

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

BOARD MEETING AGENDA
WEDNESDAY, JANUARY 31, 2024 | 2:30-4:00 P.M.
REMOTE

To join virtually: Click on the Microsoft Teams link in the meeting invitation or dial in #: 332-249-0607
Phone conference ID: 335 696 995#

Meeting open to the public via conference line above.

I.	Meeting Called to Order		Brad Smith Board Chair	2:30pm
II.	Minutes from October 3, 2023 Meeting » <i>Board Action:</i> Approve minutes	[Tab A]	Brad Smith Board Chair	2:30- 2:35pm
III.	Public Comment		Public	2:40pm
IV.	ED Corner: The WSOS Foundation » <i>Board Action:</i> Approve 8-month services agreement » <i>Board Action:</i> Approve delegated authority resolution » <i>Board Action:</i> Approve up to \$60k in CTS funds to correct error in awarding RJI » <i>Board Action:</i> Initiate search for next WSOS executive director	[Tab C]	Kimber Connors Executive Director	2:40-3:30pm
V.	Finance & Program Administrator Update » <i>Board Action:</i> Reappoint Brad Faulhaber » <i>Board Action:</i> Approve charter amendment » <i>Board Action:</i> Adopt 2024 Budget	[Tab D]	Patrick Smith Finance & Investment Committee Chair Kimber Connors Executive Director	3:30-3:45pm
VI.	Executive Session: ED Performance Review		Brad Smith Board Chair	3:45-4:00pm
VII.	Closing		Brad Smith Board Chair	4:00pm

Upcoming Board Meetings

Tuesday, March 26, 2024
Tuesday, June 18, 2024
Wednesday, September 11, 2024
Wednesday, November 20, 2024

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

Tab A

Minutes from the October 3, 2023, Board Meeting

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING
OCTOBER 3, 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 October 3, 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, Gary Rubens, Jane Park

Board members virtual: Diane Cecchetti, and Patrick Smith

Board members not present: Latisha Hill, Mike Wilson

Additional attendees: Gina Breukelman, Jane Broom, Jolenta Coleman Bush, Aileen Miller, Kimber Connors, Javana Polenska, Nancy Long, Camille Reynaud, Courtney Chen, Dena Parmer, Faye Alarcon, Francisca Mejias Campos, Genevieve Geiger, Hayley Schaefer, Jess Tholmer, Jessica Monger, Jillian Luis, Johnathan Luster, Juan Carlos Gomez, Kendyl Puhan, Lauren Pack, Lindzey Lien, Lisa Magennis, Lyanne O'Connell, Nick Khamphilom, Niki Cramer, Rachel Wyers, Sam Svilar, Tara Warming, Tori Campbell, Arian Ariaye, Paul Francis

Meeting Called to Order

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

Approval of Minutes

Javana Polenska noted that there was a correction to the minutes. On page six of the pre-read packet, the minutes state there is no contract or RFP needed. There is no RFP, but we will directly contract with the foundation. We will strike "contract or" from the minutes.

Board Action: Diane Cecchetti moved that the minutes of the June 21, 2023, Board meeting be approved with the amendment Polenska noted. Miller Adams seconded the motion, and it carried unanimously.

Mission Moment: Scholar Opportunity Story

Johnathan Luster, WSOS Programs Director, introduced Arian Ariaye who is in his third year at the University of Washington. Ariaye said he came to the UW with an associate degree from Green River College. He said he was born in Afghanistan and moved to Turkey with his family when he was nine years old. He has been in Washington for four and one-half years. Ariaye said he was very stressed about how he would pay for college. He said that because of WSOS, he was able to work less, focus on his studies, and decrease the pressure on himself and his parents. Ariaye said he has been able to inspire his younger siblings and others like him to pursue higher education. Ariaye said he often talks to his WSOS mentor about the challenges he faces. His mentor, who is also a first-generation student, shares what they have overcome, and this was a big help during his time at the UW. Ariaye knows that to get into medical school, he must push himself in research and extra activities. He said he has been very involved with the WSOS industry and career panels. He said he has attended career panels and tours at Children's Hospital, Bristol Myers Squibb and he learned about the different options he has in the medical field.

Brad Smith asked if there were any questions.

Cecchetti asked about Ariaye's path to medical school and his dream clinical practice. Ariaye said he is preparing to take the MCAT next year by doing thirty practice questions each day. He said his dream is to be a successful practitioner but also to be a hope for others like him because there is so much misrepresentation of his culture. He said he is interested in family medicine, internal medicine, or pediatrics. Gary Rubens asked how Ariaye heard about the scholarship. Ariaye said he came to the US in his sophomore year and did not know English. He said he went to every meeting he could to help him with his English. Ariaye learned about WSOS when his high school counselors shared resources and scholarship opportunities. Brad Smith thanked Ariaye for enthusiastically sharing his story and for spreading the word about WSOS.

Public Comment

No one signed up for public comment.

WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

ED Corner

Polenska reviewed our intended impact and four key priorities. Polenska said the metrics have been static from our last few meetings. She stated that the progress or measures for this current academic year have had incremental changes toward our goals. We have been able to do a lot of promotional work this past year due to the Boeing funding, but some Scholars are not completing their FAFSA, making them ineligible for our scholarship. The Awards team will continue to focus on the eligibility of Scholars. The Programs team will continue to focus on Scholar persistence and will also focus on participation and engagement. External Affairs continues to be in the community to spread the word about WSOS. Fundraising is in the quiet phase of a campaign. We have been hampered by the lack of frontline fundraisers and have made adjustments in the revenue goal as well as a small change in our focus on communities outside of the Puget Sound region. Polenska said the last metric is around being a preferred workplace. These metrics are identical to where they were last year, so, we will not adjust this goal and will continue to focus on it.

Polenska said we have just started our academic year, so we do not have many metrics yet. She gave a high-level overview of the current work. She said the Awards team is building toolkits and solutions to ensure Scholars and their families understand how to navigate the application process. Polenska said we continue to make sure current Scholars understand processes to maximize their scholarships. We are continuing to watch the changes to FAFSA closely. She said the Programs team is busy onboarding Scholars. Scholar Leads are talking to students and helping them acclimate to their campus and our programming. Polenska said we are currently recruiting and launching our Skills that Shine industry mentorship program. We continue to target Scholars who are often furthest away from opportunities and try to engage them in our programming. She said that External Affairs is working on visibility and has made plans for Kimber Connors to engage with partners around the state. We are seeing some gains from a social media perspective as we have made some changes in our strategy and seen some immediate impacts. Polenska said there has been a lot of promotional work and new partnerships built. She said Development has changed the OpportunityTalks breakfast to a luncheon due to the impact of the pandemic on where people are working from in the hope it helps with attendance. Operations are focused on understanding the staff feedback in the summer culture survey and being responsive to what they are asking for. Polenska said that teams are starting work on the legislative report, and we should have an updated report on our metrics and accomplishments for the year in early December.

Adams asked how the back-to-office work is impacting operations and culture. Polenska said that we have been back in the office in a hybrid situation for quite a while. She said some staff have concerns about the additional waves of COVID, but we have settled into the hybrid work. Brad Smith asked what the hybrid policy is. Polenska said we are in the office two days a week. She said each team has one assigned day, and then everyone selects one more day each week to be in the office.

Rubens asked if we have thought about smaller events rather than just our large OpportunityTalks event. Polenska asked Camille Reynaud, Development Director, to answer this. Reynaud said we have three campaign events planned with individuals on the campaign steering committee. There are two cocktail parties and a Hot Topic Dinner party. She said that next year, we are hoping to host some events in eastern Washington to better engage partners in other parts of the state.

Polenska shared WSOS key wins for the quarter, which are the WSOS Foundation being incorporated and the 501c3 application having been filed. She said another win is the work staff have done on their strategic planning. Polenska said we have sustained promotions and brand-building activities, and it has had a positive impact. She said our last key win is that we survived without Connors while she was on maternity leave.

Polenska shared four challenges we are currently facing. She said the first one is culture work and balancing speed and intention. Polenska said a key takeaway is that, as directors, we need to communicate better with staff. She said that we have had a lot of turnover and staff are feeling the impact of that. We have seven open roles, three of which were newly created. Polenska said another challenge is the financial reporting and reconciliation that 501 Commons does. We are working closely with their team as we start the budgeting process, but it continues to be a body of work that lags. The last challenge Polenska talked about was the difficulty in finding good candidates for the controller position.

Brad Smith thanked Polenska for leading the organization as the interim executive director. He said she has not shied away from any of the challenges or opportunities.

Polenska introduced Paul Francis, Executive Director of the Washington State Board for Community and Technical Colleges (SBCTC). Francis shared that he was a legislative staffer who helped write the bill that created WSOS, and that

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP

he is excited to see how the program has grown. Francis shared the SBCTC vision statement and then reviewed the SBCTC strategic plan goals. He shared that a major focus is getting students not only in the door but on the path toward a degree or flexible career-training options that are responsive to the needs of businesses and industries. Francis said that in 2013, the legislature adopted a higher education goal that at least 70% of Washington adults ages 25-44 will have a postsecondary credential by 2023. He said we are at 60% if you include associate degrees, and we have gone backward during the pandemic. Brad Smith asked what the number was in 2013 when the goal was set. Francis said it was in the 50s, so we have made a little bit of progress.

