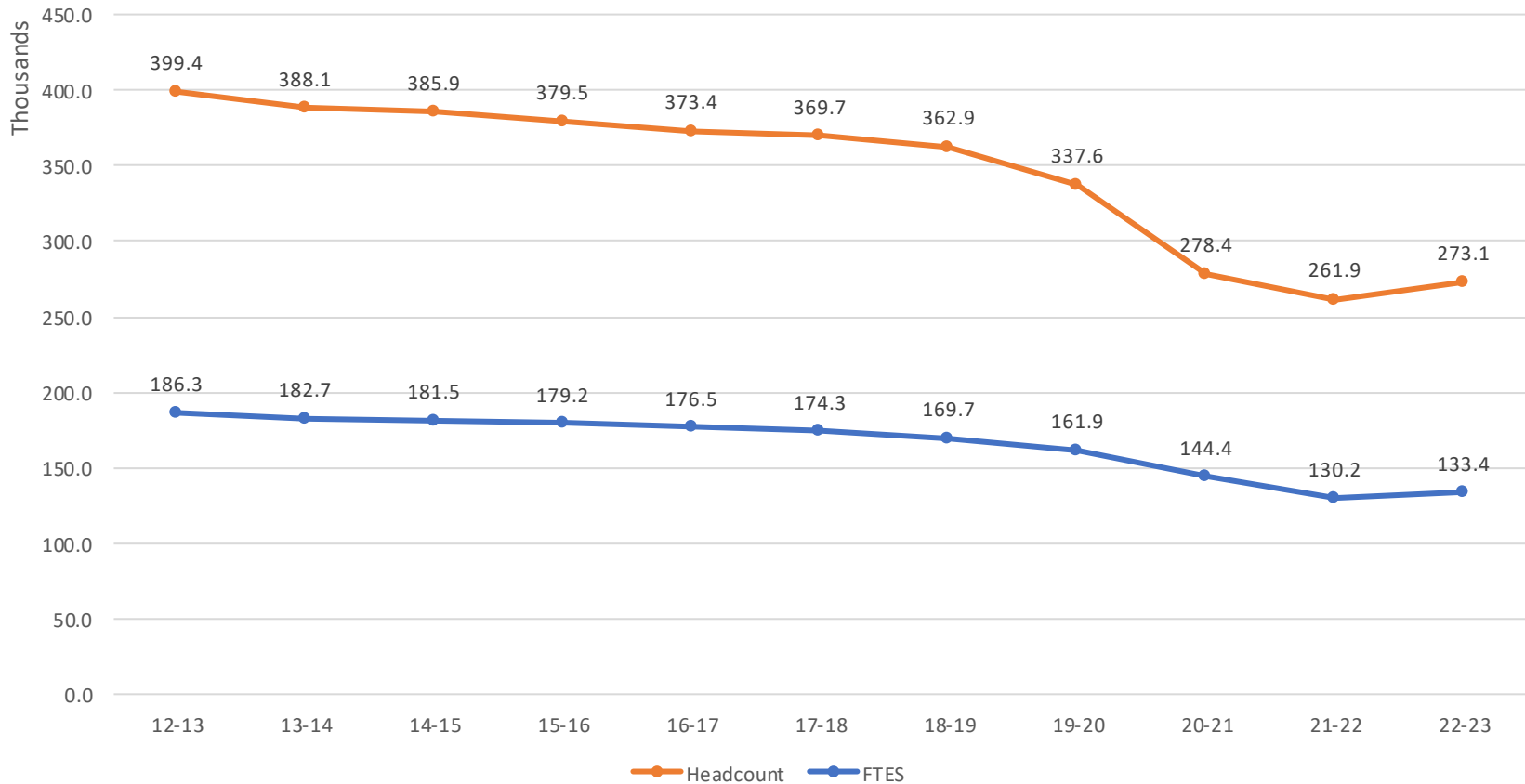
ENROLLMENT OPPORTUNITIES

- High-quality, nationally-recognized, innovative community and technical college system
- Net importer of college graduates
- Strong collaboration and with business, labor, nonprofit, 4-year university partners
- Dedicated revenue source (WEIA)
- Many federal and state legislative champions
- Best state student financial aid program in the nation
- Mindset of continuous improvement

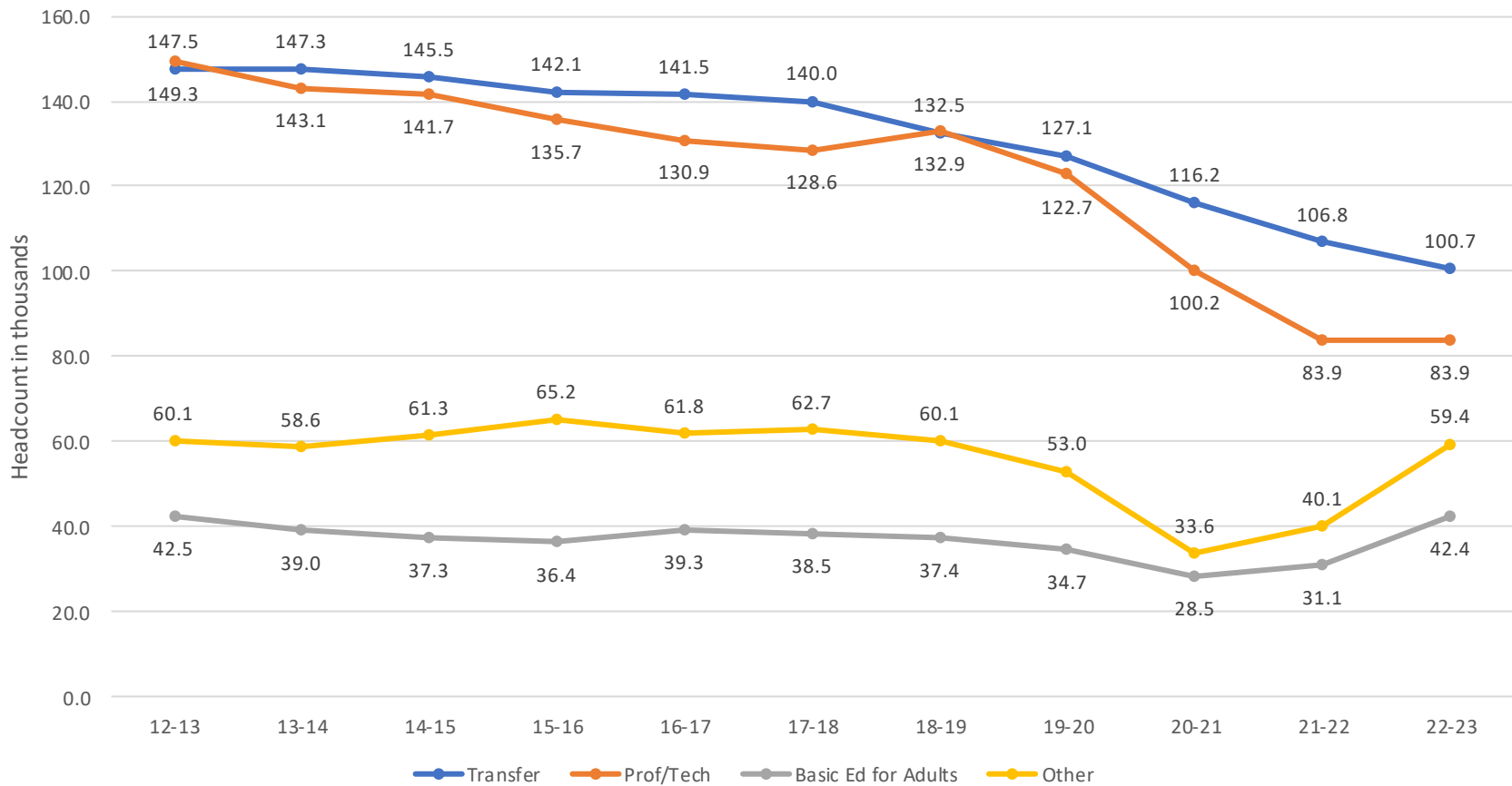
NEED-BASED UNDERGRADUATE AID PER FTE (2020-21)