Francis stated that some of the challenges we are seeing are enrollment, the fiscal health of our colleges, leadership transitions across our system, and workforce shortages in all of our colleges. Francis said that community and technical colleges are underfunded compared to other states. Francis said that Washington does not have a college-going culture. He said that even though we think of ourselves as a highly educated state, we do a good job of importing people who have been educated elsewhere. He said that Washington ranks low in FAFSA completion; we are usually ranked 48th or 49th in the country, even though we have one of the best state student financial aid programs in the country. Francis said that the number of high school graduates will not increase from 2019 to 2037. He said we cannot meet state workforce goals by relying on high school graduates. Francis said we have to think about how we serve incumbent workers with some college or no degree. He said that there is growing skepticism about the value of higher education. Patrick Smith asked if there is anything state-specific about our FAFSA that would make it more complicated for a Washington student to complete. Francis said they have had a lot of discussions about why it is that Washington ranks so low in FAFSA completion, and there is no easy answer. He said the Washington Student Achievement Council (WSAC) and other groups have tried to dig into that question. Francis said we don't know the reason, but we need to address it at the local level rather than at a state level. Connors asked if there are specific states that are usually in the top five and if there is anything notable that they are doing to cultivate a college-going culture. Francis said that Tennessee, Mississippi, and Arizona are all states that rank higher, but there does not seem to be a specific reason as to why. Francis said he could send the rankings if people would like to see them. Julie Sandler said there are many Washington Round Table discussions about what Washington state is not doing well and what is being done in states that have actually climbed up the rankings most aggressively. She said the takeaway they all have is that it cannot be done at the state level. She said there have to be a lot of local stakeholders working in unison.

Francis said he has had conversations with the head of DSHS, along with Mike Meotti from WSAC, about auto-enrollment for FAFSA for those who qualify for various state or federal programs. He said that Senator Drew Hanson has been pushing for this legislatively, but it got caught up in bureaucratic red tape. Francis said he believes that until we auto-qualify people, we will continue to have this problem. Brad Smith said that would just get them through the financial aid process. He asked if Francis believes that is sufficient to change the absence of a college-going culture. Brad Smith said that it feels like a broader issue than just the ease of applying for financial aid. Francis agreed and said that it solves how to get some money for college but not why someone needs to go to college.

Patrick Smith asked if there is good county-level data on this. He asked if there is a divide along the Cascade Mountains as to the opinion about attending college. Francis said that there are many immigrants and refugees in the greater Seattle area who struggle with the FAFSA or do not trust the government. He said it is a broad, statewide issue, and that is why we historically rank 48th or 49th. He said his colleagues at WSAC can get granulated data for the Board if desired.

Francis talked about some opportunities we have in Washington. He said we have a recognized innovative Community and Technical College sector. Francis said we were one of the first states in the country to offer four-year degrees on our campuses. He said we are leading the way in free and low-cost textbooks for students. Washington is a net importer of college graduates, which is an enrollment opportunity. Francis said we have good collaboration with business, labor, non-profit, and four-year university partners that are essential for getting things done in our state. He said we have a dedicated revenue source through the critically important Workforce Education Investment Account (WEIA). We have the best state student financial aid program in the country.

Francis said that enrollment started to drop ten years ago in both headcount and FTE. He said we did see a small increase last year, but we have a long way to go to meet the 70% goal. He said we have seen an enrollment decline in the transfer area, and the professional and technical enrollment dropped because of the pandemic. Francis reviewed headcount by race and said the numbers held firm over the last ten years but added that the numbers should be going up because those are the fastest-growing populations in our state. He said that college enrollment has declined at almost the same rate for men and women. He added that there is a notable decline for those under the age of twenty, and that group makes up a lot of the transfer population. He said that this impacts four-year colleges because 40% of their graduates are

WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

from a community or technical college. Francis said there are fewer part-time students, and they attribute that to older working adults not enrolling. He said the number of students receiving need-based aid has jumped recently and believes it is because more people have financial needs. He said a success is the dual credit programs like Running Start. Francis said that in 2021, they are authorized to offer a BS in computer science due to the support of Amazon, Microsoft, and others. There are over 150 baccalaureate programs at all thirty-four colleges. The apprenticeship programs have had a little bit of growth, and SBCTC is doing a lot of work to figure out how to grow these programs statewide. Francis said that they are focused on guided pathways for improving first-fall to second-fall retention because it doesn't do any good to get people in the door if they do not get any credentials.

Francis said the state board is focused on the 1.12M Washingtonians who have some college and no degree. He said this issue is very layered, and we need to look at the root issue as to why they left. Francis said they are reviewing their prior learning assessment policies of college credit for military or professional experience, and to standardize and expand the policies. He said they are trying to build more micro-credential and micro-pathway opportunities that may ladder up into a certificate, associate degree, bachelor's degree, and beyond. Francis said they are looking at tailored student support like advising, counseling, mentoring, and tutoring. He said that Western Governors University's enrollment has been booming in the last decade, and there are things we can learn from them about competency-based education. He said other opportunities they are looking at are increased outreach to K-12 students because many have never been to a college campus and don't know the resources available. Francis said there is an unbelievable increase in students who are suffering from food insecurity, housing insecurity, and mental health issues, which were all worsened by the pandemic.

Adams asked if this is a public presentation. Francis said it is open and it can be shared.

Brad Smith asked if the shortfall in enrollment in community and technical colleges is the single, biggest problem that needs to be solved. He added that if so, this is not fully reflected in the strategic priorities and mission statement for SBCTC. Francis said he would be happy to dialogue about this more. Brad Smith said this is a conversation we need to have because AI is going to transform workforce needs and opportunities between now and every year after, and this was not mentioned in the presentation. He said this makes involvement in these kinds of programs more essential than ever if this state is going to be a place where the people who live here are able to prosper. Brad Smith added that, in some ways, the economy is globally driven from this corner of the world, and it is going to create more meaning for people to go to community and technical colleges and get more credentials in new ways. He added that we live in a place where we are almost last in the country for people to perceive how important this is.

2023-24 Academic Year Programs

Johnathan Luster, Programs Director, shared that Maximum Millett, a previous meeting's Mission Moment Scholar, received his credentials and is working as an engineering services fuel technician. Luster stated that Millett volunteered as a mentor for Skills that Shine. Luster said that participation and engagement were low last academic year, but impact was high. He said we exceeded every metric target we had about the impact of our program. He said that the biggest opportunity for growth is the Career and Technical Scholar Lead program, which had a goal of 75% participation but only 39% engaged last year. Despite lower than targeted participation, he said that 86% of those involved said their Lead helped them. Graduate (GRD) programming exceeded engagement, and 87% of those engaged said programming helped them feel more prepared to be a nurse practitioner. Luster said they have evaluated the tasks that are expected of the Scholar Leads and made them more relevant and timelier in ways that will help scholars even more. He said we changed our philosophy and now have some non-negotiable tasks like making a welcome call to their Scholars. Luster said we believe this will help Scholars engage with their Lead.

Jane Park asked if the source of low engagement is that there is a disparity between Scholar Leads. Luster said this is not a core issue, but it is part of the problem. He said that WSOS staff have a close relationship with all the Scholar Leads, which gives us a sense of how things are going. Luster added that we do not know things from the Scholars' perspectives, but with some of the changes, we will have a better sense of what is really happening.

Luster said that we have goals of closing opportunity gaps based on race, where Scholars live, and income. He said the BaS program was just under the goals of what we wanted to see, and the CTS and GRD programs have a lot of improvement needed. Luster said this will be addressed through more Scholar outreach, segmented emails, and calling them more often. He said we want to be better in touch with students who are furthest from opportunity. Luster said we want 60% of eligible practicum sites to receive the stipend, which is up from 50% last year. Luster said that based on data of the importance of early intervention in someone's two-year journey, we will only have new Scholars eligible to participate in Skills that Shine. He said we have changed our customer service response strategy to get back to Scholars

WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

sooner when we hear of a problem. Luster said we are going to call every BaS-eligible Scholar and have a fellow student share the benefits of doing the program. He said that this year, we are only going to do one cycle of CTS. We are reducing from two cycles to one in the spring cycle, which was more popular.

Gina Breukelman said that in the past, there has been an imbalance of mentors and students. Luster said that this year, we are trending towards having an even number of mentors and mentees. He said we do not want to have people raise their hands to participate and not have a match so we have been working to align our recruitment with need.

Luster said that we are trying two new programs this year. He said we talked to every career center at every college in the state and had student focus groups to find out what they are not getting on their campus. Luster said we learned that there is a gap in students knowing where to look for industry-specific jobs other than using general search engines. That is one thing we will address, and the other is how to negotiate salary. We will offer workshops with experts to address these topics, and we are also trying a new job board. We are piloting this with CTS, and if it goes well, we will expand it to BaS and GRD.

Rubens asked why only 50% of practicum sites are accessing the stipend. Luster said that our students' practicum is at really small clinics and some at large hospitals like Harborview. He said the larger clinics and hospitals are less interested in receiving the stipend. Rubens asked if we have tried other things to raise the percentage of sites accessing the stipend. Luster said that we have seen a challenge of finding the person in a large place who signs the paperwork so we can give them the money we want to give them. He said we have made traction there. Luster said that we can investigate the dollar amount and if it is even necessary for these larger sites.

2024 Legislative Priorities

Jessica Monger, External Affairs Director, said that because of our statutory direction, we make sure we are connecting high school students to post-secondary credentials. So, while Francis' data was focused on ages 25 – 44, we are focused on 70% of students receiving credential attainment by age 26. Monger said that the state is really far off from its goals, and Covid made it worse. She said that only 40% of the class of 2021 have enrolled in any type of post-secondary education in the fall after graduation. Monger said that it is less than 1/3 for Black, Latinx, and Indigenous students, which is of grave concern when you consider how hard it is to get a student re-engaged when they've become disengaged after high school. Monger said that high school graduation rates are up, but their post-secondary enrollment is down. She said we know that 70% of jobs require some sort of post-secondary training or education, and for many of them, it is some type of STEM training. Monger said we also see the wage gap growing and that it is exacerbated by the fact that the sectors paying the highest wages are software, aerospace, hospitals, and construction, but you see a big gap in who has access to those careers. Monger said that there was a recent report that said something like the top 10% of households in Washington are earning twelve times what the lowest 10% of households are earning. She said it is really troubling if you look at who is not accessing those careers, which is mainly women and people of color. Monger said the majority of those we support at WSOS are students of color, low-income, and women, but it can only help if we get to them.