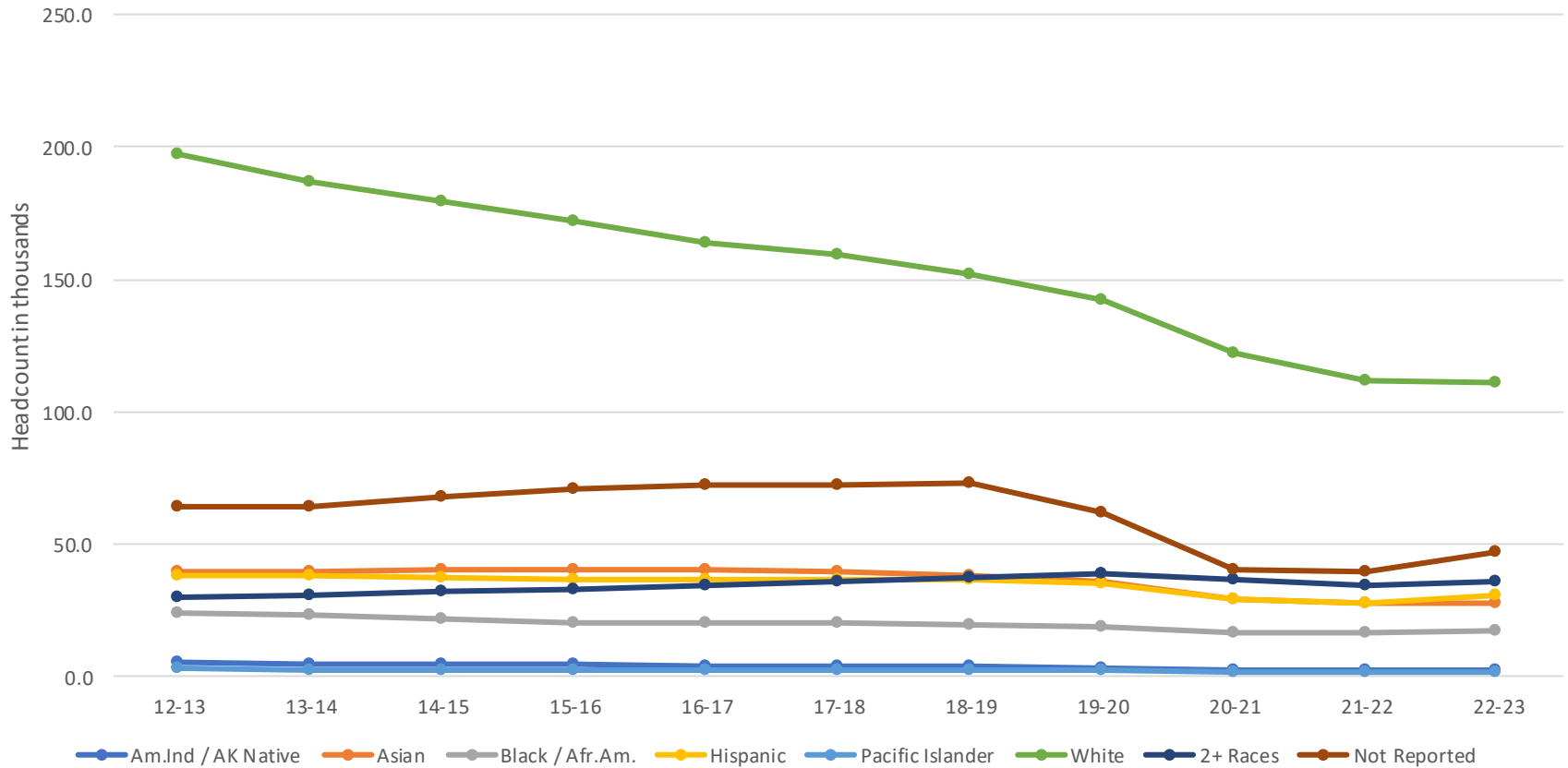
HEADCOUNT AND FTE, 2012-13 TO 2022-23



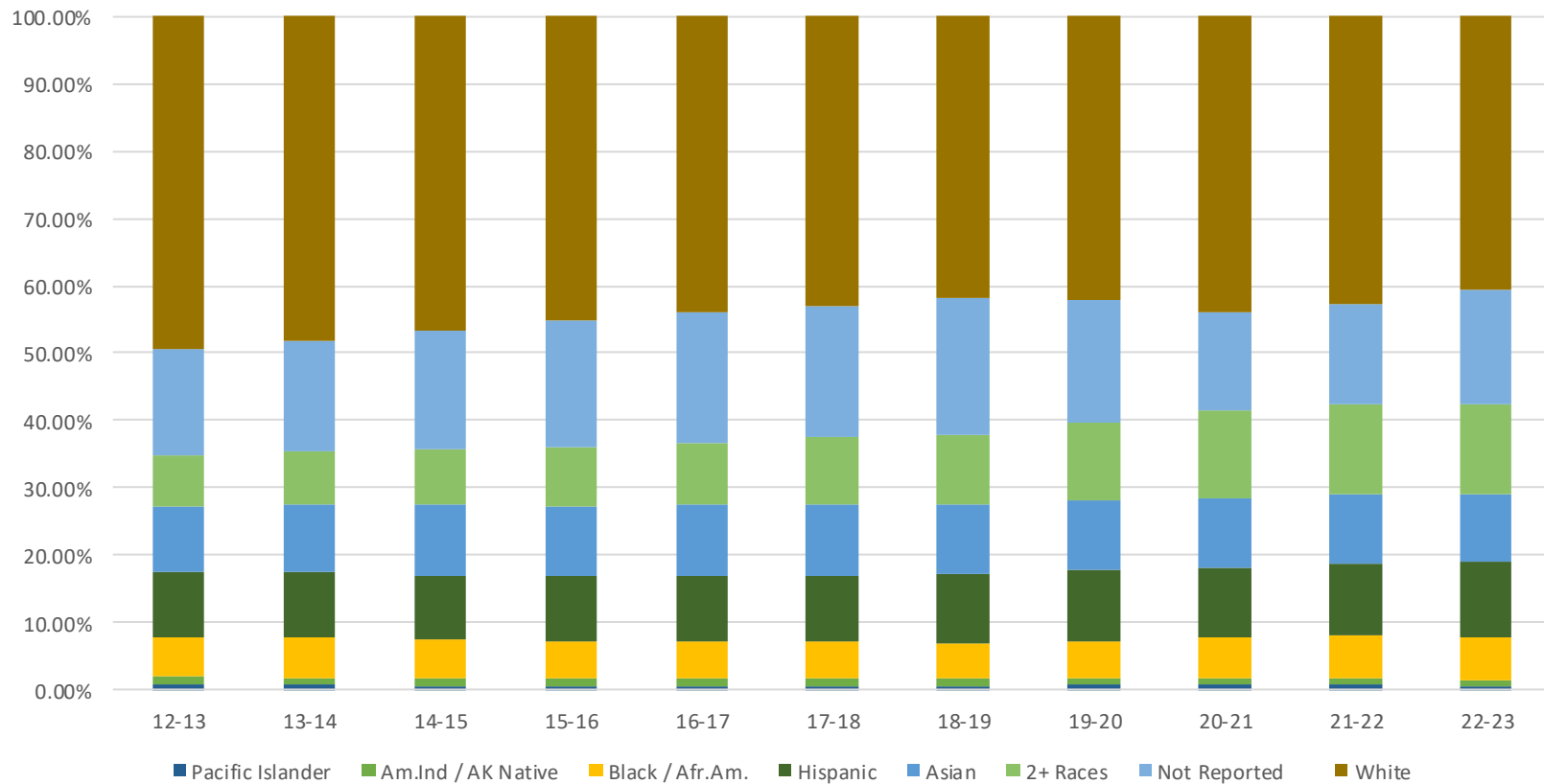
HEADCOUNT BY MISSION AREA



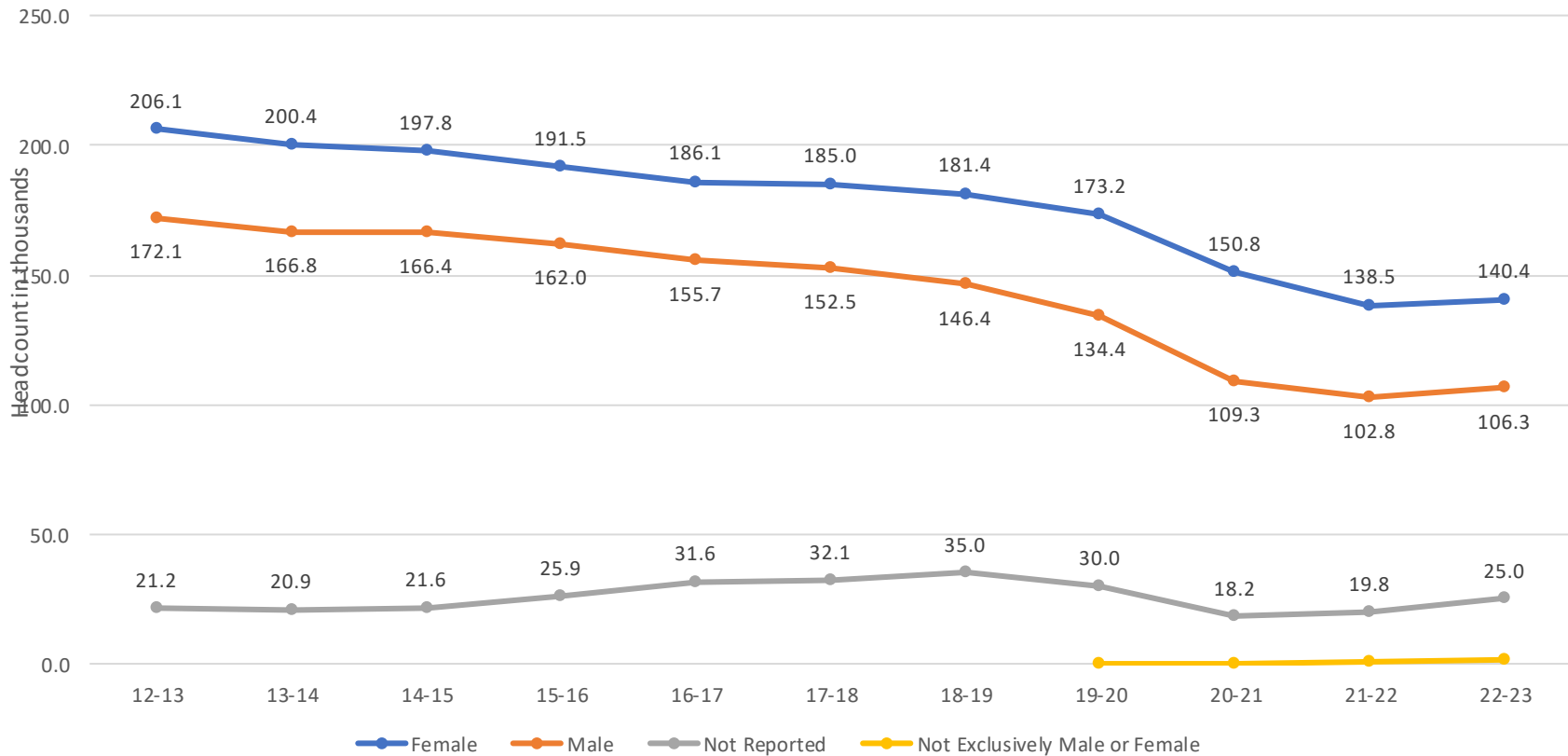
HEADCOUNT BY RACE/ETHNICITY



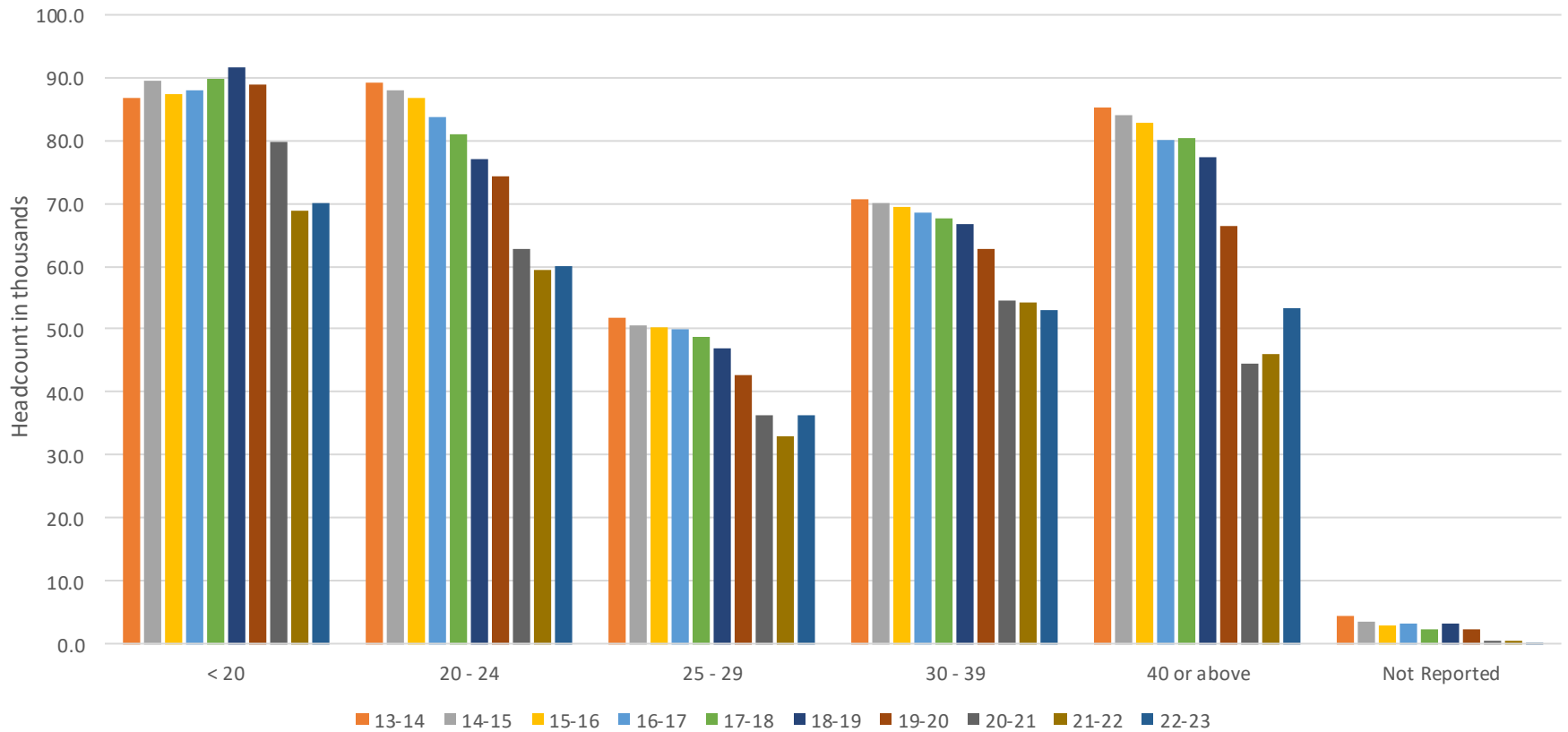
RACE/ETHNICITY AS PERCENT OF TOTAL