Monger said that state revenue is up, and since the budget passed in April, it's up \$1.6B for the four-year forecast. She said we see the economy continuing to grow, but we are worried about who we are leaving behind. Monger said that she and her colleague have traveled well over 3,000 miles around Washington promoting WSOS for the past nine months. She said that we hear optimism from students and that one study shows 90% of Washington students want a college degree. But when you survey school staff, less than half believe that students are aspiring for post-secondary credentials. Monger said this is alarming because students need access to information, and if less than half of the school staff believe the students are on the path there, we worry about how students figure out the path to college. Monger said this is why we have to be in the communities around our state sharing about financial aid, career-connected learning, and other opportunities earlier in student's academic process. Monger said that thanks to the grant from Boeing, we have been able to be a tool to combat the concerns that high school students have about post-secondary education. She said that thanks to Sandler's connections with the Washington School Counselors Association (WSAC), we have developed new partnerships.

Monger said we have a lot of changes in key positions in Olympia for the upcoming session. She said that we do not have a bill, so there is no reason to make any asks. Monger said this means we have to make authentic connections to legislators outside of the session and make sure their constituents are hearing about WSOS so we can build new champions. She said that since WSOS was created, there are a lot of other grants and opportunities that our partners are chasing, and this makes us compete for their time. Monger said we need clear messaging about community needs and workforce challenges, and corporate folks in every community know about WSOS so that legislators hear about us in

WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

different ways and read about us in the media. Monger said this is one of the reasons we will have more events in eastern Washington. She said we need to build the brand using a community-focused approach and connect with key folks across the state. She said there is an opportunity with government partnerships and meetings with tribes to use WSOS for local workforce development. Monger said our big goal is government partnerships and relationships outside of the Puget Sound region. We need the Board's help with introductions and new relationships to position WSOS as a thought leader. Monger said we want folks to know that we are doing innovative work to help solve our enrollment crisis.

Adams asked what pathway is being used for the tribal opportunity. Monger said that a few years ago in the Legislature, they amended our statute. The amendment said that a city, county, or tribal government can invest in WSOS and receive the state match with reserved seats specific to their program needs. She said it even gives them some authority, within the Board's selection criteria, to further narrow a program to support specific workforce needs. Adams asked if she had talked to Leonard Forsman about the tribal opportunity. Monger said she met with him right before COVID. Adams said Forsman is the chairman of the Squamish tribe, on the Board of Regents at the University of Washington, the President of the Affiliated Tribes of the Northwest, and on the Board of the Tribal Leaders Congress on Education. Adams suggested setting up another meeting because he is really involved with education. Connors agreed that it was time to reach out to him again.

Sandler thanked Monger for her presentation and said there are themes that keep coming up about how poor Washington is doing about reaching students with messaging about the FAFSA and the Washington College Grant. She said that all of these data points are so hard to get out in front of students. Sandler applauds the focus on physical presence at schools and said she is happy to join in person as we approach this initiative and believes other Board members would be willing to join, too, because this piece is vital.

Brad Smith asked if we should be considering a more combined campaign that brings together everybody who has this interest in enrollment and offering scholarships. He said we are not competing against other scholarship programs. Monger said there is an opportunity to get more thought leaders together. She said the message is disjointed, and we need a unified message about this pathway and all the opportunities that can get a student there. Brad Smith asked if we make more headway with the Legislature if we have an ask. He said maybe we take this concept and mold it into an ask so that Monger has something to bring to legislators.

Adams suggested we ask them to support an event in their district that we could organize and manage. Brad Smith said this would be good, and we need to give thought to how we pull together all the similar state programs. He said that we could ask them to appropriate some of the \$1.6B towards something like this. Monger said this is something we should discuss. Breukelman said we could include PFL, WA STEM, and others. She added that teachers, school counselors, parents, and students are getting emails from all the different organizations, and a unified message would be helpful for them. Adams said we could convene a meeting of the different groups in key legislators' districts and ask that the legislator make an appearance.

Finance and Program Administrative Update

Patrick Smith said the F&I Committee materials from September 6 are behind Tab F of the pre-read. Patrick Smith reviewed the Balance Sheet slide and said that as of June 30, we have total assets of \$123.2M, which is a 1% decrease from the previous quarter due in large part to a scholarship disbursement of \$6.7M. He said this was offset by investment gains of about \$4.6M. Patrick Smith said we had some private cash receipts during the quarter that boosted assets. There were net refunds of scholarships of about \$800K across all the programs. He said total liabilities as of the end of the quarter are \$37.4M, a decrease of 6% from the prior quarter. Patrick Smith said we have total net assets of about \$85.9M, which is a slight increase from the prior quarter end of about 2%.

Patrick Smith reviewed the income statement and said private revenues for the six months ending June 30 total \$1.1M. He said this is under budget by about \$500K, which is due mainly to staffing shortages. Patrick Smith said personnel expenses are slightly over budget. He said that professional fees are under budget due to grant writing fees. Patrick Smith said there may be some expense coding issues that 501 Commons is working on with WSOS.

Patrick Smith said that the BaS and CTS investment funds with the state returned 1.8% and 1.9%, respectively, for the quarter and 6.1% and 6.2%, respectively, for the past twelve months. The endowment funds returned 4.8% for Q2 and 13.5% for the trailing twelve months.

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Patrick Smith said that there is a redline copy of the Finance and Investment (F &I) Committee charter that has to be reviewed and approved every three years. There are minor changes like removing WA STEM from the language, instead inserting the general language about a qualified nonprofit, changing the wording from COO to ED, and adding finance/controller of the program administrator. The F&I Committee voted to recommend this updated version and would entertain a motion from the Board to approve the changes to the charter.

Patrick Smith said the committee also discussed how to stabilize the 501 Commons relationship, but that is an ongoing conversation. He said the committee also discussed possible changes to our treasury and cash management function. Patrick Smith said that the issue arose in the immediate aftermath of the bank failures that occurred in March but given the possible changes in our program administrator over the coming months, he suggested we table any further action until things are more settled with our program administration unless the Board feels strongly otherwise.

Board Action: Adams made a motion to approve the updated Finance and Investment Committee charter. Cecchettini seconded the motion, and it carried unanimously.

Polenska expressed gratitude to Aileen Miller for her support while Connors was on maternity leave. Connors expressed gratitude to the WSOS team for all of the work done in her absence.

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

Executive Session

The meeting went into Executive Session at 2:50 p.m. to evaluate the performance of a public employee. The open meeting reconvened at 2:59 p.m.

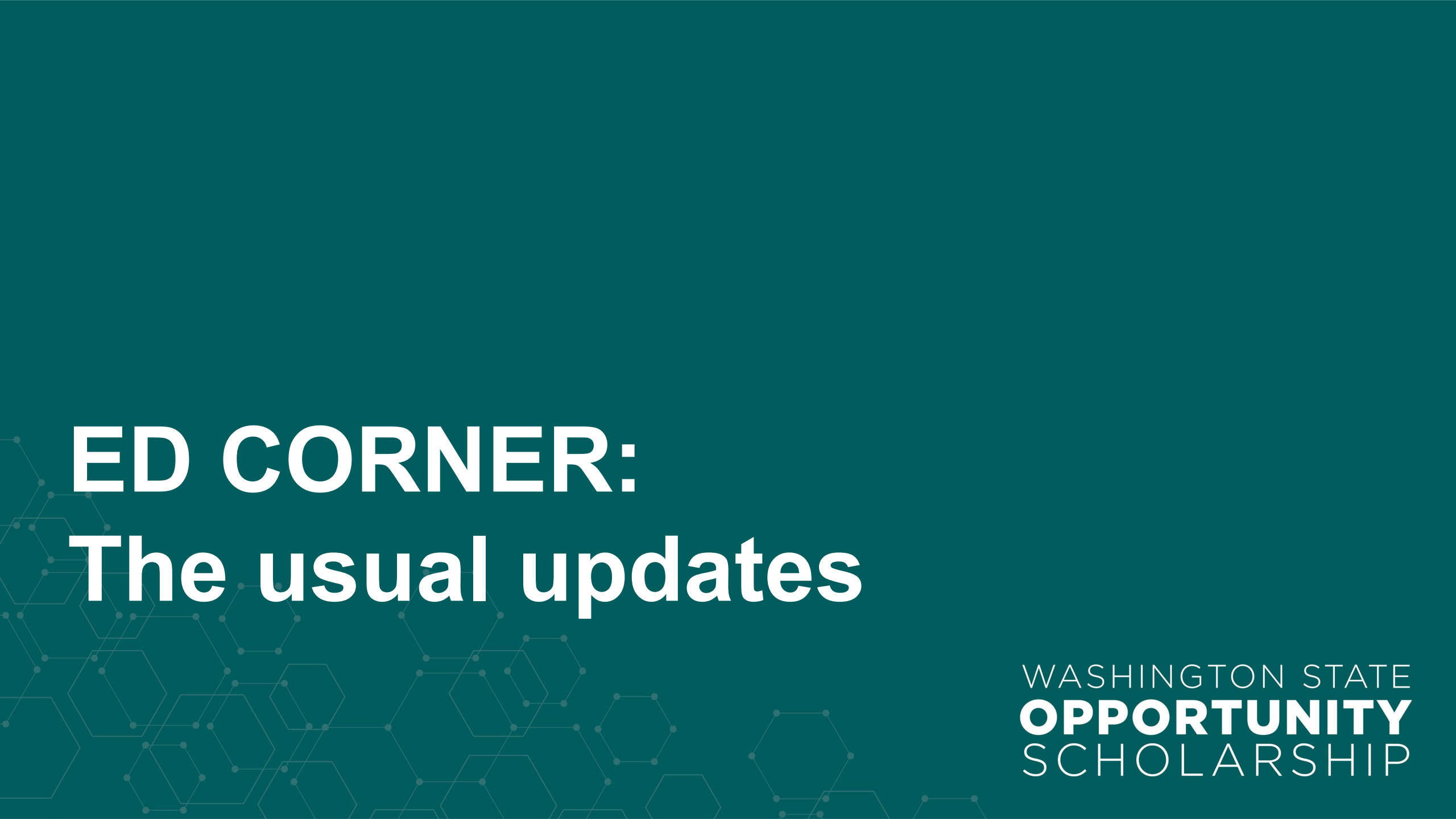
The meeting adjourned at 3:00 p.m.

Respectfully submitted,

Dena Parmer

Tab C

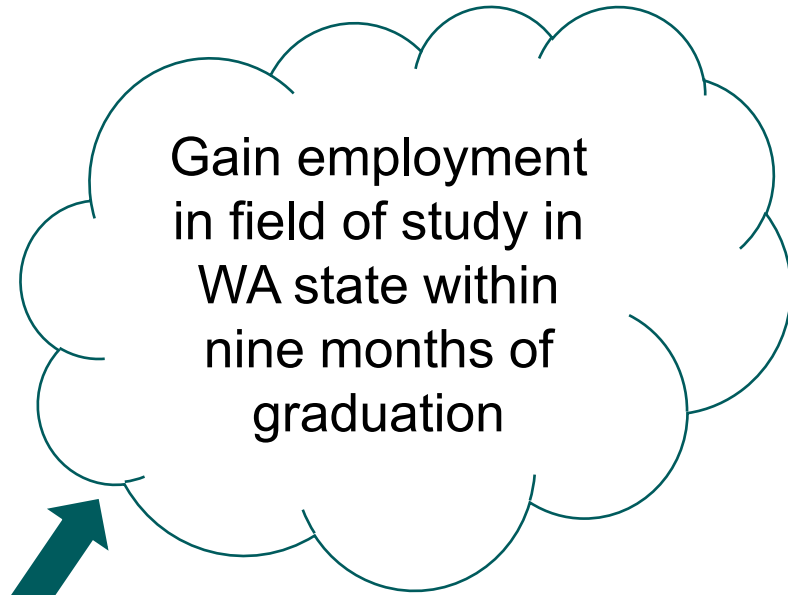
ED Corner



ED CORNER: The usual updates

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	<p>BaS : 90%, 85%, 65% Y1-Y2-Y3-Y4 with 55% increasing</p> <p>CTS : 80%, 80% 75% Q1-Q2-Q3-Y2</p> <p>GRD : 95% Y1 to Y2</p>	At least 31 earned media pieces per year	\$8M, \$8M in CY23, CY24, with 30 50 \$25K to \$1M gifts secured in CY23, CY24	<p>Volunteer separation rate below 30%; average staff tenure of 28 months</p> <p>83% of staff agree: “I would recommend WSOS as a great place to work”</p>																
<p>90% (80%) of BaS (CTS) Scholars complete renewal</p> <p>55% of BaS Scholars who complete the increase process on time</p>	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	<p>83% of staff agree: “I believe the work I do advances our mission”</p> <p>83% of staff agree: “I would recommend my supervisor to future employees”</p>																
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 story-telling 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	<p>Applicant targets:</p> <table border="1"> <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

<p>Ensuring scalable, statewide scholarship accessibility and financial aid impact</p> <p>AWARDS</p>	<p>Ensuring scalable, statewide support services</p> <p>PROGRAMS</p>	<p>Build awareness of the WSOS brand</p> <p>EXTERNAL AFFAIRS</p>	<p>Fund to 2030 and beyond</p> <p>DEVELOPMENT</p>	<p>Be a preferred workplace</p> <p>OPERATIONS/DATA & SYSTEMS</p>
<p>Improving eligibility of applicants:</p> <ul style="list-style-type: none"> Bringing back the “transcript second chance” to improve eligibility Tracking the impact of FAFSA changes on applications <p>★★★☆☆</p>	<p>Improving persistence:</p> <ul style="list-style-type: none"> 62% of BaS mentees have engaged with Lead (tracking to 85% goal) 48% of new CTS recipients have opted in to Lead programming <p>★★★★</p>	<p>Media coverage/speaking engagements:</p> <ul style="list-style-type: none"> Guest speaker at WFPA Plan for an active “road show” in the new year <p>★★★☆☆</p>	<p>Campaign revenue:</p> <ul style="list-style-type: none"> \$3.9M of \$8M raised year to date Aim to close an additional \$1.3M and \$750K by year-end (final stages) Assoc director hired! Annual fund ongoing (~\$35k) <p>★★★☆☆</p>	<p>Staffing:</p> <ul style="list-style-type: none"> Headcount: 28 Open: 3 positions (2 backfilling from internal promotions) plus finance role (WSOSF) New hires last Q: 2 FTE <p>★★★☆☆</p>
<p>Successfully completing processes (increase, renewal):</p> <ul style="list-style-type: none"> Targeted BaS increase campaign Developing "Awards Corner" in partnership w/Programs to educate Leads on programmatic milestones <p>★★★★</p>	<p>Closing opportunity gaps:</p> <ul style="list-style-type: none"> Mid-year assessment happening now (more data to come next quarter) Early indicators on progress include engagement with Leads <p>★★★☆☆</p>	<p>Social/owned media growth:</p> <ul style="list-style-type: none"> Deprioritizing Twitter (X) usage as audience isn't very active Launched a new website last Q – conversion rate (clicks, downloads, signups, donations) are up <p>★★★★</p>	<p>Donor loyalty:</p> <ul style="list-style-type: none"> Opportunity Talks led to strong retention CY22-23 of 47% (goal was 37%) Luncheon for 2023; Costco renewed as title sponsor at \$100k <p>★★★★</p>	<p>Culture enhancements:</p> <ul style="list-style-type: none"> Focusing on culture of celebration and appreciation (EOY celebration, “everyday actions” of direct supervisors) <p>★★★☆☆</p>
<p>Attend school full-time and work less:</p> <ul style="list-style-type: none"> Monitoring changes to federal aid program to project potential impact Assessing if goal is right for CTS <p>★★★☆☆</p>	<p>Improving career outcomes:</p> <ul style="list-style-type: none"> Exceeded our mentor-mentee matching goals for the year In person tours and workshops have reached 140 Scholars 100% of GRD graduates are working in MUAs in WA! <p>★★★★</p>	<p>Scholarship promotion:</p> <ul style="list-style-type: none"> Highest number of applicants ever for CTS winter! Many thousands of miles traveled <p>★★★★</p>	<p>Donor acquisition:</p> <ul style="list-style-type: none"> Hosted four campaign events with ~100 new-to-WSOS constituents in CY23 Behind on securing donors outside of the Puget Sound; leaning into hosting smaller events in CY24 <p>★★★☆☆</p>	<p>Data & Systems:</p> <ul style="list-style-type: none"> Legislative report completed on time! Building systems to reduce human error and improve tracking for eligibility, selection, legislative work <p>★★★☆☆</p>

Key wins of the quarter



- Secured largest health care investment to date (\$1.3M)
- Greatest number of applicants ever for CTS winter cycle
- Programs targets are showing strong engagement with Leads
- Nearly \$150M disbursed all-time!

PLEASE WELCOME IHSSANE!

IHSSANE MOUNIR

Boeing

SVP, Global Supply Chain



PLEASE WELCOME PV!

Pallavur (PV) Sivakumar, PhD

Bristol-Myers Squibb

*VP and Head of Discovery, Immuno-
Oncology and Cell Therapy Thematic
Research Center*



Challenges of the moment



- Building out the WSOS Foundation (WSOSF) while continuing forward on the daily work
- Continued challenges / delays specifically with finance tasks
- Hiring environment
- Identified error in awarding RJI students

Rural Jobs Program

- **What happened:**
 - Discovered 8 enrolled Scholars selected for RJI Fall 2023 who do not meet statutory eligibility requirements
 - Due to a formula error in the selection workbook
- **What we propose:**
 - Release funds from CTS to cover already-incurred expenses (\$16k)
 - Allow use of CTS funds through completion for these 8 recipients (\$22.5k)
- **How we'll prevent it in the future:**
 - Moving selection into our student database
 - Stronger QA