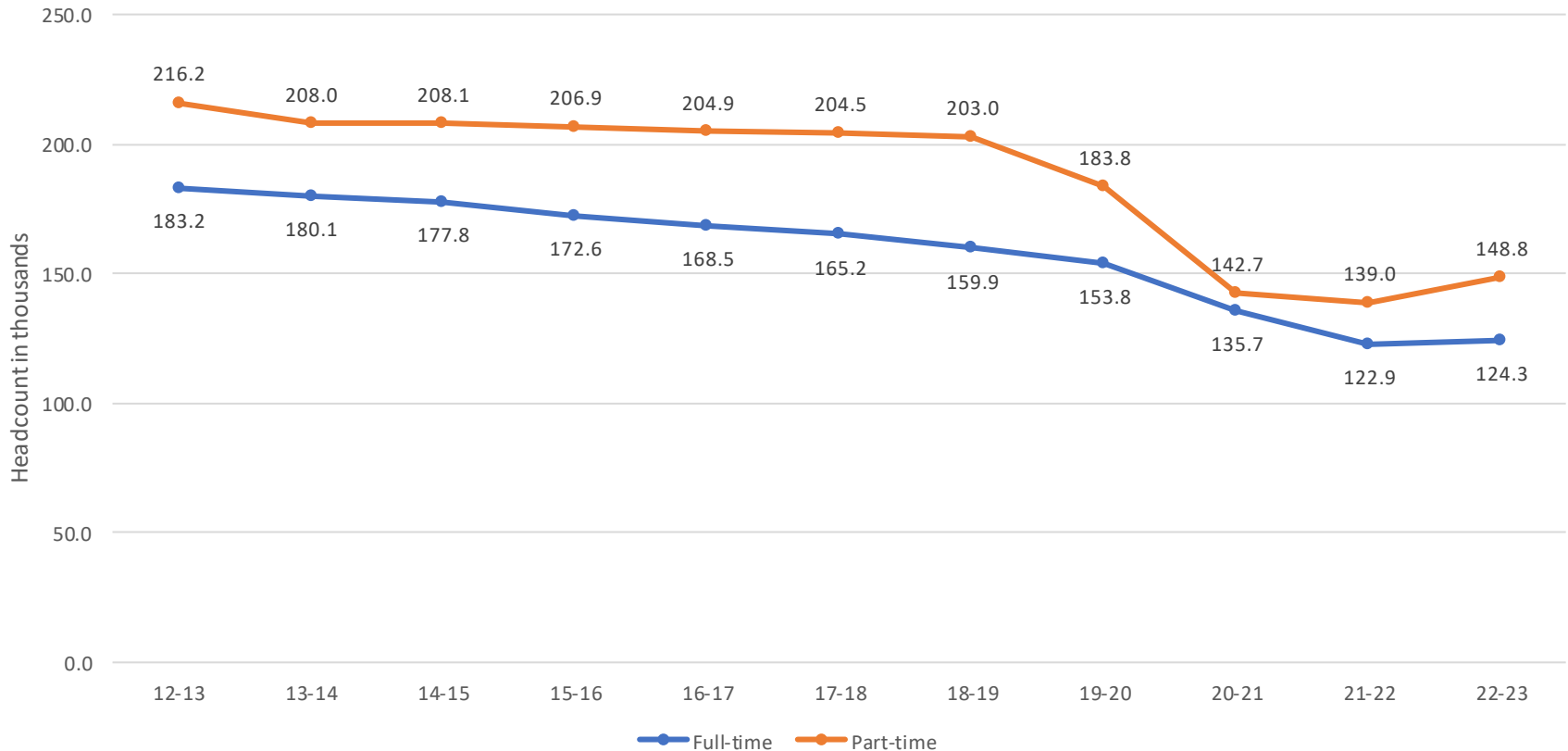
HEADCOUNT BY GENDER



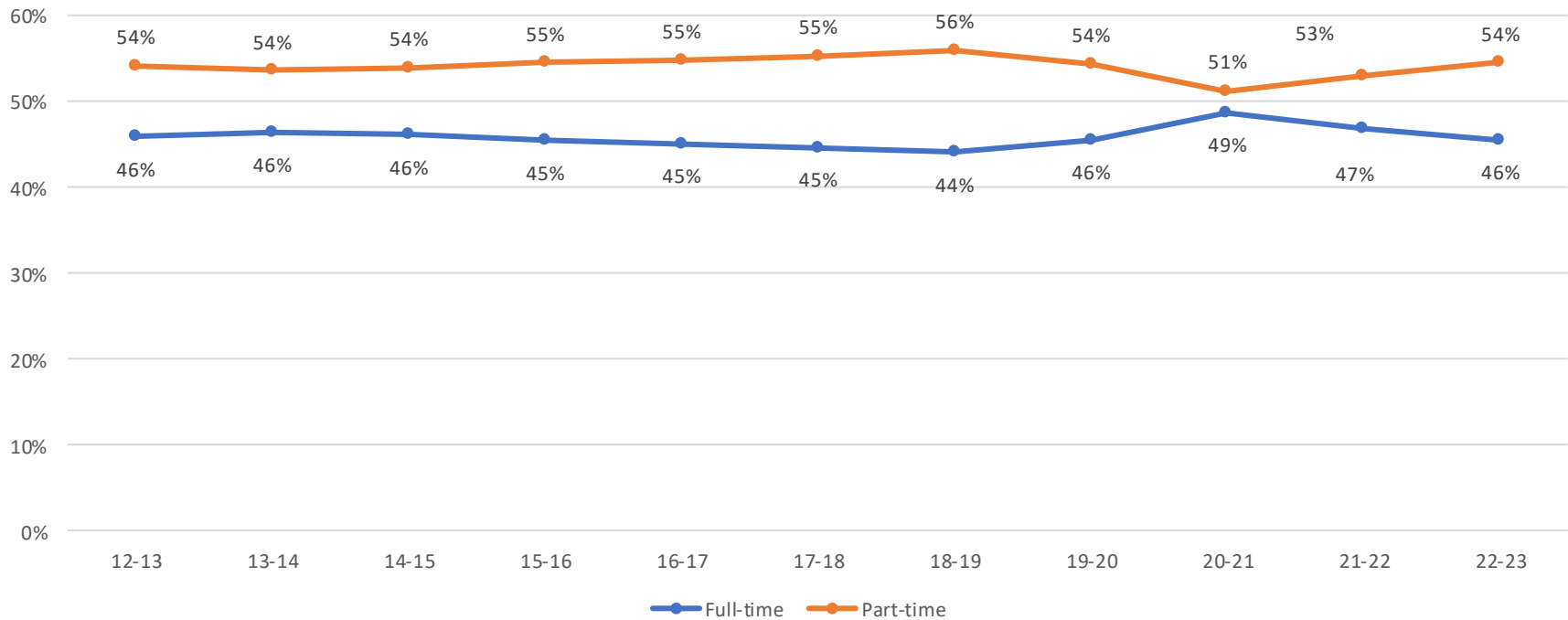
HEADCOUNT BY AGE GROUP



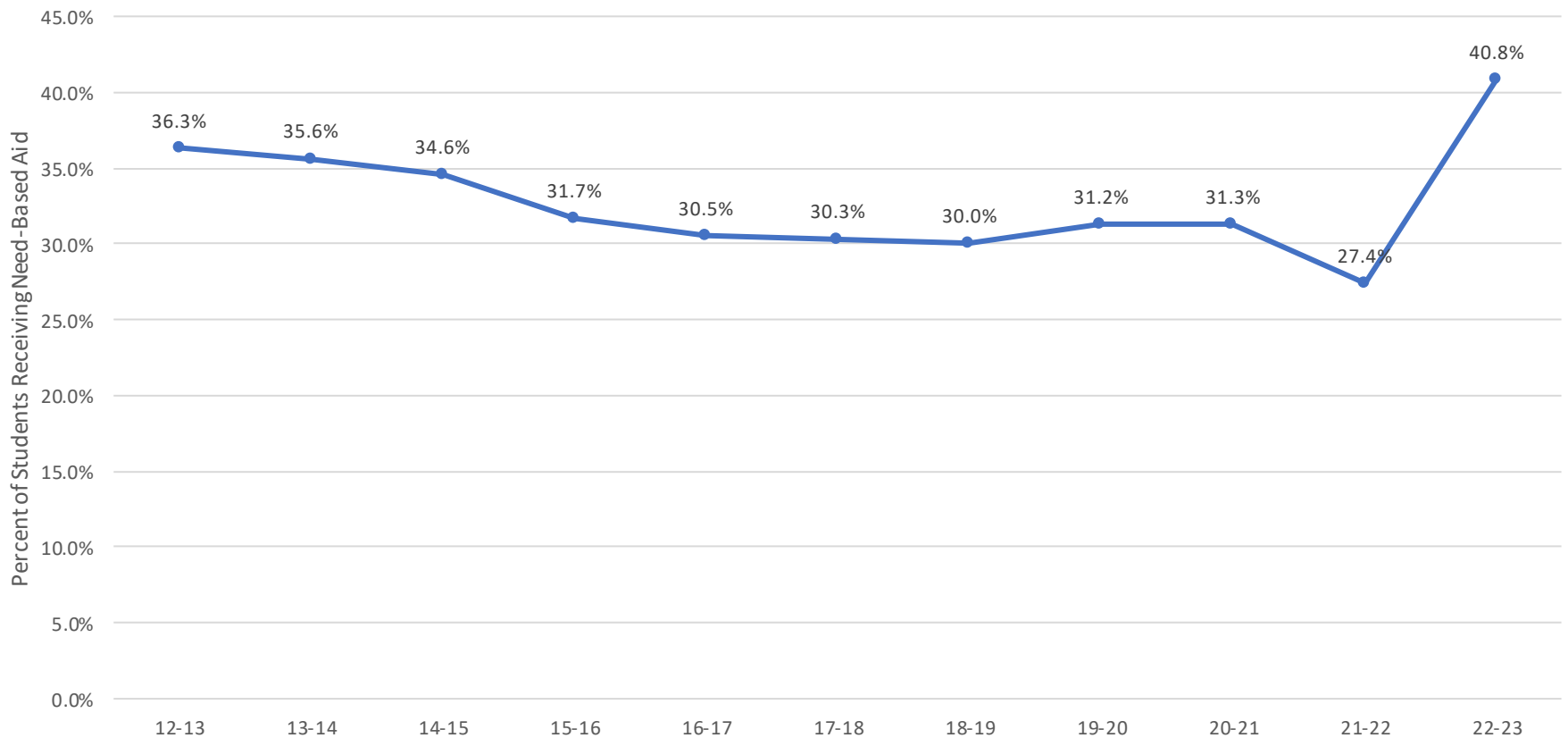
HEADCOUNT BY FULL/PART-TIME STATUS



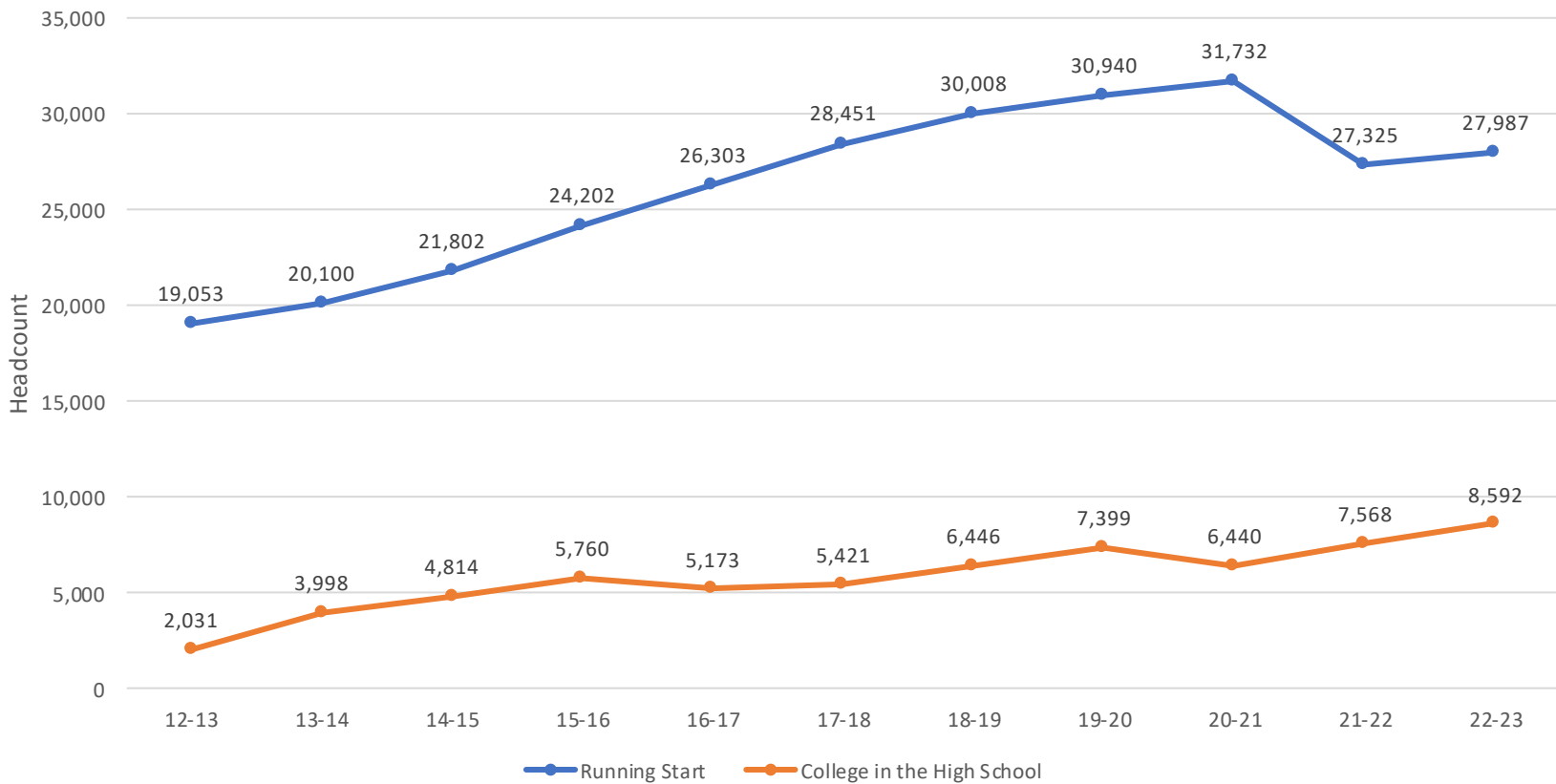
% HEADCOUNT BY FULL-TIME/PART-TIME STATUS