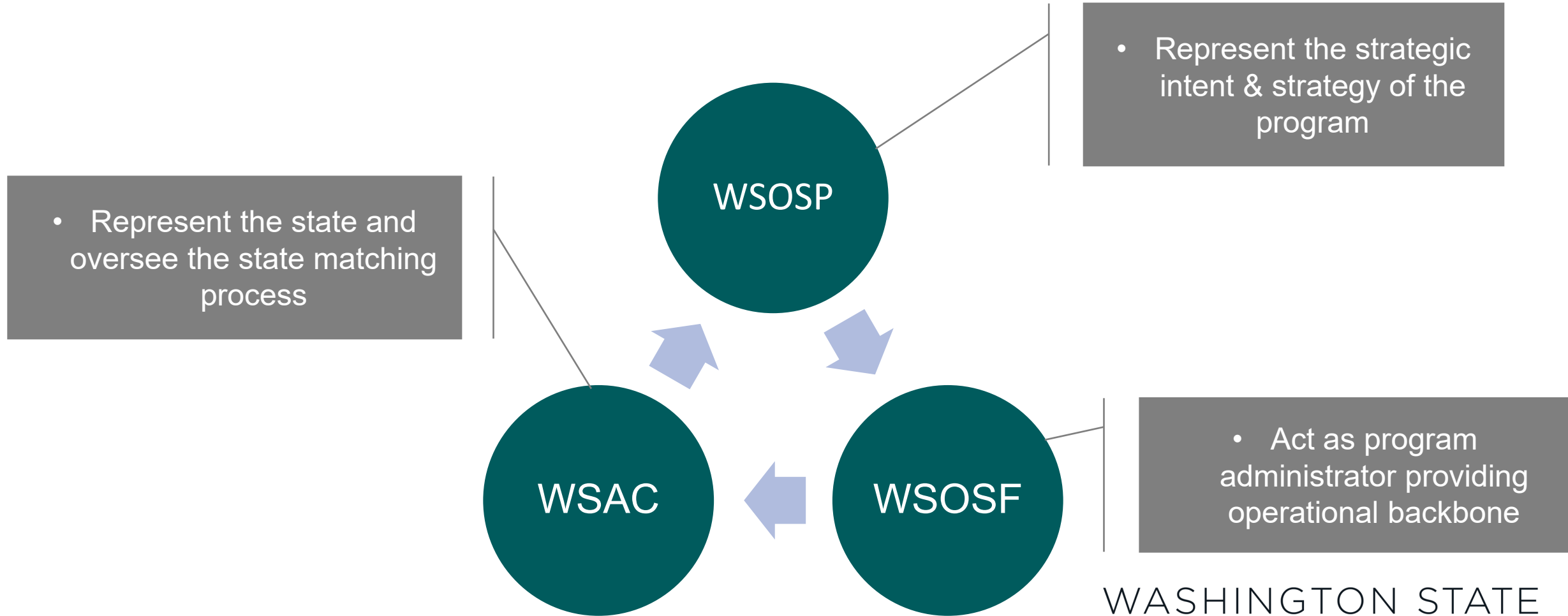
REQUESTED BOARD ACTION

- Vote to allow up to \$60k in CTS funds to cover these 8 erroneously selected RJI recipients.

ED CORNER: The WSOS Foundation

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

THREE-PARTY AGREEMENT



WSOSP vs. WSOSF ACCOUNTABILITIES



WSOSP

- Program Design & Strategy
- Selecting & Awarding Scholars
- Govt Relations & External Affairs
- Fundraising



WSOSF

- Human Resources & Talent Development
- Data & Systems, including IT
- Finances
- Other ops

WSOSP vs. WSOSF GOVERNANCE



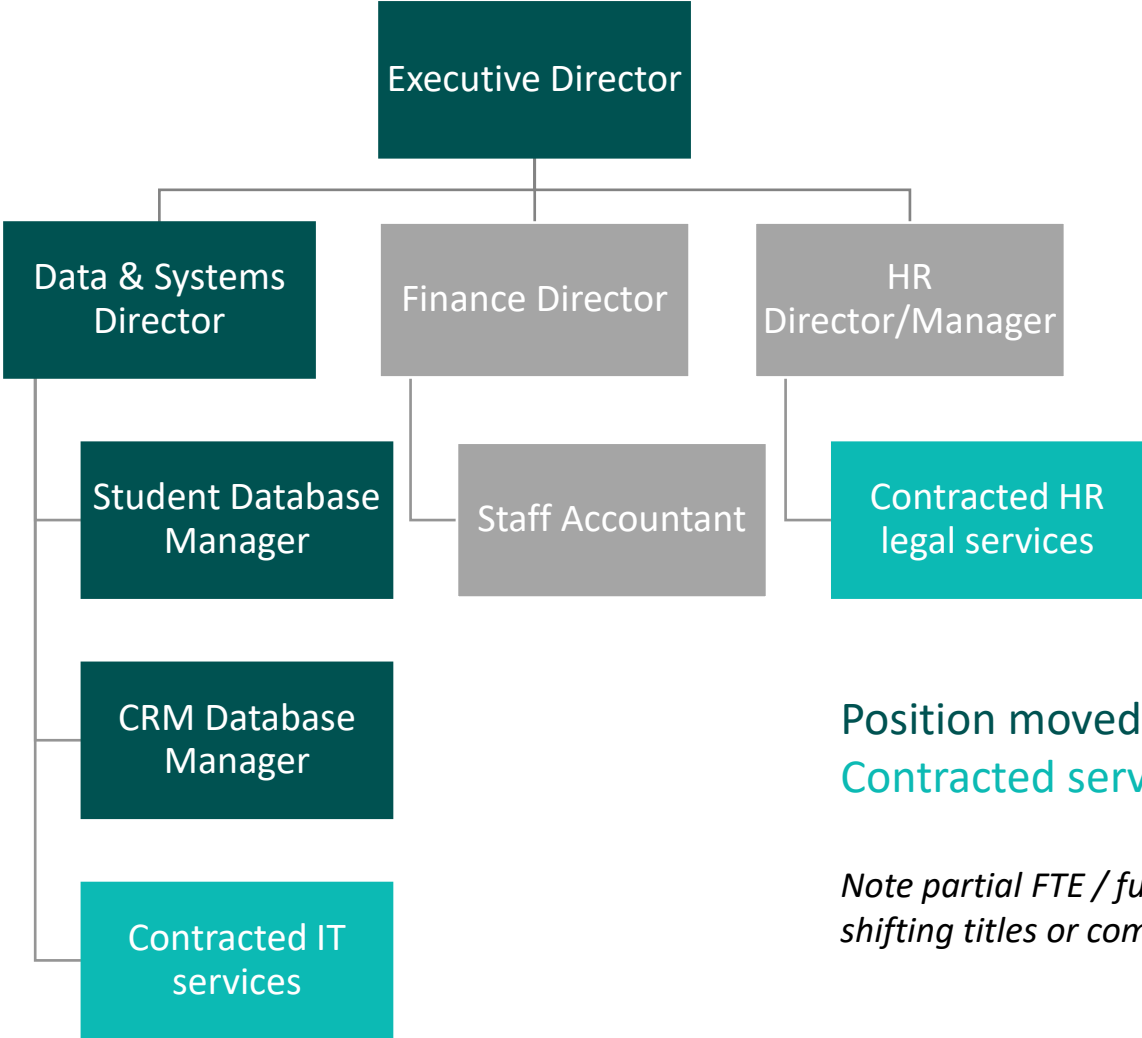
WSOSF Board:

- Jess Peet (President)
- Jolenta Coleman-Bush (Secretary)
- Gina Breukelman

WSOSP & WSOSF RELATIONSHIP



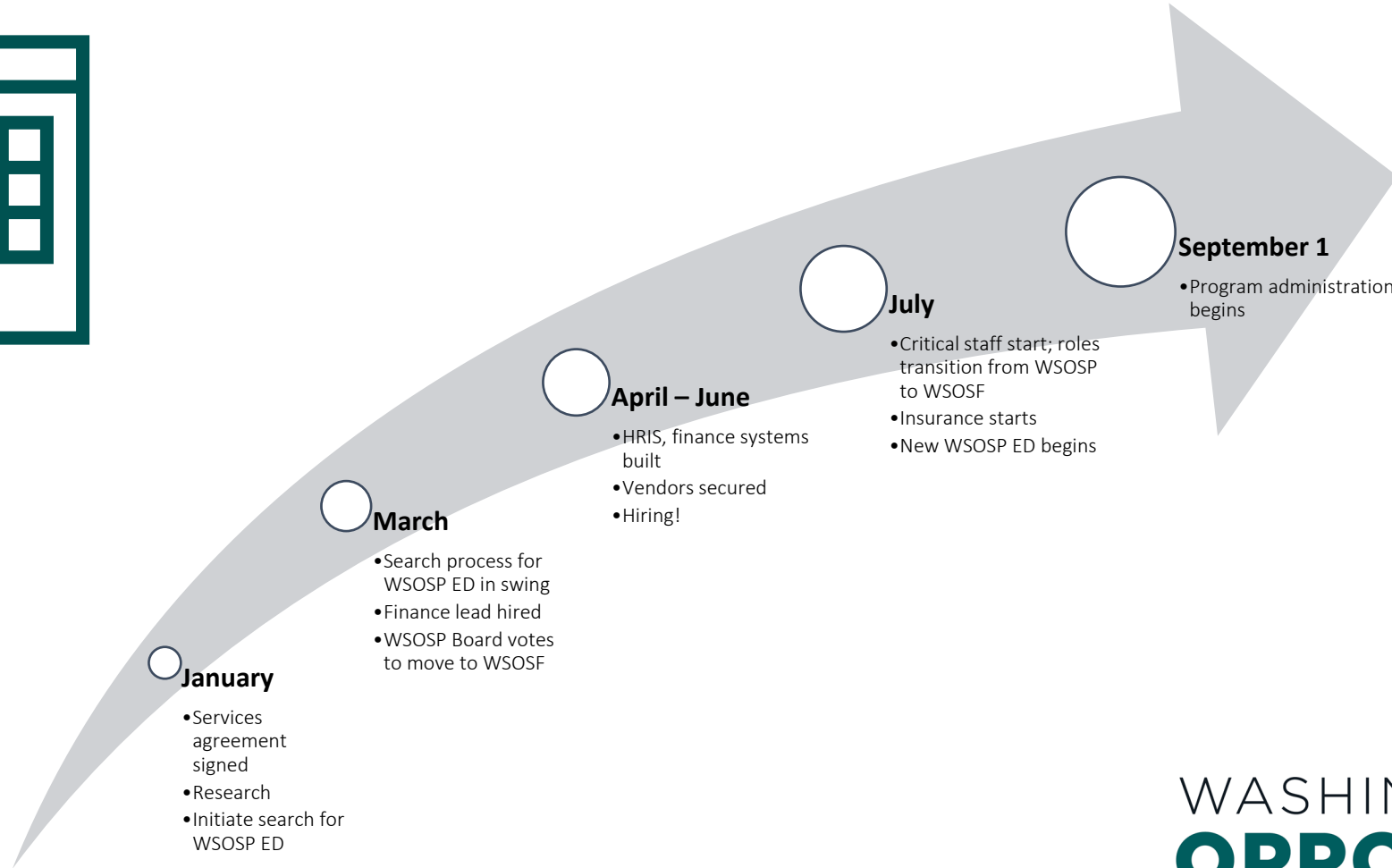
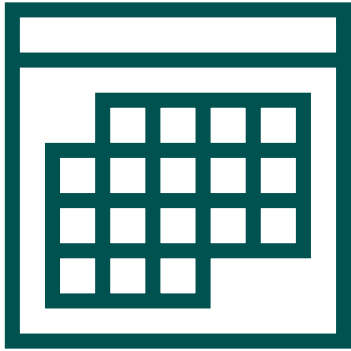
WSOSF PERSONNEL