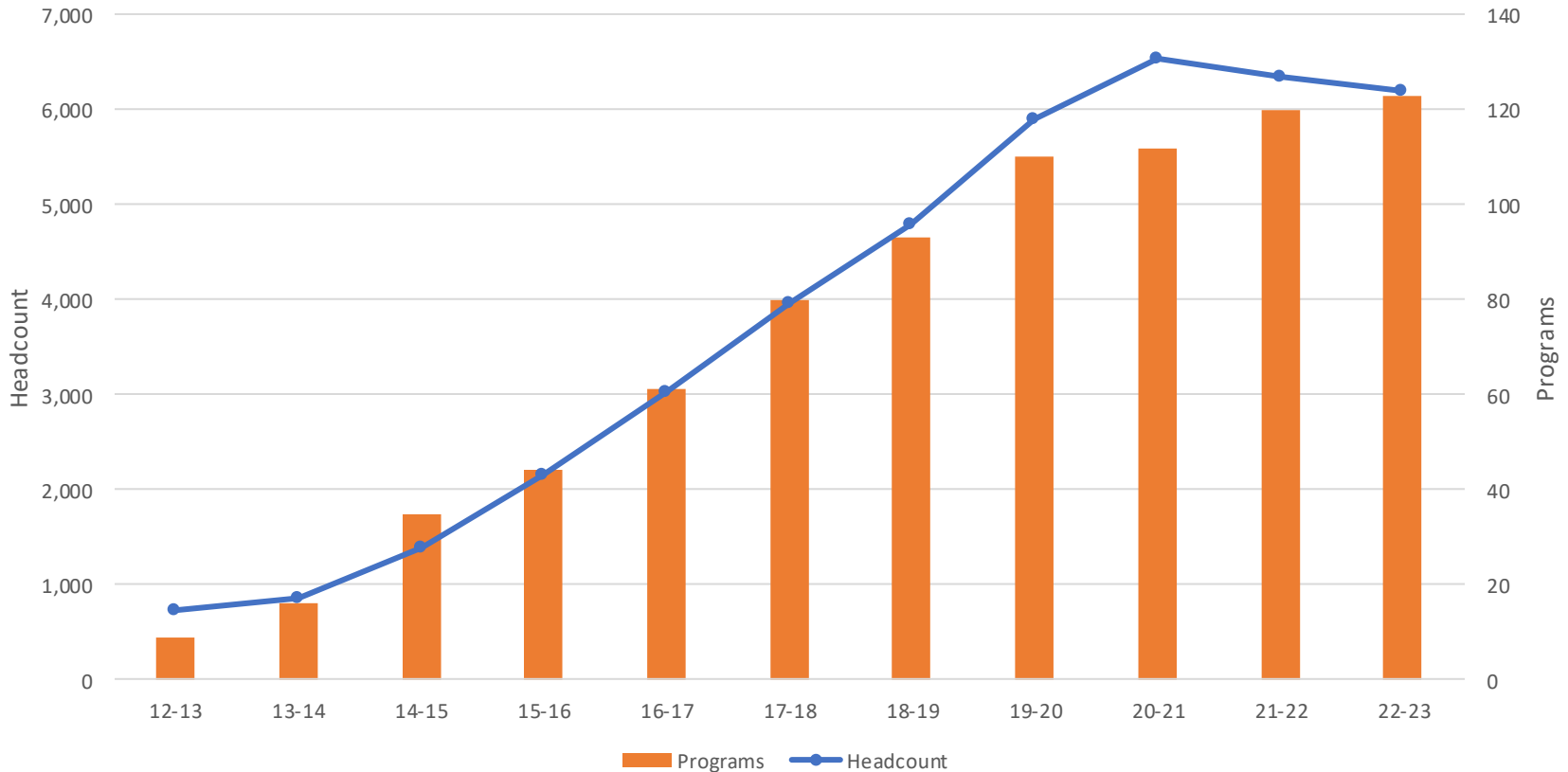
% HEADCOUNT RECEIVING NEED-BASED AID



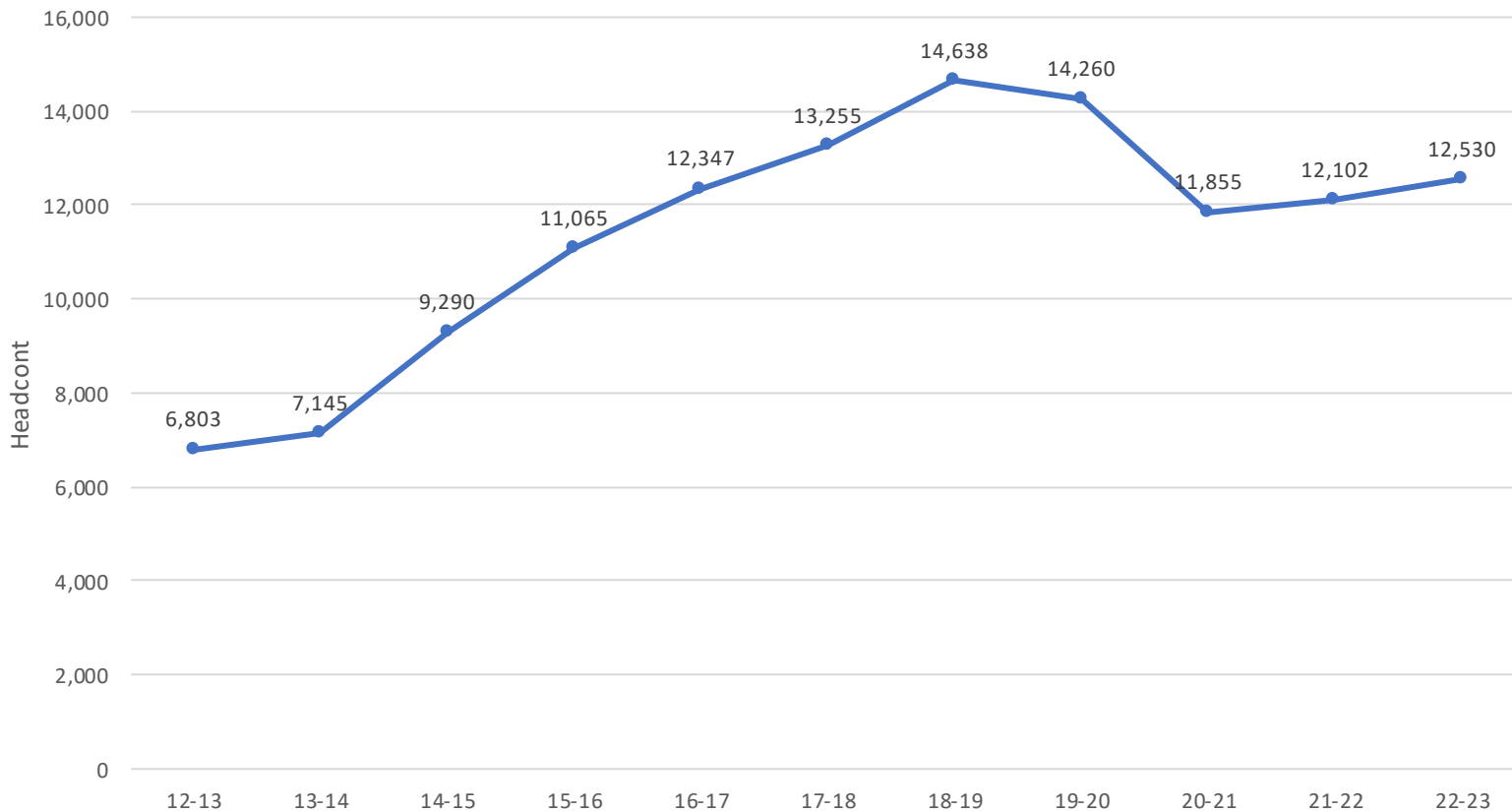
HEADCOUNT BY DUAL ENROLLMENT PROGRAM



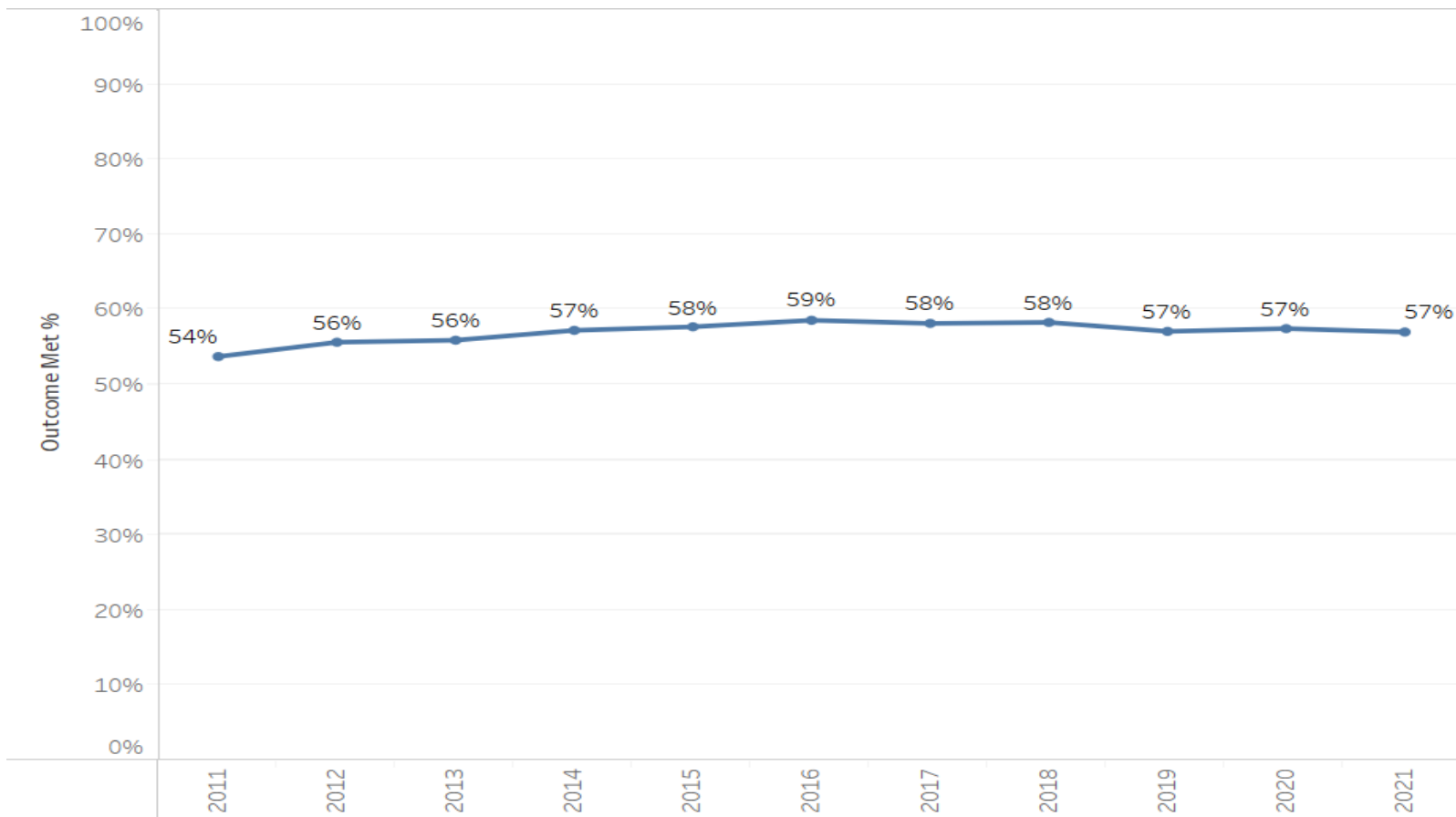
HEADCOUNT IN BACCALAUREATE PROGRAMS



HEADCOUNT IN APPRENTICESHIP PROGRAMS



FIRST FALL TO SECOND FALL RETENTION



LOOKING TO THE FUTURE

- It is going to take all of us working together in a meaningful way to change a decade of higher ed enrollment declines.
- This also means new and expanded partnerships with students, faculty and staff, business and industry, labor, tribal partners, nonprofit and community-based organizations, communities of color, 4-year colleges and universities, K-12 education leaders, federal, state and local policymakers, other state agencies, philanthropic organizations, and more.
- How do we measure progress and success?



WHAT CAN WE DO?

Serving new traditional students

- Re-engage those with some college and no degree (1.124 million Washingtonians)
 - State examples: Tennessee Reconnect, Mississippi Complete2Compete
- Review Prior Learning Assessment policies
- Build more microcredential/micropathway opportunities for students
- Ensure tailored student supports (advising, counseling, mentoring, tutoring)
- Expand competency-based education

WHAT CAN WE DO?

Serving K-12 students

- Increase outreach efforts, particularly to underrepresented populations
 - Improve understanding of college workforce programs, including apprenticeships
 - Improve understanding of student financial aid, including the Washington College Grant
- Increase knowledge of and equity in dual credit programs (Running Start, College in the High School, CTE, and more)
- Increase student access to work-based learning opportunities

WHAT CAN WE DO?

Serving current college students

- Better meet basic needs (food, housing, childcare, behavioral health, transportation)
- Make transfer pathways more seamless
- Reduce textbook costs
- Improve remote learning experience
- Leverage student leaders as ambassadors, tutors, and mentors
- Examine institutional policies that that serve as barriers for historically marginalized students

QUESTIONS?



Pictured: SBCTC Executive Director Paul Francis, Yakima Valley College Trustee Bertha Ortega, & State Board Member Martin Valadez

Tab D

Programs Update

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PROGRAMS UPDATE

Overview

- Purpose of programming
- Review of AY 22-23
- Learnings from AY 22-23
- Preview of our plans for AY 23-24



Our purpose

To provide equitable and relevant Scholar-centered services and programming that create impactful opportunities for all Scholars, so that they are more likely to persist, earn their credentials and are career ready for in-demand jobs in Washington state

Scholars are our North Star

Developing scalable, statewide programs



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Academic year 22-23 in review

CTS Scholar Lead

- 39% engaged (75% goal)
- 86% said their Lead helped them (80% goal)

CTS Skills that Shine

- 56% completed program (85% goal)
- 94% would recommend program (80% goal)

Graduate (GRD) Programming

- 84% engaged (70% goal)
- 87% said programming helped them feel more prepared to be a nurse practitioner (85% goal)



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Our purpose

Maximum Millett

Career & Technical Scholar Alumnus
Mission Moment Scholar in March 2022



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Academic year 22-23 in review

Summary

- Lower engagement than we wanted for Baccalaureate Scholarship (BaS) and Career & Technical Scholarship (CTS)
- Higher impact than we anticipated

BaS Scholar Lead

- **72%** engaged (80% goal)
- **91%** said their Lead helped them (90% goal)

BaS Skills that Shine

- **74%** completed program (85% goal)
- **94%** would recommend program (80% goal)



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Academic year 22-23 learnings

BaS and CTS

- Low engagement, particularly for Scholar Lead program
 - For AY 23-24: enhanced task lists, limited flexibility, and stronger engagement data
- More work to do to close opportunity gaps
 - For AY 23-24: enhanced Scholar outreach
- Exceeded desired impact for those who engaged

GRD

- At scale, exceeded desired Scholar engagement + impact
- One aspirational goal will remain next AY:
 - 60% of eligible practicum sites to receive stipend
 - **50%** received stipend in AY 22-23



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Preview academic year 23-24

Enhancing flagship programming

- Scholar Lead program
 - Refined tasks and timelier engagement data
 - CTS: focusing on new Scholars
- Skills that Shine
 - Improving response strategy for issues with pairs
 - BaS: Calling all Scholars to encourage participation
 - CTS: One cycle, instead of two

New programs

- BaS: College to Career Workshops
- CTS: Job Board



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Thank you

Questions?



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Tab E

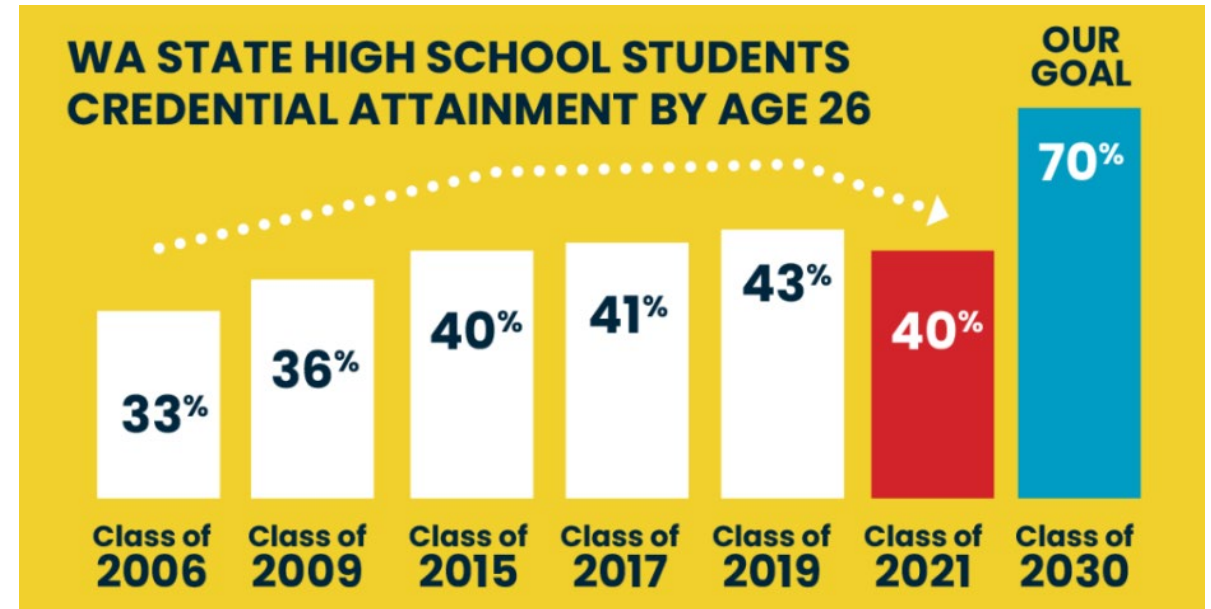
Legislative Priorities

2024 LEGISLATIVE PRIORITIES

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Lagging enrollment, other concerns plague credential attainment targets.

- State's credential attainment goal is further out of reach.
- Generous financial aid not driving enrollment.
- Equity gaps at risk of increasing.
- Questions raised about the K-12 system's ability to prepare students for successful postsecondary transition.



Source: Washinton Roundtable

Economy continues to be strong, revenue up, inequity grows.

- 70% of new job openings require postsecondary training or education.
- Wage gap grows, exacerbated by STEM sector, other factors.
- Job growth strong.
- Tax revenues UP heading into the 2024 session.

Hourly wages:

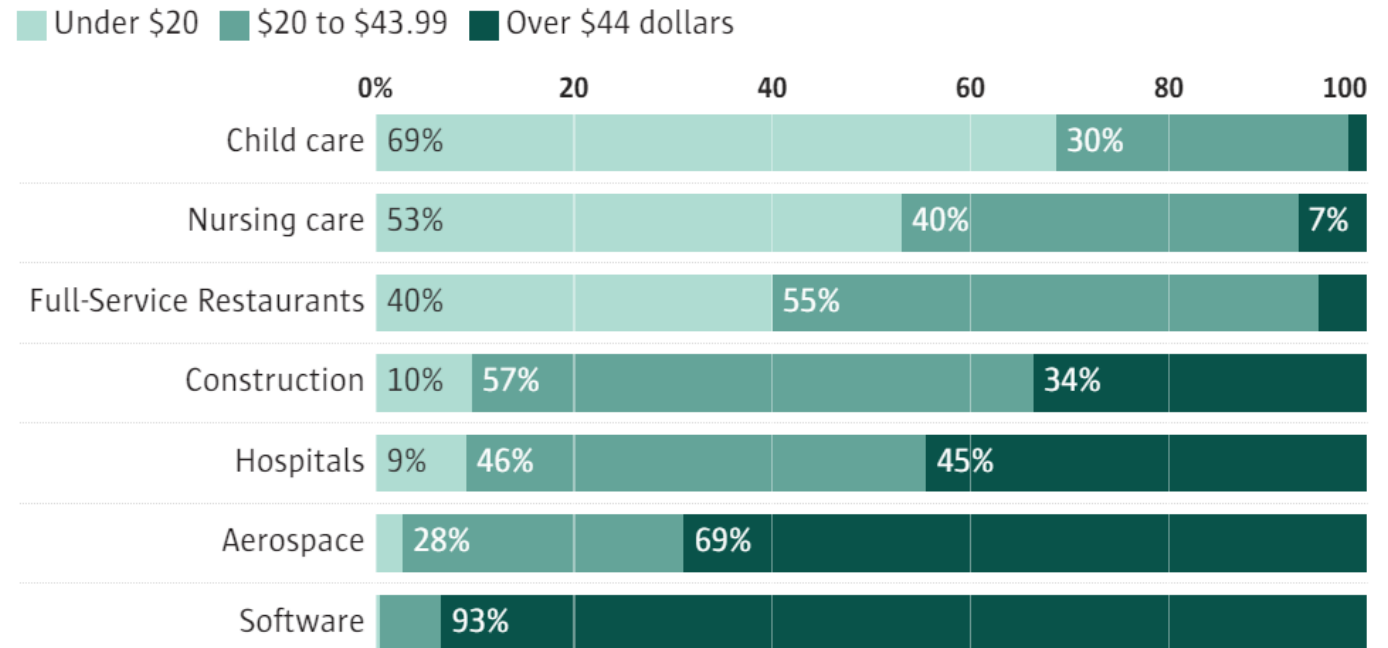
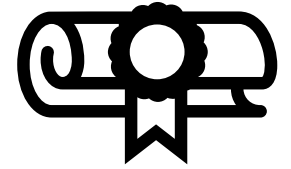


Chart: Alison Saldanha / The Seattle Times • Source: Washington state Employment Security Department

Washington students aspire to earn credentials: cost, awareness are barriers.