Position moved from WSOSP to WSOSF
Contracted services, not FTE

Note partial FTE / full-time lever may result in shifting titles or combinations

TIMELINE



WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

REQUESTED BOARD ACTION

- Vote to approve services contract with WSOSF up to eight months, adopt the executive director delegated authority resolution, and initiate a search for the next executive director of the WSOS program.

BOARD RESOLUTION:

DELEGATING AUTHORITY TO WSOS EXECUTIVE DIRECTOR

***Proposed to the Washington State Opportunity Scholarship Board of Directors
December 7, 2023***

Background. The WSOS Board (WSOSB) has certain statutorily required duties but may delegate such duties to the staff of the program as it sees fit. To clarify the roles and responsibilities that the WSOSB retains versus those it has delegated authority to the WSOS executive director, we propose the adoption of this specific resolution.

Proposed resolution.

WHEREAS, the Washington State Opportunity Scholarship Board of Directors (WSOSB) by virtue of RCW 28B.145.020 has authority to delegate the powers and duties vested in or imposed upon the WSOSB by law;

WHEREAS, WSOSB finds it necessary, desirable, and expedient to the timely and efficient operation of WSOS to delegate authority to the executive director of WSOS to act for the WSOSB in matters pertaining to administration, the general business and financial affairs, organization, and management of WSOS;

NOW, THEREFORE, be it resolved: That the WSOSB hereby delegates to the executive director of WSOS the authority to exercise in the name of the WSOSB all of the powers and duties required for the effective management and administration of the WSOS program, and implementation of the WSOSB's obligations, except such powers and duties expressly reserved by the WSOSB. The executive director may designate other WSOS program employees and/or contractors to exercise specific powers and duties delegated to the executive director. The WSOSB expressly reserves unto itself the following authority:

1. The establishment of major policy and long-term strategic direction that guides the WSOS program's work, including, but not limited to the review and approval of the strategic plan, fundraising campaigns, annual budget as proposed by the executive director, and WSOSB-level policies.
2. To generate bylaws, policies and procedures governing WSOSB and Finance & Investment Committee engagement and meetings.
3. To employ the executive director and set the rate of compensation, evaluation process, and terms and conditions of employment.
4. Approval of selection criteria for scholarship recipients and criteria for eligible programs of study.
5. Approval of programmatic design principles, including, but not limited to scholarship award amount and support services.
6. The program administrator oversight processes as it pertains to reviewing and signing new program administrator contracts as well as exercising renewal or exits from existing program administrator contracts.
7. To authorize lawsuits, recommend legal defense, and approve legal settlements in excess of \$50,000.

PROGRAM UPDATE | DECEMBER 2023

INTRODUCTION

Since the October 2023 Washington State Opportunity Scholarship (WSOS) Board meeting, the academic year has gotten into full swing. Scholars are just wrapping up the first term of the year, and we’re starting to collect preliminary outcome data. We’re also focusing in earnest on the WSOS Foundation planning.

AWARDS ADMINISTRATION

The Awards team is preparing to launch the 13th annual Baccalaureate Scholarship (BaS) application, which will open January 10 through February 29. In the past, the team would engage the Board in reviewing and aligning on BaS selection principles. Since the Board approved an evergreen selection model in 2022, the Awards team will continue to select BaS Scholars who meet the following criteria:

- Heading into high-demand careers across Washington state
- Likely to graduate with a degree in STEM or health care
- More likely to complete their degree or program if they receive a scholarship

In addition, the team has closed the Career & Technical Scholarship (CTS) Cohort 5 winter application with 717 completed applications, the highest number of applications received during this cycle. This is due to the phenomenal work of the promotions team and other staff who have volunteered to support promotional efforts. A summary of the winter CTS and RJI recipients is available in these Board materials, Tab C.

The team has also been tracking upcoming changes occurring in financial aid and its impact on WSOS. The top three changes the team is closely monitoring include the Free Application for Federal Student Aid (FAFSA) and Washington Application for State Financial Aid (WASFA) new application open date (opening two months later than normal), questions and submission process changes, and the new calculation used to determine financial need. Many of these changes support streamlining and simplifying the financial aid forms but may also disrupt access to aid without additional support from educational institutions, college access organizations, and support organizations like WSOS. The team has participated in state and federal trainings and updated timelines and processes anticipating the financial aid changes. We will continue to monitor for impact on awarding WSOS funds.

Scholarship Highlights

	BaS	CTS/RJI*	GRD**	Total
Total Actual Disbursed (2012 – Present)	\$131,038,133	\$17,138,290	\$634,353	\$148,810,776
Scholars Enrolled 2023-24	3,195	1,319	39	4,553

*Rural Jobs Initiative (RJI)
 **Graduate Scholarship (GRD)

SCHOLAR PROGRAMS
BACCALAUREATE SUPPORT SERVICES

Since the beginning of the academic year, 62% of first- and second-year Scholars have engaged with their Scholar Lead; our goal is for at least 85% of Scholars to utilize their Lead by the end of the academic year. We are reaching out to Scholars who haven’t engaged with their Lead yet to make sure they understand the program’s many benefits. One Lead at Gonzaga University had this to say recently to illustrate the program’s impact: *“One of my Scholars who attends the same school as me reached out to me because she wanted to get more involved at our school. We have been communicating back and forth on what involved looks like for her, and I have been gathering resources and ideas for her to use to get*

more involved. I felt like this was a success that a Scholar felt comfortable enough to reach out and ask for help. I felt honored that she trusted and confided in me, and I am enthusiastic about helping her."

The Skills that Shine program had a strong start! Our goal was for 300 third-year Scholars to match with a mentor, and we currently have 319 mentee-mentor pairs. Thank you for activating your networks to help us recruit enough mentors to support this many Scholars. Other career development programming this fall has included four Industry Insider events, such as in-person tours at Bristol Meyers Squibb and Benaroya Research Institute, and our first college-to-career workshop. These programs have supported 140 Scholars.

CAREER AND TECHNICAL SUPPORT SERVICES

So far, 48% of new Scholars have opted into the Scholar Lead program; our goal is for at least 55% of new Scholars (including winter and spring selects) to opt in by the end of the academic year. We have upgraded the technology Leads use to track their work and made their assigned tasks clearer. As a result, 90% of Leads have completed their tasks to date, compared to 81% this time last year. This increased consistency will help to ensure that Scholars are having similar experiences across all Leads.

We launched a new job board for Career and Technical Scholars. Over 200 Scholars have utilized this resource so far, which puts us on track to meet our goal of reaching at least 250 Scholars by the end of the academic year. Our most popular postings have been in data science, IT and healthcare. Should this pilot year continue to go well, we will consider expanding the job board to other Scholar populations.

We've been hearing great feedback from our alumni. One graduate said: *"Thank you for the opportunity to grow not just in my profession, but as a person as well."* Another alum said: *"Thank you for the support. I never thought I would have a degree as a single mom."*

GRADUATE SCHOLAR SUPPORT SERVICES

With 20 new Scholars in Cohort 3, we have the most currently enrolled students to date – a total of 39 Scholars. This fall, 12 Scholars attended a presentation by WSU Professor Emeritus and Practicing ARNP, Dr. Louise Kaplan, on transitioning to practice as a Nurse Practitioner. Dr. Kaplan covered licensure, job searches, association memberships and salary negotiations. Several Scholars watched a recording of the event and reported appreciation of the tailored content.

At the October Board meeting, we discussed consistent challenges we have faced related to sending preceptor stipends to large clinics and hospitals. Good news: we have successfully collaborated with the University of Washington advancement team on a stipend payment based on a Scholar's practicum at Harborview Medical Center. We now have a pathway to send more stipends on behalf of the many UW clinics and hospitals hosting our Scholars. In other good news, among our seven graduates to date, 100% are working in Washington state medically underserved areas. This is a strong start in meeting the intent of the Graduate Scholarship!

DEVELOPMENT UPDATE

REVENUE TARGETS

As of October 2023, we have raised \$48,453,975 of our \$75M campaign goal. We aim to secure the full \$75M by the end of 2025. For calendar year 2023, we targeted raising \$8M in revenue; as of November 15, we have secured \$3,936,258. While revenue is behind target for the year, we have ramped up our campaign fundraising efforts, through in-person solicitation meetings and pursuing new opportunities. We hope to close two major gifts by year-end. We have been selected to receive a 3-year, \$1.3M gift from a new health care partner which will represent our largest investment to date from a health care industry partner. We are also working to renew a high six-figure gift with a key donor. We believe we'll end the year around \$6M in revenue.