- **90%** of WA high school students want to pursue a postsecondary credential.
- Reasons they aren't enrolling:
 - Cost is too high (60%)
 - Prefer hands-on settings to learn (54%)
 - Too stressed to apply and attend (45%)
 - Not sure what to study (35%)
 - Don't feel academically prepared (~30%)



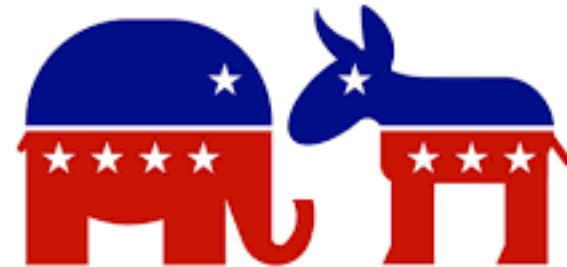
Back to the basics: relationship building.

- Relationships and in-person connection are critical.
- Rethink our value to communities that are equipped with new, different resources.
- Connect into community-based solutions, using WSOS as a tool to drive their outcomes.
- Restructure our priorities to align.



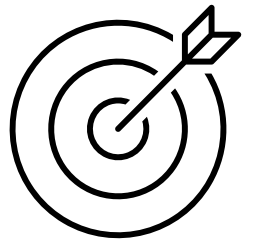
Game of dominoes ahead of 2024 election, eagerness to get out and campaign.

- More than 25% of Legislature was new in 2023.
- Key leaders aren't running or rumored to be leaving.
- Legislators will be eager to get out on time and campaign.
- No bill = no ask.
- Work session, and authentic connections outside session to raise awareness.



2024 focus: Build the brand using a community-focused approach.

- Introduce, build new champions.
- Continue relationship-building, plug WSOS as a ready-made solution.
- Use connections to obtain organization goals, including:
 - Marketing municipal/tribal opportunity as hyper-local workforce development.
 - Growing connections/relationships outside of the Puget Sound.
 - Positioning WSOS as a thought leader in the landscape.



Tab F

Finance and Program Administrator Update

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FINANCE & INVESTMENT COMMITTEE SEPTEMBER 6, 2023
MEETING AGENDA
IN-PERSON OR REMOTE

To join virtually: Click on the Microsoft Teams link in meeting invitation or dial in #: +1 332-249-0607 Phone Conf. ID: 605 446 213#

To join in person: Pacific Tower, 1200 12 Ave. S, Suite 810

I.	Meeting Called to Order & Introductions		Patrick Smith Board Member Committee Chair	1:00p-1:10p
II.	Approval of Minutes from June 13 Meeting	[Tab A]	Patrick Smith Board Member Committee Chair	1:10-1:15p
III.	WSIB Quarterly Performance Report	[Tab B]	James Aber WSIB	1:35-1:55p
IV.	Program Administrator Report » <i>Update:</i> 501 Commons Finance & Accounting function and action plan	[Tab C]	Eileen Moran 501 Commons Nancy Long 501 Commons	1:55-2:20p
V.	Program Update » <i>Committee Action:</i> Recommend adopting charter of the finance and investment committee	[Tab D]	Jvania Polenska WSOS	2:20-2:30p
VI.	Meeting Adjourned		Patrick Smith Board Member Committee Chair	2:30p

Committee Questions for Consideration:

- » What does this committee need to feel confident in the monitoring and reporting of financials as shared or presented by the program administrator?

Upcoming Committee Meetings

Thursday, November 30, 2023

Tab A

Approval of Minutes

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**FINANCE & INVESTMENT COMMITTEE MEETING MINUTES |
JUNE 13, 2023**

Members present via Microsoft Teams: Patrick Smith (Chair), Bo Lee, Jess Peet, Julie Sandler, Elisa La Cava, Joseph Walker

Members not present: Matt Rubright, Brad Faulhaber

Attendees on Teams: Nancy Long, Eileen Moran, James Aber, Chris Hanak, Aileen Liu, Javania Polenska, Dena Parmer

Meeting called to Order

Patrick Smith called the meeting of the Washington State Opportunity Scholarship (WSOS) Finance and Investment Committee to order at 1:02 p.m.

Approval of Minutes from March 21, 2023, Finance and Investment Committee

Committee Action: Julie Sandler moved to approve the minutes of the March 21, 2023, meeting. Jess Peet seconded the motion, and it carried unanimously.

WSIB Quarterly Performance Report

James Aber, Washington State Investment Board's (WSIB) Director of Institutional Relations and Public Affairs, delivered the quarterly performance report. All data is as of March 31, 2023.

Aber gave a capital markets summary (slide 3). Aber said market volatility has continued and was elevated during the first quarter. The Baccalaureate Scholarship (BaS) and Career & Technical Scholarship (CTS) funds returned 3.9% for the quarter but were down 2.6% for the 12 months. For the 12 months ending March 31, these funds saw a return of -2.6%. The endowment fund (80% equities, 20% fixed income) saw a return of 6.1% for the quarter and -6.3% for the 12 months ending March 31. Global equity funds returned 7.0% for the quarter and -7.4% for the year. Fixed income funds returned 2.6% for the quarter and -1.6% for the year. WSIB completed one transaction during quarter one. The WSOS Private Scholarship Fund raised \$3M of cash for redemption through \$1.8M of sales in public equity and \$1.2M of sales in fixed income. Aber reviewed the three different capital market environments during the first quarter of 2023 (slide 4).

Joseph Walker asked for a dollar total return for each of the funds that WSIB manages. Aber said it is data they should be able to pull. Chris Hanak confirmed they could produce this. Walker asked WSIB to circulate this information to the committee.

Program Administrator Report

Eileen Moran, Controller for 501 Commons, presented financial statements through March 31, 2023.

Moran reported that the increase in cash on the balance sheet is primarily due to a \$2.5M payment from Microsoft in March. The change in investments is inconsequential. We withdrew \$3M to cover scholarship disbursements in March, but the difference was made up in unrealized gains in the same quarter. The pledges receivable changes are due to the scholarship

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disbursements. Moran said deferred revenue was added to this report as a placeholder for the O'Connell stock donation because it is from a Donor Advised Fund (DAF). Moran said she did this for visibility. The changes in scholarship liabilities are due to disbursements made this quarter.

Peet asked what was causing the decline in pledges and grants receivables. It is down 28% year over year. Moran said that the \$2.5M that we received reduces pledges receivable by \$2.5M. Peet asked if it is concerning that we are down year over year. Moran said that the pipeline is WSOS's responsibility. Smith asked if the slowdown in pledges receivable is related to the staffing issues on the development team. Jvania Polenska said we were down a development director and several team members for most of last year. We are making adjustments to our revenue growth projections as part of the campaign work we are doing. There is a reduction in 2023 and a slight increase in 2024 and 2025. Polenska said we will start the hiring process for frontline fundraisers in the fall of this year.

Walker asked for a walk-through from 12/31/2022 -3/31/2023 on pledges and grants receivable, starting balance, new pledges, and collections to show how we got to the 3/31 balance. Moran stated a monthly pledge receivable and revenue reconciliation that provides this information and is readily available. Walker asked if it was in the pre-read package. Moran said it is not but that it is available to WSOS. The March reconciliation report is in the process of being completed. When they finish this report, Walker asked Moran to circulate it to the F&I committee.

Walker asked about investments that read on the income statement as if we had \$6M of investment income. Moran said it is primarily due to unrealized gains. Walker asked if the \$92.6M investment balance reflected the unrealized gains. Moran said that the investment balance is cumulative. She stated that we took \$3M out for scholarship disbursements. Walker said he is trying to understand how we had \$94.1M on 12/31/2022. He said we added \$6M of investment income and took out \$3M for disbursements. Then the ending balance should be significantly higher. Smith asked if the investments on the balance sheet are reporting the current market value. Moran said the \$92M is the balance on the last WSIB report that 501 Commons receives monthly. Smith said this question ties into Walker's request to WSIB to look at the accounts as of 12/31/2022 and 03/31/2023 to see if we can reconcile what we see on the income statements and the balance sheets. Moran said an income statement is just for the quarter, and the balance sheet is a point in time. Moran said we had \$94M on 12/31/2022 and have \$92M now. Walker asked for a walk-through of how we got \$6.1M of investment income and \$3M in disbursement and how we got to \$92.6M rather than \$97M. Smith said there is an unexplained delta in what the committee looks at in this report. Moran said she sees the questions that Walker and Smith are asking. Polenska asked Moran to prepare a walk-through after this meeting to explain the gap so we can keep this meeting moving forward. Moran said she would ask Mia Starostin to prepare this. Polenska asked for a reconciliation of investments, pledges, and grant receivable line items. Polenska will work with the development team to see where we are in the grants and pledges reconciliation process. Smith asked that we close the loop on the figures in question.

Smith asked why we chose to account for the Connell DAF pledge differently than the Ballmer pledge. Moran said she decided to do this for visibility. The \$5.8M of unbilled state match receivable offset is deferred revenue. The Connell \$750K is in the same account as the \$5.8M. Moran said she put the \$750K into pledges receivable for visibility's sake. Moran said she would have done this with other DAF pledges also but was not the controller when we received the other DAF pledges. Moran said most donations are not this large, and with her retirement, she

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erred on the visibility of the pledge. Smith agreed it makes sense for DAF pledges but said we need to have consistency and treat them all the same unless there is an obvious reason to do it differently. He said his preference is to put all DAF pledges into pledges and grants receivable and deferred revenue, including Ballmer. Moran said the main thing is that there is no revenue recognition like other pledges until we have cash in hand. Moran said this is a discussion to have with Starostin. Smith said the F&I committee needs to discuss how DAF pledges and non-DAF pledges are documented.

Moran presented the Actual vs. Budget report (slide five). We received \$123K from BECU, \$25K from Bristol Meyers Squibb, \$25K from Frontstream, and \$31K in small amounts from various donors, mostly sponsorships for OpportunityTalks. Moran could not explain the variance and said the new director of finance, Starostin, would need to explain it. Estimating investment dividends and returns is difficult to do, considering there was a lot of volatility when the budget was made, and we did not expect a rebound in gains as we experienced. Moran will talk to Starostin about the \$6M that is sitting there. Expenses are pretty flat. Contracts and lobbying expenses were under budget by \$52K in the first quarter. Part of the reason is that grant writing, fundraising, and legal services were \$43K under budget. Moran said that conferences, conventions, and meetings are over budget due to a large catering expense for an OpportunityTalks event. Operating expenses are significantly lower than budgeted, which is less than \$30K of the \$92K variance. Moran is unsure why there is such a large variance but will look into more details if the committee wants that information. Moran said the scholarship expense variance happens when the scholarship model is updated based on the Scholar count. It was adjusted in December but has yet to be adjusted again. Moran and Starostin would like this to be updated quarterly. We have received \$520K in refunds, which is reflected as a negative number in the actuals.

Peet said she would like to see the notes talk about the unfavorable variance in private funding. Moran said there were no new significant pledges this past quarter. Polenska added that we did not know the Connolly pledge would be a DAF. We should be able to isolate what is causing the variance and follow up. Peet said she wants to ensure there is nothing systemic trending over a couple of quarters.

Moran reviewed WSOS cash flow (slide 8). We received \$2.5M from Microsoft. We also received \$25K from Bristol Myers, \$50K from the Seattle Foundation Smith family, \$15K from Frontstreet, and other small donations, which comprised the \$107K in private donations. There has been no state match because we consumed 100% of the prior appropriations. There is \$385K from the City of Seattle, which we get as we consume. We have only consumed \$15K so far. Moran said that she had received notification about the new appropriation and will work with Starostin so she knows how to do the state match. Moran said we will make a state match request before the June meeting so that the slide deck will reflect it at that time. Moran said the investment income is based on the actual unrealized and realized gains of \$1.24M, interest and dividends income of \$314K, and investment expenses of \$50K. Moran stated that she was questioning these numbers and said she would get back to us. Scholarship disbursements were \$5.35M, comprising \$3.13M for BaS, \$2.17M for CTS, and \$46K for GRD. We had scholarship refunds of \$520K. In the GRD disbursements, we paid \$6.4K for travel and preceptor stipends.

Walker said he would like to see a reconciliation of the \$6.1M of investment income versus the \$3.9M on the cash flow statement. Moran affirmed that 501 Commons would do this.

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Walker asked why we liquidated investments for \$3M and built a higher cash balance. He asked what the governance is in making this type of election. He also asked about context and timing. Moran said it was to cover the scholarship disbursements because there was insufficient money in the checking account to complete them. We needed the funds because the \$2.5M from Microsoft came in after the disbursements were made,

Walker requested a list of all cash flows through checking and investment accounts for the quarter. Moran said when cash comes to the investment accounts, it is dividends and interest. Walker said that WSIB could summarize that. Walker said he would like to see contributions and withdrawals. Smith said a similar question has come up before about the decision process as to when we take surplus funds from a checking account that is earning zero, move it somewhere to get a better yield, sell investments but then build a cash balance over the quarter. Smith asked about the oversight and how these processes happen. Moran said she understands that excess cash has to be moved to WSIB, and this is on the list of things she and Starostin need to work through as they look at the timing of the next disbursement. They have to get an estimate for that disbursement. She said if we send the money to SIB, we may need it for disbursement shortly after it has been moved.

Smith said there was information in the pre-read packet about Insured Cash Sweep, a product through Beneficial State Bank. Polenska said this was an action item that came out of the last meeting when we talked about where our money sits, how long it sits there, and our ability to protect our interests in the event of a bank collapse. Polenska said Nancy Long will highlight what 501 Commons has done. Polenska said this is for the sake of education today, but there is likely a policy decision that we need to come to. Polenska said we could do this as part of our next meeting as part of our recommendation to the WSOS Board. Long said they have yet to see a full-year cycle with WSOS, and to make this work, you need to be able to predict the demand for the cash in the account. Moran was meeting regularly with Connors, and we expect Starostin to continue this with Polenska. The committee has expressed concern about the banking environment and that there are almost always funds in the WSOS account above the federally insured limit of \$250K. 501 Commons has a standing agreement with Beneficial State Bank and uses the Insured Cash Sweeps (ICS) program. Long said this can be set up to happen automatically, but we would not do that for WSOS. We would send excess funds into the sweeps rather than WSIB when we know they will be needed in a short period of time for disbursement. The ICS program pulls out increments of \$250K to multiple banks with a sharing agreement. It gives you access to insurance for the funds because it is in a different bank.

Walker asked if we would be eligible to participate in a government money market fund and what the rate comparison is. Long said they can sweep it into money market funds. We must consider if this is a "third leg" on the stool with long-term investments going into WSIB, short-term going into ICS with no term limit, and other things going into a government money market. She said it is possible but does not know the rate comparison. Long said she would look into that. Long said this works very smoothly, and there is little burden in making the transfers. Long recommends that the committee consider it at some multiplier of \$250K. It would not make sense to sweep everything above \$250K out of the bank. The committee needs to figure out the risk tolerance. Long said there are times when there is a significant amount of money in the accounts, and ICS would give more security. We would set a schedule based on the expected need for funds and make the sweeps monthly.

Walker asked for a comparison of a money market fund and the ICS rates. He also asked for additional information on Beneficial State Bank's economics, this program, and how the bank is

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getting paid. Long said they are getting paid through a lower return. There is no cost to use the program; they just capture more of the return on the money. Polenska asked 501 Commons to present their written recommendation and the rate comparison that Walker requested. We will review this at our next F & I meeting and then present it to the Board if we want to pursue this.

Long said the advantage of the sweeps is that moving the money and getting it back is simple. The money can be put into accounts that are going to earn, but this can also be done through WSIB as well. This will address the balances that are necessary to keep over time when we decide not to send it to WSIB. Polenska asked that Starostin meet with her to discuss how we proceed and prepare a recommendation for the committee. Long said we want to compare the rates and the ease of moving money since the predictability of knowing how much is needed for scholarship disbursement can be difficult. She said we also need to look at the tradeoff of using a third option of a government money market vs. putting it into WSIB.

There were no additional questions.

Polenska said that one of the other items that is outstanding was the request to see the 990 Schedule O. Long said they could provide the format, but the audit is not scheduled. They missed the window of opportunity to get it scheduled because they were focused on WSOS reporting and needed to provide them with overall data. The 501 data piece was unavailable, so it still needs to be scheduled. We will get the 990 to the committee before it is final. 501 Commons can provide the format now, but the report still needs to be prepared. Long said the committee would have time to review the form when it is in draft form.

Walker said there was some language that was going to be changed. He would like to see the old and new language for a side-by-side comparison. Polenska said the schedule O document is where we would see the difference. We want to see where we are coming from and where we will go.

There were no additional questions.

Moran said there is a slide with the 12-month cash flow. She said it is good information with notes for people to review.

Program Update

Polenska reviewed WSOS's strategic priorities and where we are today. She said staff are tired but are working hard to finish the year strong. We have had a high performance with applicant eligibility for the CTS and GRD, but BaS is lower, with only 62% eligible. Ineligibility of BaS applicants is usually because they did not fill out their FAFSA or get transcripts to us on time. BaS scholars must be admitted into an eligible program within three years of receiving their scholarship. Scholars don't receive this information until June, and we were initially asking for the information in May. We are flagging BaS eligibility as an area of focus. Promotion work is getting the word about the scholarship, but we must ensure scholars understand eligibility requirements. The Awards team continues exploring the impact of stacking financial aid and what happens when they accept our scholarship. There have been many changes. The Programs team sees 90% persistence for BaS scholars who continue on each year. The number one reason scholars do not renew is because they have graduated. We have improved the way we support career outcomes. We are doing a better job of engaging corporate partners in terms of creating opportunities for internships and job panels and working to keep high levels of mentorship. We want to ensure that our scholars can engage with professionals in their field

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of study. The External Affairs team has seen slow social media growth, which we believe is because of over-forecasting what we thought was possible. We are seeing a slow build. There was a Scholar who wrote an unsolicited editorial about WSOS, which is a testament to the program's value and importance in the life of a Scholar. Julie Sandler connected us with Washington State Counseling Association (WSCA) and Pacific Northwest Association for College Admission Counseling (PNACAC). They did not know about us, so we are building opportunities to spread the word about WSOS. Development put on the first in-person OpportunityTalk since 2019. One hundred fifty-three new friends of WSOS attended, and we raised \$755K, which is on par with pre-pandemic fundraising events. We need to adjust our revenue target due to the shortage of frontline fundraisers.

Peet asked if the headcount or money raised per person shifted since we had no big-name speakers. Previously, we included sponsorship and the like in the total amount raised, so Polenska said she would follow up on a comparison of the amount raised per head. She said the lack of a headliner and fewer people in downtown Seattle may have impacted attendance. We are looking at what can be the draw next year.

Polenska said Operations is pleased that we have 31 full-time employees. We have two open positions, but that is intentional as we ramp up our new development director. We hope to fill them by the end of the calendar year. We launched our Management and Leadership Academy. We are focused on preparing for talent calibration and hoping to give staff impactful feedback that will motivate and inspire team members to do their best work on behalf of scholars. We also want staff to be intentional about professional development. The area of biggest growth is our organizational culture.

Polenska reviewed our key wins and challenges for the quarter. Polenska presented program administration options and asked the committee to discuss what questions and risks we should consider while exploring the creation of a non-profit entity to support the program administrator function.

Smith said we only received only one bid the last time we went out for RFP. We hear that WSOS's needs are too big for the other program administrators. This creates a risk for WSOS, and we need to discuss options for moving forward.

Sandler asked what happened with Washington STEM. Polenska said WSOS continued to grow and become more complex as the legislature expanded the program, making it more difficult for their systems and staff. Sandler asked if it was their decision or our decision to end things. Polenska said we mutually ended things when our contract expired after being with them for six years. We outgrew their staff and were becoming too complex for their organization. We began discussing this a year before our contract was to expire. Smith added that WA STEM was talking about getting out of program administration. Polenska said that was part of it because of the CEO transition and what is in their book of business.

Walker said that one workstream is to look at what type of staffing is needed for program administration and legal review because there are many frameworks which WSOS works within.

Peet said there is the clean cost of operations and staffing to set it up versus paying for part of a larger program within a program administrator. Peet recalled that Kimber Connors talked about the weight of the PA transition, which is mentioned on a scorecard. Peet said the transition was timely and expensive. There is a benefit to best practices and methodologies. WSOS needs to

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be well connected in how organizations are operating. For example, 501 Commons presented the Sweeps product based on questions in the last F&I committee meeting. Peet asked if there are connections we can build to stay up to speed on best practices and methodologies.

Polenska said there is an opportunity for us to continue to build relationships and partnerships through our promotional work. There is a Washington non-profit association that would be a natural place for WSOS to connect. These relationships are essential not just for a PA but also for our day-to-day operations. Polenska said this is an important piece to consider early on and thanked Peet for her questions.

Smith said there needs to be a clearly scoped need for how many FTEs we expect are needed. Should we start a non-profit whose only source of funding is WSOS initially? How does the transition work? How do you onboard staff when that entity cannot do that work for WSOS? Smith asked if this would have to be completely independent of WSOS. Polenska confirmed that it does. She said WSOS is a program, and this would be its own non-profit organization. Smith asked how the governance would work, what if there is a disagreement between WSOS and the non-profit. How does this look on a day-to-day basis? Polenska said we have been doing the work based on the Board granting the authority to us. Our board pre-read will have a skeleton presentation, and we can share it with the committee even though you will receive it as part of the next packet you receive. Polenska said we know getting staffing right is critical to the initial build. The finance and accounting piece is big and complicated. Polenska said she will take the questions and comments forward as she builds her presentation for the Board.

Smith asked if there were any more questions. There were none.

Polenska said that at the next meeting, the committee must review the charter for the F&I Committee. This is something that has to be done every three years.

Smith said there is no need to move into executive session. The meeting was adjourned by consensus at 2:24 p.m.

Respectfully submitted,

Dena Parmer

Tab B

WSIB Quarterly Performance Report

WSOS INVESTMENT AND FINANCE COMMITTEE PERFORMANCE REVIEW – 2Q 2023

SEPTEMBER 6, 2023

James Aber, Director of Institutional Relations



WSOS INVESTMENT PROGRAM SUMMARY

- BaS and CTS funds (30% equity/70% fixed income) returned 1.8% and 1.9% respectively for the quarter
- BaS and CTS returned 6.1% and 6.2% respectively for the 12 months ending June 30
- Endowment (80% equity 20% fixed income) returned 4.8% for the quarter and 13.5% for the one-year period
- Global equity funds returned 6.0% for the quarter and 16.5% for the year
- Fixed income funds returned 0.1% for the quarter and 2.2% for the year
- Global equity markets remained strong in the second quarter as inflation fell and the US Federal Reserve slowed its pace of rate hikes
 - In fixed income, rising rates weighed in returns, which turned negative in the first quarter
- There were no WSOS transactions during Q2

CAPITAL MARKETS SUMMARY

REPORTED AS OF JUNE 30, 2023

- Global equity markets ended the quarter a high note, posting very strong returns in June
- The MSCI Developed World IMI index returned 6.4% for the quarter, bringing the 1-year return to 17.9%
- Emerging markets trailed well behind developed markets this quarter, returning 1.6%, which brought the 1-year return to 3.2%
- U.S. inflation (as measured by the Consumer Price Index) declined from the prior quarter and sits at 3% for the trailing 12 months – the lowest level since March 2021
- The Federal Reserve raised its interest rate target once during second quarter, bringing the rate up 25bps in May and holding rates steady at 5.25% in June
 - The Committee is divided on whether further rate increases will be necessary in the future
- U.S. interest rates increased during the quarter with the U.S. 10-year Treasury yield jumping by 0.4% to 3.8%
- The Bloomberg Universal index returned -0.6% for the quarter, down from 2.9% the prior quarter

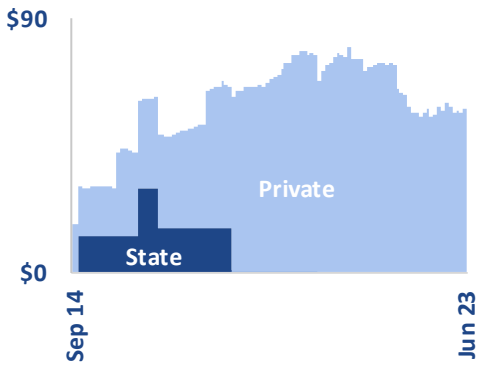
WSOS GROWTH OF ASSETS

JUNE 30, 2023



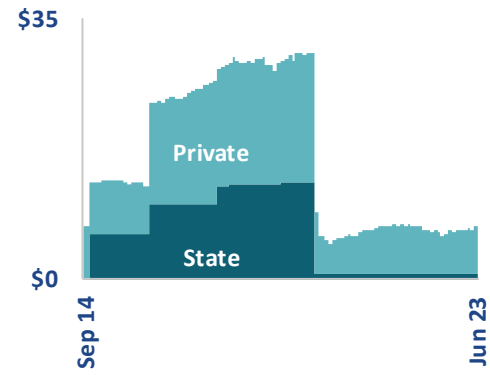
BaS (100% Private)

Private Total	\$57,788,680
Equity	\$17,433,974
Fixed Income	\$40,287,413
Cash	\$67,293
State Match	\$0



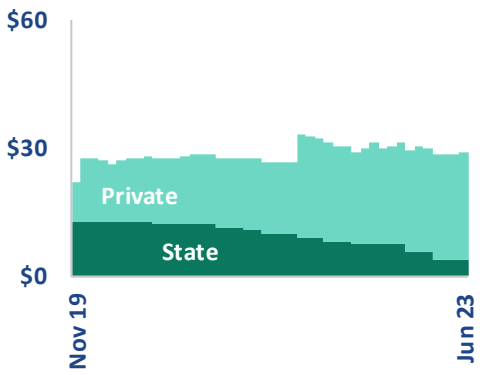
Endowment (91% Private / 9% State Match)

Private Total	\$6,381,134
Equity	\$5,166,646
Fixed Income	\$1,213,125
Cash	\$1,362
State Match	\$607,764



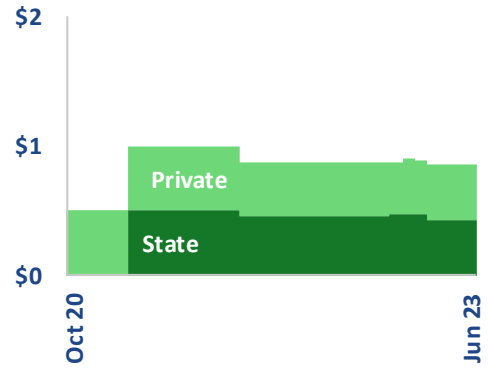
CTS (87% Private / 13% State Match)

Private Total	\$25,038,016
Equity	\$7,937,701
Fixed Income	\$16,986,500
Cash	\$113,815
State Match	\$3,759,009



GRD (51% Private / 49% State Match)

Private Total	\$439,126
Equity	\$142,476
Fixed Income	\$294,847
Cash	\$1,803
State Match	\$427,077



TOTAL MARKET VALUES AND ASSET ALLOCATION

JUNE 30, 2023



Private Funds

Equity

- Passive equity strategy managed by BlackRock
- Expected to closely track the MSCI All Country World Investable Market Index

Fixed Income

- Actively managed by WSIB staff
- Expected to meet or exceed the Barclays U.S. Intermediate Credit Index

State Match Funds

- Both target and current allocations are 100% cash
- Cash is invested in a money market fund managed by BlackRock

	BaS Cash 0.12%	Endowment	CTS Cash 0.45%	GRD Cash 0.41%
Private	Fixed Income 69.72%	Fixed Income 19.03%	Fixed Income 67.84%	Fixed Income 67.14%
	Equity 30.17%	Equity 80.97%	Equity 31.70%	Equity 32.45%
	\$57,788,680	\$6,381,134	\$25,038,016	\$439,126
State Match	\$0	\$607,764	\$3,759,009	\$427,077
Total	\$57,788,680	\$6,988,898	\$28,797,025	\$866,203

FUND PERFORMANCE UPDATES

ALL COLUMNS SHOW PERFORMANCE CALCULATED AS OF JUNE 30, 2023

	Annualized				
	Qtr.	1 Year	3 Year	5 Year	Since Inception
BaS					
Private	1.78%	6.11%	2.04%	3.44%	4.38%
Private Benchmark	1.61%	5.76%	1.75%	3.29%	4.31%
State Match	N/A	N/A	N/A	0.67%	0.59%
State Match Benchmark	1.22%	3.74%	1.32%	1.59%	1.17%
Private Funds Benchmark: 25% Equity, 70% Fixed Income, and 5% Cash. State Match Benchmark: 100% Cash					
Endowment					
Private	4.78%	13.46%	8.79%	6.13%	6.53%
Private Benchmark	4.72%	13.52%	8.69%	6.91%	6.89%
State Match	1.22%	3.67%	1.28%	1.46%	1.06%
State Match Benchmark	1.22%	3.74%	1.32%	1.59%	1.17%
Private Funds Benchmark: 80% Equity, 20% Fixed Income. State Match Benchmark: 100% Cash.					
CTS					
Private	1.88%	6.23%	2.11%	N/A	2.68%
Private Benchmark	1.61%	5.76%	1.75%	N/A	2.15%
State Match	1.22%	3.67%	1.28%	N/A	1.21%
State Match Benchmark	1.22%	3.74%	1.32%	N/A	1.32%
Private Funds Benchmark: 25% Equity, 70% Fixed Income, and 5% Cash. State Match Benchmark: 100% Cash.					
GRD					
Private	1.92%	7.23%	N/A	N/A	2.73%
Private Benchmark	1.61%	6.95%	N/A	N/A	2.63%
State Match	1.22%	3.67%	N/A	N/A	1.67%
State Match Benchmark	1.22%	3.74%	N/A	N/A	1.69%
Private Funds Benchmark: 100% Cash. State Match Benchmark: 100% Cash.					