DONOR RETENTION AND ACQUISITION

In addition to raising revenue, the goal of the campaign is to ensure stronger donor retention and to broaden our scope of supporters. Key metrics we’re tracking on these measures are below:

	YTD (as of 11/15/23)	2023 CY Goal
Donor retention 2022 to 2023	47%	37%
Increase donor base	173	350
Donors from underrepresented industries	41.7%	57%
Donors outside of Puget Sound	8	44

CAMPAIGN MILESTONES

Costco renewed their gift of \$100,000 as our returning title sponsor for OpportunityTalks. Please mark your calendars to join us on May 10, 2024! As a reminder, we’ll be shifting to a luncheon to promote stronger attendance.

We met our goal of hosting four campaign events this calendar year. Most recently, Julie Sandler hosted an engaging Hot Topic Dinner on November 14 with 14 guests including investors, tech innovators, early education and mental health leaders in attendance. These events aim to engage new supporters and build a pipeline of prospects for the for the campaign. Overall, we engaged ~100 new supporters through these events.

Finally, we completed a suite of branded collateral to support our solicitation efforts and to prepare for the public launch of the campaign. This includes a pledge form, website, case for support, MOU, folder, and thank you cards.

EXTERNAL AFFAIRS UPDATE

This fall, we executed our promotion strategy and continued to build statewide relationships and name recognition for our programs. We continue to see strong results from our approach. Last month’s winter CTS application cycle returned another record-breaking applicant total. In January, we will promote two simultaneous BaS and CTS spring applications.

Policy meetings and preparation for the 2024 legislative session are also underway. The Legislative Report will be published and sent to all members and key fiscal and policy staff on December 1. We are meeting with specific members and engaging with stakeholders in the higher education community to understand emerging priorities for the sector, but we do not intend to run a bill this year.

One issue we are closely following is the rise in regional “Promise” programs which typically guarantee tuition for specific populations of students. We want to see more students get access to financial aid and advocate for the best use of limited financial aid resources. The state’s Washington College Grant, which guarantees assistance for income-eligible students, is underutilized. We also know that aid beyond tuition is vital, particularly for our state’s lowest-income, first-generation, and students of color. We are working with stakeholders to consider using WSOS and our government matching opportunity to provide funding beyond tuition to students who face the highest barriers.

DIGITAL MARKETING AND MEDIA COVERAGE
JULY 2023 – SEPTEMBER 2023

Org Outcomes	Beginning of academic year (July 2023)	As of now (September, 2023)	End of academic year goal (June 2024)	Progress towards goal
Earned media	2	30	30 earned media pieces	6.67% of goal
ED/Directors appearances in articles/panels/speaking	1	(0 for ED) (1 leadership)	15 for ED and 7 for other leadership	0% for ED and 14% for leadership
Facebook audience growth	4,400	4,438	4,583	24% of goal
Twitter (X) audience growth	1,972	1,973	1,997	4% of goal
LinkedIn audience growth	2,058	2,160	2,700	19% of goal
Instagram audience growth	1,172	1,187	1,240	42% of goal
TOTAL social media growth	9,602	9,749	10,520	20% of goal

Top Performing Posts

Facebook: [CTS Acceptance Letters](#)

Washington State Opportunity Scholarship
August 2

Overview Comments

We sent 639 letters to new Opportunity Scholars who have been accepted into the Career & Technical Scholarship program! Congratulations Scholars! We are so excited to be part of your journey!

Most relevant

Armando Magaña
I still remember the time I received mine.

Princess Ann Ikaba
WSOS made my dream into a reality.

We sent 639 letters to new Opportunity Scholars who have been accepted into the Career & Technical Scholarship program! Congratulations Scholars! We are so excited to be part of your journey!

LinkedIn: [Hiring](#)

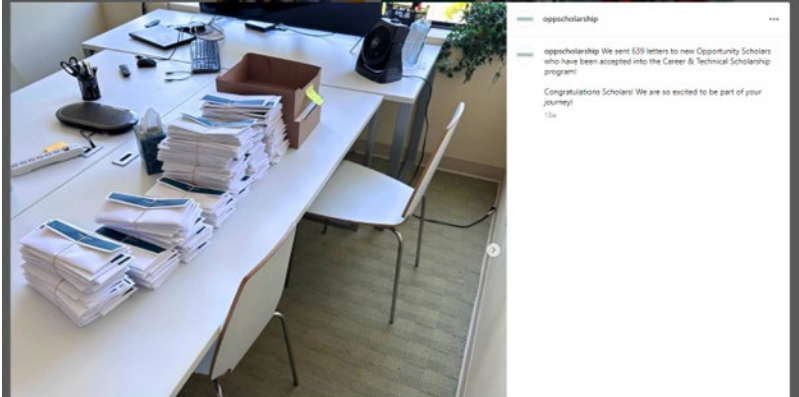
Washington State Opportunity Scholarship
2,176 followers
2mo

We're #hiring!

Wondering about the WSOS workplace culture? Learn more on our website!
<https://lnkd.in/gsr24Cz>

Careers - Washington State Opportunity Scholarship
waopportunityscholarship.org • 2 min read

Instagram: [CTS Acceptance Letters](#)



Twitter: [CTS application](#)

A Twitter post from Washington State Opportunity Scholarship (@OppScholarship). The text of the tweet says: "The Career & Technical Scholarship (CTS) is accepting applications until October 24! The CTS supports people seeking an apprenticeship, certificate, or associate degree in STEM, health care, or the trades. waopportunitiescholarship.org/applicants/car...". Below the text is a promotional graphic with a dark green background. The word "APPLY" is written in large white letters, followed by "to the Career & Technical Scholarship" in smaller white text. A yellow button in the bottom left corner says "Deadline: October 24". A photo of a smiling woman is in the bottom right corner of the graphic.

OPERATIONS UPDATE
PROGRAM ADMINISTRATOR

We are working toward a services agreement with the WSOS Foundation to support a smooth program administrator transition on September 1, 2024. In August, we launched a search for a Controller to shore up our financial support during our remaining time partnered with 501 Commons. That search has been a challenge with a top candidate declining the offer after receiving a competing offer from their current employer. We plan to continue the search early in 2024.

DATA AND SYSTEMS

We are currently enhancing the BaS application in our Scholar database to elevate the overall applicant experience, ensuring their success in completing applications accurately and promptly. While this remains

an ongoing project, our current focal point revolves around enhancing clarity. Recognizing that the application status screen has been overly busy and text-heavy, we are streamlining it and incorporating color and graphics. This redesign aims to assist applicants in comprehending their progress and completion status more intuitively. To further enhance user experience, we've introduced a more user-friendly URL, optimizing the application for full-screen display. This is particularly beneficial for the 30% of applicants who utilize mobile devices for the application process, as highlighted by the recent completion statistics for Winter CTS applications.

Simultaneously, we have implemented updates to our Donor CRM, enhancing our ability to plan and track promotion activities. In a parallel effort, we are actively engaged in refining our methods for tracking and managing Legislative work. Our backend efforts involve creating an improved data structure to align our donor and Scholar databases more effectively. It's crucial to emphasize that these enhancements in our data systems directly contribute to the quality of the data extracted from these systems. This fall, we successfully conducted our annual CTS and BaS Alumni Surveys, and in collaboration with External Affairs, we conducted data analysis for the 2023 Legislative Report.

STAFFING UPDATE

Patrick Kang (he/him) joined the Data & Systems team at WSOS as Database Administrator on October 16. Patrick joined WSOS for the second time! He previously worked on the Programs team as a Scholar Success Advisor in 2018-19. Patrick has spent his professional career working on educational justice. While his work has been multimodal, spanning primary school arts education to college success, it has always centered community-based liberatory practices and appropriate data systems. He is excited to support WSOS develop, maintain, and manage its Scholar database.

Kelly Stellrecht (she/her) joined the Development team as the Associate Director of Corporate and Foundation Giving. Kelly has 15 years of experience in nonprofits, most recently at the Helen Diller Family Foundation and Landesa, an international NGO dedicated to securing women's land rights. She is a graduate of Kent State University and obtained the Project Management Professional (PMP) certification in 2020 and Certified Fund Raising Executive (CFRE) credential in 2017. She enjoys podcasts, coffee, reading, public transit, and the Seattle Seahawks. Originally from Minnesota, Kelly loves the Pacific Northwest and lives in Tacoma with her husband and two cats, George and Sasha.

WASHINGTON STATE
OPPORTUNITY
 SCHOLARSHIP

**Career and Technical Scholarship
 Cohort 5 Winter Selection Overview**

This document describes the selection criteria for and profile of the winter recipients of the 2023-24 Career and Technical Scholarship cohort. This winter brought 716 applicants, of which we selected 382 for CTS and 33 for Rural Jobs.

Career and Technical Scholarship Cohort 5 - Winter

Selection Criteria

Based on the Board’s directive, the selection criteria below were used.

Category	Factor	Target Weight	Final Weight
Economic Impact	Program	50%	35%
Likelihood of Completion	Essay	15%	32%
Financial Need	Income	20%	18%
Equity of Access	First Generation Status	15%	7.5%
	Single Parent Status*	15%	7.5%

**Single parent status did not apply to applicants who graduated from high school in 2023.*

Profile of Selected Scholars

These Scholars have a median family income of \$20,922 and represent 31 of 34 colleges, 27 of 39 counties and 48 of 49 legislative districts. The top 5 colleges they’re heading to are: Tacoma Community College, Clark College, Everett Community College, Yakima Valley College, Grays Harbor College. In terms of programs, the table below shows how the proportion of Scholars selected (% of Selects) compares to the share job openings across the state led to by industry (% of Job Openings).