Note: All program benchmarks use the MSCI ACWI IMI w/U.S. Gross, Bloomberg Intermediate Credit, and the 90 Day Tbill

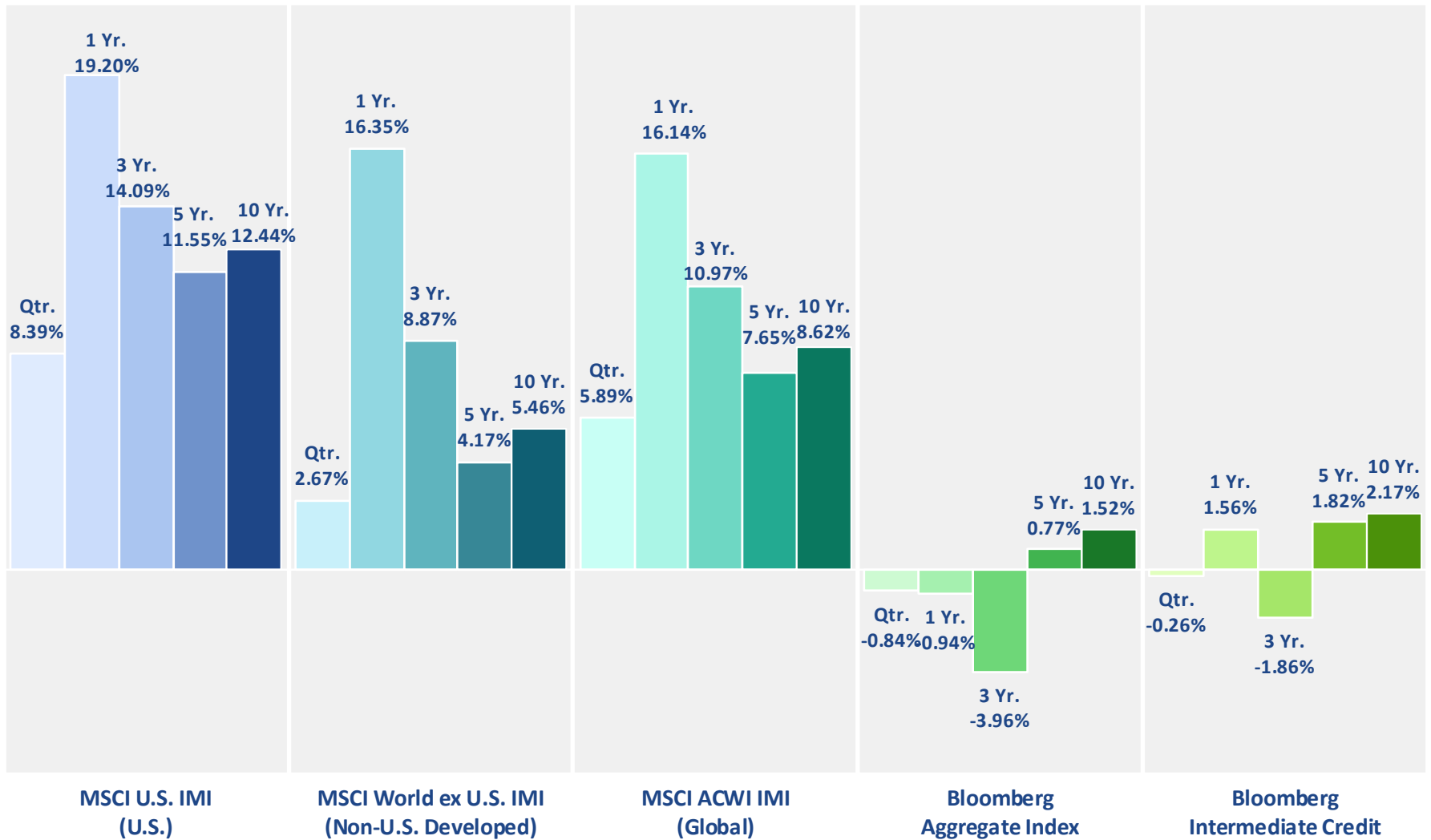
FUND PERFORMANCE UPDATES

ALL COLUMNS SHOW PERFORMANCE CALCULATED AS OF JUNE 30, 2023

	Qtr.	Annualized			
		1 Year	3 Year	5 Year	Since Inception
Equity					
BaS	5.95%	16.50%	11.25%	8.26%	8.07%
Endowment	5.95%	16.49%	11.24%	8.09%	8.05%
CTS	5.95%	16.44%	11.23%	N/A	8.79%
GRD	5.95%	N/A	N/A	N/A	14.53%
MSCI ACWI IMI w/ U.S. Gross	5.96%	16.49%	11.26%	7.96%	
Fixed Income					
BaS	0.08%	2.18%	-1.53%	2.20%	2.23%
Endowment	0.08%	2.18%	-1.52%	2.21%	2.24%
CTS	0.08%	2.18%	N/A	N/A	0.19%
GRD	0.08%	N/A	N/A	N/A	2.20%
Bloomberg Intermediate Credit	-0.26%	1.56%	-1.86%	1.82%	

CAPITAL MARKETS AT A GLANCE

JUNE 30, 2023



CONTACT INFORMATION

Website: <http://www.sib.wa.gov>

Address: 2100 Evergreen Park Drive SW
P.O. Box 40916
Olympia, WA 98504-0916

Phone: (360) 956-4600

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Delivering Investment Results for Retirement Plans & Public Trusts

INVESTMENT BELIEFS WSIB STORY

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Tab C

Program Administrator Report

FINANCE & PROGRAM ADMINISTRATOR UPDATE

June 30, 2023

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

WSOS Balance Sheet

Washington State Opportunity Scholarship								
Comparative Balance Sheets								
June 30, 2023								
	Comparison to Last Reported Period					Comparison to Same Period LFY		
	3/31/23	% Change	6/30/23	Notes		6/30/22	% Change	6/30/23
Assets								
Cash	3,582,818	-21%	2,830,333	1		2,730,619	4%	2,830,333
Investments	92,608,970	2%	94,440,805	2		91,066,618	4%	94,440,805
Accounts Receivable	183,209	0%	183,209	3		24,728	0%	183,209
Pledges and Grants Receivable, net	27,384,182	-7%	25,498,370	3		24,928,358	2%	25,498,370
State match receivable, net	-	0%	-	4		-	0%	-
Unbilled State match revenue	5,850,861	54%	9,002,873	4		7,346,283	23%	9,002,873
Unbilled State match receivable, offset	(5,850,861)	54%	(9,002,873)	4		7,346,283	-223%	(9,002,873)
Prepaid Expenses	95,262	-1%	93,966			153,686	-39%	93,966
Property and equipment, net	207,719	-17%	172,615			241,634	-29%	172,615
Total Assets	124,062,160	-1%	123,219,298			133,838,209	-8%	123,219,298
Liabilities and Net Assets								
Accounts Payable	1,111,976	-76%	269,100			80,582	234%	269,100
Deferred Revenue	8,442,302	-9%	7,661,325	5		223,356		7,661,325
Payroll Related Liabilities	55,368	100%	113,366	6		105,461	7%	113,366
Scholarship Commitments Bacc., net	26,239,792	-2%	25,724,908	7		13,271,002	94%	25,724,908
Scholarship Commitments CTS, net	2,478,165	-13%	2,153,665	7		2,470,169	-13%	2,153,665
Scholarship Commitments RJI, net	804,305	-4%	771,805	7		175,788	339%	771,805
Scholarship Commitments GRD, net	739,958	-11%	659,441	7		65,283	910%	659,441
Total Liabilities	39,871,866	-6%	37,353,610			16,391,641	128%	37,353,610
Net Assets								
Temporarily Restricted Net Assets	84,190,294	2%	85,865,688			117,446,568	-37%	85,865,688
Permanently Restricted Net Assets	-	0%	-			-	0%	-
Total Net Assets	84,190,294	2%	85,865,688			117,446,568	-27%	85,865,688
Total Liabilities and Net Assets	124,062,160	-1%	123,219,298			133,838,209	-8%	123,219,298

WSOS Balance Sheet

Notes:

- 1 Decrease in cash between March and June primarily due to scholarship disbursements and normal payables activity. There were several large private receipts during this quarter: \$2.5M from Microsoft, \$2M from Reubens, \$698K from Collens, \$100K from Bristol Myers Squibb, \$50K from The Seattle Foundation, \$50K from Marie Lamfrom Charitable Foundation, \$15K from Frontstream, and \$10K from Diane Cecchetti. There were a significant number of scholarship refunds between March and June: \$431.3k for BaS; \$359.8K CTS/RJI; and \$9k for RJI. Disbursements were \$167 for BaS, and \$481.6K for CTS.
- 2 Investment balance as of 6/30/2023 includes WSIB BaS Scholarship \$57.79M, WSIB CTS Scholarship \$28.97M, WSIB Endowment \$6.99M, and WSIB GRD Scholarship \$866.2K. During the period of Mar - Jun, net investment gains across all accounts totaled ~\$1.8M.
- 3 Accounts receivable balance at 6/2023 primarily made up of \$180K Employee Retention Credit related to Q3 2021, which we are awaiting payment on from the IRS. Pledges receivable is primarily made up of \$10M from MSFT (to be paid in annual in \$2.5M installments), \$8M from Gary Rubens, and \$7.5M from Ballmer.
- 4 WSAC depleted all matching funds for the FY ending 06.30.23 but for \$385K retained to fund match for the City of Seattle DEEL agreement. The new appropriation for FY ending 6.30.24 has been received by WSAC and matching requests will be submitted in Q3. The increase in unbilled state match receivable @ 6.30.23 is primarily made up of \$2M paid by Reubens, \$698K paid by Collens, \$100K paid by BrisMeyers Squibb, \$50K for the Seattle Foundation, \$50K from Marie Lanfrom Charitable Foundation, \$15K from Frontstream, \$10K from Diane Cecchetti, and various smaller, individual donations.
- 5 Deferred Revenue is made up primarily of the DAF anticipated revenue from Balmer (\$7.5M), which is recognized as cash is received.
- 6 The payroll liabilities balance is primarily made up of accrued PTO. Other payroll liabilities include L&I payable and 401K payable.
- 7 Decrease in liabilities resulted from scholarship disbursements net of refunds of \$952K.

WSOS Income Statement

Washington State Opportunity Scholarship

Income Statements

Actual vs. Budget

Six Months Ending June 30, 2023

	Six Months Ending June 30, 2023			Notes	December 31, 2023
	Actual	Budget	Variance Fav (Unfav)		Annual Budget
<u>Revenue</u>					
Private	1,108,101	1,666,666	(558,565)	1	8,565,000
Public	-	-	-	2	9,200,000
Investment Dividends & Interest	137,412	18,000 *	119,412	3	36,000
Investment Unrealized/Realized Gains	5,258,624	795,000 *	4,463,624	3	1,590,000
Investment Fees	(14,070)	(26,448) *	12,378	3	(52,896)
Total Revenue	6,490,067	2,453,218	4,036,849		19,338,104
<u>Program Expense</u>					
Salaries and Benefits	1,677,119	1,387,472	(289,647)	4	3,749,993
Professional Fees - Program Admin fees	262,818	262,818	-	5	851,470
Professional Fees - Contractors & Lobbying	390,058	464,135	74,077	6	444,150
Conferences, Conventions & Meetings	90,452	24,324	(66,128)	7	145,765
Operating Expenses	115,026	372,586	257,560	8	435,973
	2,535,473	2,511,335	(24,138)		5,627,351
Income (Loss) before Scholarship Exp	3,954,594	(58,117)	4,012,711		13,710,753
<u>Scholarship Expense</u>	(1,214,093)	60,159	1,274,252	9	16,970,412
Net Income (Loss)	5,168,687	(118,276)	5,286,963		(3,259,659)

*Approved Budget did not include investment returns or fees, we have included based a conservative estimate in the above. See Note 3 for more information.

WSOS Income Statement

NOTES:

1 New revenues between Mar and Jun totaled \$892.6K which included \$697.8K from Connell, \$50K from Marie Lanfrm Charitable Foundation, \$10K from Diane Cecchettini, and \$134.8K from various other individual donations, mostly beacuse of the Opportunity Talks event.

2 Revenue Public: After appropriations were received in July 2022, WSOS was finally able to record state match revenue for the period of August 2021 - August 2022. WSOS expects similiar delays going forward; new appropriation to occured in June 2023. For the period Nov 2022 - Jun 2023 WSOS recorded no new revenue, as the last appropriation is exhausted but for the \$385K for Promise Scholars, which will be submitted as it is consumed. New match invoicing will be done in Q3.

3 Investment Returns: Actual YTD includes unrealized+realized losses of \$5.26M, interest & dividend income of \$137K and investment expense of \$14K. The approved budget included unrealized/realized gains, dividends & interest, and investment fees based on a conservative rate of return for equities and fixed income for each scholarship. Forecasting this difficult year for the markets was certainly unforeseen.

4 Personnel expenses exceed budget by ~\$290K. Positions are bring filled, extra staffing for major employee absences have been needed and additional bonuses being paid for those temporarily reassigned with greater job resonsibility. This resulted in an increase in average personnel costs in June.

5 Program Admin Fee is on budget.

6 Professional Fees - Contractors & Lobbying; under budget primarily due to \$75K budgeted for grantwriting not yet spent. There is potentially some miscoding, and will work with WSOS staff to make any corretions.

7 Conferences, Conventions, and Meetings costs are over budget for a few reasons, mostly due to travel costs being \$61.87K gretae than budget.

8 Operating Expenses costs were under budget likely related to covid quarantining measures which limited the need or amount of certain costs.

9 Scholarship Expense is booked when the scjolarship mpdel is updated. There have been no updates since December, so the \$1M budgeted in March is simply poorly timed. The scholarship model will be updated by the end of Q3.

WSOS Cash Flow

Cash Flow Summary

Inception-To-Date

June 30, 2023

	Inception - June 30, 2022				Comparison to March 31, 2023		
	Scholarship	Endowment	Notes	Total	Scholarship Variance	Endowment Variance	Total Variance
<u>CASH FLOW</u>							
Cash Inflow:							
Boeing	30,210,000	-		30,210,000	10,000	-	10,000
Balmer	2,500,000			2,500,000	-		-
Microsoft	40,000,000	-	1	40,000,000	-	-	-
Ruebens	2,020,235		1	2,020,235	2,020,235		2,020,235
Connell (stock donation)	697,778		1	697,778	697,778		697,778
Other Private	45,956,407	-	1	45,956,407	381,704	-	381,704
State Match	109,846,365	-	2	109,846,365	-	-	-
State Implementation Funds	500,000			500,000	-	-	-
Investment Income*	28,572,035	6,696,115	3	35,268,150	6,652,664	-	6,652,664
Total Cash Inflows	260,302,820	6,696,115		266,998,935	9,762,381	-	9,762,381
Cash Outflow:							
Scholarships	(131,394,426)	-	4	(131,394,426)	(562,910)	-	(562,910)
Program Expenses	(31,537,509)	(5,812)		(31,543,321)	(1,373,140)	-	(1,373,140)
Total Cash Outflows	(162,931,935)	(5,812)		(162,937,747)	(1,936,050)	-	(1,936,050)
Net Cash Flow Inception-To-Date	97,370,885	6,690,303		104,061,188	7,826,331	-	7,826,331
<u>Composition of Net Cash Flow</u>							
Beneficial Checking Account	2,930,080	-	5	2,930,080	(695,806)	-	(695,806)
Investment Accounts at WSIB	94,440,805	6,690,303	5	101,131,108	8,522,137	-	8,522,137
Total	97,370,885	6,690,303		104,061,188	7,826,331	-	7,826,331

* Includes unrealized gains and losses.

WSOS Cash Flow

Notes:

- 1 Cash Inflow: Between April and Jun, WSOS received the Reubens and Connel pledge payments as shown above, plus other private donations of \$391K, which included \$50K from Marie Lamfrom Charitable Foundation, \$50K from Central WA University Foundation, \$41K from Pacific Education Institute, \$15K via Frontstream, \$10K from Diane Cecchettini, \$15K from Parametrix \$10K from Boeing, and \$200K from small donors. There were significant donations related to the Opportunity Talks event.
- 2 State - In the period between April and June, WSOS receive \$0 match on private receipts. The appropriation for 7.1.22 has been exhausted but for \$385K reserved for Promise Scholars.
- 3 Investment Income - November to December investment returns were made up of unrealized+realized gains of \$6.6M, interest & dividend income of \$103.4K and investment expense of \$12.8K
- 4 Scholarship disbursements between April and June were \$1.35M (BaS \$514.9K, CTS/RJI \$717K, and GRD \$122.1K) and scholarship refunds totaled \$791K (\$431K Baccalaureate, \$360K CTS/RJI). GRD disbursements include ~\$43.4K related to travel and preceptor stipends.
- 5 Assets are maintained in a Beneficial Checking Account to meet short term cash needs, all excess dollars are invested in WSIB investment accounts to generate returns.

WSOS 12-Month Cash Flow

Cash Flow Summary					
Twelve Month Period Ending					
June 30, 2023					
		Twelve Months Ending June 30, 2023			
		Scholarship	Endowment	Notes	Total
<u>CASH FLOW</u>					
Cash Inflow:					
	Boeing	2,560,000	-		2,560,000
	Balmer	2,500,000			2,500,000
	Microsoft	5,000,000	-		5,000,000
	Ruebens	2,020,235			2,020,235
	Connell (stock donation)	697,778			697,778
	Other Private	1,032,751	-	1	1,032,751
	City of Seattle	385,000			385,000
	State Match	8,294,848	-	2	8,294,848
	State Implementation Funds	-			-
	Investment Income*	5,026,366	777,675	3	5,804,041
	Total Cash Inflows	27,516,978	777,675		28,294,653
Cash Outflow:					
	Scholarships	(16,904,023)	-	4	(16,904,023)
	Program Expenses	(3,116,541)	-		(3,116,541)
	Total Cash Outflows	(20,020,564)	-		(20,020,564)
Net Cash Flow Jul 1, 2022 - Jun 30, 2023		7,496,414	777,675		8,274,089

WSOS 12-Month Cash Flow

Notes:

- 1 Cash Inflow: Other private receipts include \$225K from Bristol Meyers Squibb, \$123K from BECU Foundation, \$100K from Costco, \$50K from The Seattle Foundation (DAF), \$50K from Marie Lamfrom Charitable Foundation, \$50K from Central WA University Foundation, \$41K from Pacific Education Institute, \$40K via Frontstream, \$20K from Diane Cecchettini, \$15K from Parametrix, and \$319K from small donors. There was a significant number of these contributions resulting from Opportunity Talks.
- 2 State - For the period between Jul and Aug. WSOS received \$8.3M in receipts representing match on private receipts from August 2021 thru August 2022. This was the final match for the last appropriation but for \$385K reserved for Promise Scholars. The new appropriation was funded in June 2023 and match requests will be processed in Q3.
- 3 Investment Income - July 2022 through June 2023 investment returns were made up of unrealized+realized gains of \$5.529M, interest & dividend income of \$313.7K and investment expense of \$38.5K.
- 4 Scholarship disbursements between July 2022 and June 2023 were \$19.15M (BaS \$12.4M, CTS/RJI \$6.64M, and GRD \$110K) and scholarship refunds totaled \$2.26M (\$1.1M Baccalaureate, \$1.16M CTS/RJI). GRD disbursements include ~\$70.8K related to travel and preceptor stipends.

Responses to Committee Questions re: reducing exposure to non-FDIC funds held at Beneficial State Bank

For context, it takes a week to get funds back from WSIB so we are looking for a tool to reduce the funds over the FDIC limit but that would be available within a couple of days.

1. How is Beneficial (and other banks) paid for the ICS service

Some banks are paid by their service often by cutting the interest in the spread (i.e. they offer 1.00 when they actually charge 1.25%) Beneficial does not do this.

Banks may also do a one way sell instead of a reciprocal sell (which Beneficial has done.) This means they don't swap another bank for the money- they just have them directly take the funds. In this case that Beneficial offsets the rate so the depositor does not lose funds

2. Can WSOS sweep money into government money market funds?

No - that is an investment- so it is not FDIC insured - Beneficial can only trade with other FDIC banks

3. What is the difference in rates between government money market funds and CDARS?

CDARS does not include non-FDIC instruments as that would defeat the purpose of the program. Also while backed securities (like treasury bills) don't have a cost, the investment house charges a "management fee" this is why Beneficial does not offer this as part of the cash management approach. They we did not want to charge the fees or confuse FDIC insured and not.

4. Are there interest-bearing accounts that do not have a time limit available? If yes – what is the approximate interest rate?

- Yes- ICS is unlimited and liquid- that is at 1.25% APY
- Beneficial also has CDARS (which all have a hold requirement .) They range between 13 weeks, 26 weeks, and 52 weeks and higher upon request. That rate is 4.07%APY We do not anticipate using this program .

Proposed Cash Management Policy

To reduce WSOS's exposure to losses when funds exceed the FDIC coverage of \$250k per bank. 501 Commons is recommending the following policy:

501 Commons will

- Send excess funds above \$1 million to WSIB unless we anticipate that they will expect them to be needed within the next 6 weeks.
- If they are needed within about 6 weeks, we would utilize the ICS account to lower the balance at Beneficial to \$1 million

Audit: Combined Financial Statements

The audit will present 501 Commons and WSOS “combined” financial statements. This approach is used when you have two affiliate entities, where management control does not exist, but it is advisable to include them in the same financial statements.

In this case, it is appropriate to include WSOS financials with 501 Commons due to our program administrator role. WSOS is operating fiscally as a “program” of 501 Commons, and donations/grants are being accepted under the 501 Commons tax-exempt charity status.

You will see the words “Combined Financial Statements” in the document, as opposed to simply “financial statements,” which makes it clear to the reader that the financials are not “consolidated.” Consolidated financial statements are used when management control exists.

The audit is starting at the end of October.

Washington State Opportunity Scholarship
CHARTER OF THE FINANCE and INVESTMENT COMMITTEE
Revised September 2023

I. Introduction

The Opportunity Scholarship Act, RCW 28(b).145 (hereafter referred to as the "Act") was enacted by the Washington Legislature to assist low-and middle income students with college tuition and to help meet the needs of Washington state employers to fill jobs in high employer demand fields. The Act established the Washington State Opportunity Scholarship Board, hereafter referred to as the "Board" with members appointed by the Governor to provide oversight and guidance for the Opportunity Scholarship and Opportunity Expansion programs. In accordance with the Act, the Board has ~~designated a qualified non-profit to serve as~~ its Program Administrator. The Act mandates the establishment of the Opportunity Scholarship Endowment Account (herein referred to as the OSEA) to receive contributions as an endowed scholarship fund. The Act also mandated the establishment of the Opportunity Scholarship Account (here in referred to as the OSA) to pay for committed scholarships and program services approved by the Board. The Board is responsible for overseeing the investment of all funds contributed to the OSEA and the OSA. The contract among the Board, the State of Washington and the Program Administrator requires the management of the OSEA and OSA to achieve the maximum rate of return on the investment account in accordance with the prudent investor standard and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), RCW 24.55.

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II. Statement of Purpose

The Board shall set all broad investment and finance policies consistent with all laws, rules, and regulations and all subsequent amendments thereto. The Board shall appoint the Finance and Investment Committee (hereafter "the Committee") to carry out these policies and monitor asset allocation and investment performance as well as the selection and evaluation of the portfolio Investment Manager(s).

Specifically, the purpose of the Committee is to assist the Board by:

- (1) providing oversight of WSOS investment strategy and investment guidelines;
- (2) providing oversight of WSOS financial matters; and
- (3) performing such related functions as may be assigned to it by the Board.

III. Appointment Membership and Length of Service

A. Appointment.

The Committee and its Chair will be appointed by the Board. It will be composed of no less than seven (7) members, including at least two (2) members of the Board. Remaining committee members shall be selected from individuals in the regional business and governmental communities that evidence some combination of investment, finance, legal, accounting, banking, non-profit governance, and higher education experience. The ~~Executive Director~~ and Director of Finance/~~Controller~~ of the Program Administrator shall be *ex officio* nonvoting members of the Committee and are not included in the count of seven (7) Committee members.

Deleted: Chief Operating Officer

B. Decisions.

1. Any and all decisions made by the Committee require a majority vote of those members present and a quorum of more than 50% of the Committee members, including at least one (1) member of the Board being present and able to vote on any given action. A quorum is 50% of the *non ex-officio* members in attendance.
2. In the absence of a quorum, a lesser number may adjourn the meeting.

C. Membership and Length of Service.

1. Terms of service shall begin September 1 of the initial year and will end on August 31 of the concluding year. The term of committee membership is four (4) years, except as provided below to allow for staggered terms. Members who miss two or more consecutive meetings may have their membership status reviewed.
2. Whenever necessary to safeguard the continuity of the Committee, members may be appointed to initial terms of less than four (4) years. Committee members shall be eligible to serve two (2) subsequent four (4)-year terms after their initial term. Members whose terms expire may be eligible for reappointment to the Committee after a period of at least two (2) years separation from the Committee.

IV. Rules for the Conduct of Meetings of the Committee

A. Committee Policies and Procedures. The Committee shall have the power to adopt rules for the conduct of its business.

B. Chair.

1. The Committee Chair shall be appointed by the Chair of the Board and ratified by the Board. Only Board members are eligible to be Chair of the Committee.

C. Meetings.

1. The Committee shall meet quarterly in alignment with Board meeting cadence. Additional meetings as deemed necessary or appropriate (including telephone meetings) may be convened.
2. The Committee Chair or any three members of the Committee may call special meetings of the Committee.
3. Notice of the meetings of the Committee may be given by hand delivery, by deposit in the U.S. Mail, by express mail, by electronic facsimile or by electronic mail.
4. Members of the Committee will be provided an agenda and pre-read materials in advance of each meeting.
5. The meetings of the Committee may be conducted in person, by video conference or by telephone conference call.
6. If a majority of the Committee agrees, the Committee may conduct business via facsimile or electronic format without a meeting. The vote of a majority of the Committee by facsimile, electronic format, or other method as approved by the Committee Chair, shall constitute the action of the Committee.

D. Conflicts of Interest.

Direct conflicts of interest with members of the Committee should be avoided. In the event that the Committee considers managers, investments, or any business relationship with an organization with which a Committee member has any conflict or appearance of conflict, the Committee member shall recuse himself or herself from participating in any related portion of the Committee's deliberations. Committee members are under no obligation to provide any investment or business opportunity to the Committee.

V. Responsibilities and Duties of the Committee

A. The responsibilities and duties of the Committee shall include the following:

1. Review the investment policies and strategies and provide policy guidance to the Board as directed. Such guidance shall include but not be limited to:
 - a) Overall investment strategy and guidelines for the OSA and OSEA investment portfolios;
 - b) Evaluation of asset classes for investment;
 - c) An assessment of risk in the portfolio and risk mitigation strategies;
 - d) Selection of new investment managers;
 - e) Termination of existing investment managers; and
 - f) Review of the performance of the investment funds and investment managers.
2. Review and make recommendations to the Board regarding financial matters. Such guidance shall include but not be limited to:
 - a) Review the proposed annual budget as presented for the upcoming fiscal year;
 - b) Recommend the annual budget to the Board for approval; and
 - c) Monitor and report to the Board on the Administrator's compliance with the adopted budget during the fiscal year.

VI. Communications and Minutes

- A. The Committee Chair or designee will report orally or in writing to the Board on matters discussed at the most recent Committee meeting at each quarterly Board meeting.
- B. Minutes of each meeting of the Committee will be prepared. Draft minutes will be provided to all members for their review and, upon approval, will be made a part of the official record of the proceedings of the Board. If the Committee has not approved the minutes prior to the next full Board meeting, draft minutes will be provided to the Board. The Board will be informed subsequent to their meeting if any significant changes are made in the final version of the Committee minutes. The official record of the Board proceedings for any given Board meeting will incorporate the latest version of the Committee's minutes at the time the official record is published.

VII. Resources and Authority

- A. Staff Support and the Retention of Outside Advisors and Consultants.

The Committee may receive assistance in performing these duties from staff of the WSOS Program Administrator and external investment managers; however, the Committee has the ultimate responsibility to hire, retain, or dismiss all investment managers, consultants, custodian banks, and others who may provide services to the WSOS. All the decisions of the Committee shall be promptly communicated to the Chair of the Board for implementation.

B. Indemnification.

Members of the Committee shall be indemnified for any and all liabilities and reasonable expenses incurred in connection with any claim, action, suit, or proceeding arising from present or past service for the WSOS, to the maximum extent allowed by law.

C. Expenses.

Expenses of members in attending meetings of the Committee, including travel expenses to and from the place of meeting, will be reimbursed by the WSOS but only if travel exceeds 100 miles from their residence.

VIII. Periodic Review

A. Charter Review.

1. As part of its duties to assist the Board in providing oversight of the WSOS overall investment strategy and guidelines, the Committee may propose changes to this Charter.
2. The Committee will review and assess the adequacy of the Finance & Investment Committee Charter at least once every three years. The Committee will submit proposed revisions to the Board for its approval.

B. Committee Performance.

1. The Committee will annually evaluate its own performance in the fourth quarter with respect to the requirements of the Finance and Investment Committee Charter. This evaluation will be reported back to the Board during one of the quarterly Board meeting updates.

Finance and Accounting Stabilization

WASHINGTON STATE
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The Opportunity:

WSOS Board making strategic investments to improve WSOS finance and accounting efforts and stabilize program administration for today and tomorrow

Context:

- Technical solutions being explored to benefit WSOS reporting and customer service
 - WSOS cannot provide additional funds to 501 Commons to fulfill contractual obligations in bid
- WSOS Program hiring a Controller to support workflow optimization and serve as in-house finance and accounting lead
- WSOS Board authorized the creation of a non-profit to serve as program administrator in the future
- WSOS Foundation targeting summer 2024 to be stood up and fully functional

Discussion

- What does this committee need to feel confident in the monitoring and reporting of financials as shared or presented by the WSOS Program Administrator?

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NEXT BOARD MEETING

Thursday, December 7, 2023