Industry	% of Eligible Applicants	% of Selects	% of Job Openings
Engineering / Manufacturing	7%	5%	3%
Health Care	60%	63%	35%
Information Technology	11%	17%	15%
Trades	12%	6%	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 percent of eligible applicants who we selected.

Category	% of Eligible Applicants	% of Selects	Acceptance Rate
First Generation			
Yes	64%	70%	69%
No	25%	18%	44%
Unknown	4%	4%	62%
Zero Parents	7%	4%	78%
Single Parent			
Yes	31%	40%	82%
No	69%	60%	61%
Race / Ethnicity			
American Indian / Alaska Native	2%	3%	79%
Asian	8%	8%	63%
Black or African American	9%	11%	74%
Latinx	29%	31%	66%
Native Hawaiian or Other Pacific Islander	2%	2%	80%
Two or More Races	3%	3%	68%
Unknown (did not report)	7%	7%	64%
White	39%	34%	55%
Gender			
Gender non-conforming	0.2%	0.3%	100%
Genderqueer	0.2%	0.3%	100%
Man	29%	23%	50%
Non-binary	1%	1%	43%
Prefer to self-describe	0.5%	0.5%	67%
Two or more	2%	3%	73%
Unknown (did not report)	9%	9%	62%
Woman	58%	63%	69%
Age			
18 or under	4%	4%	65%
19-22	16%	12%	46%
23-29	31%	31%	63%
30-39	30%	32%	68%
40+	20%	21%	67%

Rural Jobs Initiative Cohort 5 - Winter

This winter we selected 33 of 91 eligible applicants. 28 of these 33 recipients were also selected for the Career and 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 \$14,824, live an average of 39 miles from campus, and represent 6 of 8 eligible regions and 9 of 14 eligible colleges. The table below details selects by [workforce development region](#).

Region	% of Eligible Applicants	% of Selects
Benton-Franklin	2%	0%
Eastern	1%	0%
North Central	19%	24%
Northwest	12%	15%
Olympic	4%	9%
Pacific Mountain	40%	24%
South Central	13%	18%
Southwest	8%	9%
Spokane	1%	0%

In terms of programs, 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
Accounting and Logistics	4%	6%
Engineering / Manufacturing	3%	6%
Health Care	63%	76%
Information Technology	2%	3%
Trades	27%	9%

Tab F

Finance & Program Administrator Update

WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

FINANCE & INVESTMENT COMMITTEE MEETING AGENDA NOVEMBER 30, 2023 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: 886 669 395#

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

I.	Meeting Called to Order		Patrick Smith Board Member Committee Chair	1:00p-1:00p
II.	Approval of Minutes from September 6 Meeting	[Tab A]	Patrick Smith Board Member Committee Chair	1:00-1:05p
III.	WSIB Quarterly Performance Report	[Tab B]	James Aber WSIB	1:05-1:25p
IV.	Program Administrator Report	[Tab C]	Eileen Moran 501 Commons	1:25-1:45p
V.	Program Update <ul style="list-style-type: none">» <i>Committee Action:</i> Recommend amendment to the F&I Committee charter» <i>Committee Action:</i> Recommend approval of the 2024 budget proposal	[Tab D]	Kimber Connors WSOS	1:45-2:15p
VI.	Executive Session		Patrick Smith Board Member Committee Chair	2:15-2:30p
VII.	Meeting Adjourned		Patrick Smith Board Member Committee Chair	2:30p

Committee Questions for Consideration:

- » What questions do you have about the Foundation build out?
- » What concerns do you anticipate the Board having about the 2024 budget proposal?

Upcoming Committee Meetings

March 6, 2024

June 12, 2024

Tab A

Approval of Minutes

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

**FINANCE & INVESTMENT COMMITTEE MEETING MINUTES |
SEPTEMBER 6, 2023**

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

Members not present: Brad Faulhaber, Joseph Walker

Attendees on Teams: Nancy Long, Eileen Moran, James Aber, Chris Hanak, Aileen Liu, Javana 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: Elisa La Cava moved to approve the minutes of the June 13, 2023, meeting. Julie Sandler 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 June 30, 2023.

Aber gave a capital markets summary (slide 2). Aber said equity markets continue to rally in the second quarter, and fixed-income markets continue to struggle in the face of rising rates, which is the theme you will see throughout the presentation. The Baccalaureate Scholarship (BaS) and Career & Technical Scholarship (CTS) funds returned 1.8% and 1.9%, respectively, for the quarter and 6.1% and 6.2% for the 12 months ending June 30. The endowment fund (80% equities, 20% fixed income) saw higher returns of 4.8% for the quarter and 13.5% for the 12 month 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. WSIB did not complete any transactions during quarter two. Inflation fell to its lowest level since March 2021. During the second quarter, Congress raised the US debt ceiling, and the Fed held its interest rate target steady at 5.25%. Both of those helped fuel a strong period for US equity markets. Developed markets continued to outperform emerging markets by a pretty significant margin. Fixed income interest rates saw sharp increases during the second quarter, and that has continued to weigh on returns. The Bloomberg Universal index returned -0.6% for the quarter, down from 2.9% in the prior quarter.

Aber included in the pre-read a breakdown of assets by asset class, including the figures for each of the four funds because a committee member requested this. Another committee member had requested realized gains or losses during the quarter for each of the funds. Aber said due to resource constraints, this is not something that the WSIB is able to do for any of the funds they manage, including the WSOS funds. Smith mentioned that Joseph Walker had asked these questions but was not able to make it to this meeting. Smith commented that the addition of slide 4 from WSIB was very helpful.

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Smith asked if the state match dollars were all cash. Aber affirmed that it is. Smith said the private total breakdown is very helpful.

There were no additional questions.

Program Administrator Report

Eileen Moran, Finance Director for 501 Commons, presented financial statements through June 30, 2023.

Moran addressed the disparity in investment balances that were discussed at the last meeting. She said that reports were pulled in a different way, and the background coding was done in two different ways. So, unrealized gains and losses were grossly overstated. Javana Polenska asked the committee if it would be helpful to see the crosswalk of the numbers for validation and check. La Cava said that, given the confusion, it would be helpful to see it but was unsure if it would be productive to review it live in this meeting.

Moran said the other question was about comparing the pledge balances to the pledge receivable from 12/31/2022 to 03/31/2023. Moran said she made a note as a year-end entry to put Ballmer on the books as she did with the Connell stock contribution. It is sitting in pledges receivable and deferred revenue so that it can be tracked and not fall through the cracks as opposed to being tracked off the books. Pledges as of 12/31/22 were \$29.8M. There was \$2.5M paid by Microsoft in the first quarter. There were new pledges added leading to a balance on 03/31/23 of \$27.4M. These are on two spreadsheets Moran created to answer Polenska's questions. Moran said Polenska can disseminate these as she sees fit. Polenska said she will meet with Nancy Long immediately following this meeting and share the attachments, so the committee has visibility to them. Polenska said that she met with the WSOS development team to discuss the crosswalk, but they will defer to Moran. Polenska said that 501 Commons and WSOS staff have not reconciled the information. There is a small variance from March. Moran said there is a five-dollar variance that she cannot find, and it is not a priority to find it at this point. Moran said that Jenny Gruber, who is new to the 501 Commons staff, will complete the pledge reconciliation on a monthly basis. Moran believes she will be able to catch up. Polenska said that when the committee sees the pledge files, they need to remember that we are still going through the reconciliation process to make sure the numbers are aligned. WSOS staff are tracking when they have visibility to information.

Polenska asked Moran to walk through the balance sheet and address the seven to eight questions that were outstanding from the last meeting. She asked Moran to call attention to what was learned or reconciled to give the committee the information requested at the last meeting. Moran said cash is down. We had \$1.3M of scholarship disbursements during the quarter that took cash away. We had \$849K of individual donations. The decrease in cash is normal activity. There were some private cash receipts, \$2M from Rubens. Most of the stock from the Connell pledge came in, which was reduced by \$50K from the original pledge receivable of \$750K. We have received \$698K from the Donor Advised Fund (DAF), and they will make a cash donation of the difference. We received \$100K from Bristol Myers Squibb, \$50K from the Seattle Foundation, and another \$50K from Marie Lam from Charitable Foundation, in addition to some other donations. Scholarship refunds totaled \$431K for BaS, \$360K for CTS, and \$9K for Rural Jobs Initiative (RJI). Disbursements were \$167K for BaS and \$482K for CTS.

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Moran said there was normal cash activity, and investment balances have been stable this past quarter. Of the \$94M, \$57.8M belongs to BaS, \$29M belongs to CTS, \$7M to the endowment, and \$866K to GRD. The investment gains were approximately \$1.8M across the board, with a couple of months of losses and some gains. Accounts receivable did not change. It is made up mostly of the employee retention credit that WA STEM has not received yet. Moran said that Patty Murry's office had to intervene on behalf of 501 Commons, and WSOS might want to consider reaching out to her office. The state match receivable has not been filed yet, and Moran anticipates making a \$9M request before the end of the quarter because the new appropriation has come in. Moran said that deferred revenue is made up of the Connell and now Ballmer donations. Moran did a PTO accrual for Q2, and that is what makes up the vast majority of \$113K in payroll liability. L&I is paid outside of Paylocity, so that is carried on the books. The decrease in liabilities resulted from scholarship disbursements.

Peet asked if strategically we don't like refunds because we could have possibly awarded the funds elsewhere. She said they seem to be on the rise and asked if we are thinking about a way to plan for that differently. Polenska said we don't necessarily have control of timing for refunds as they align with state required processes and the law that WSOS funds cannot be awarded beyond a student's calculated cost of attendance. Polenska said we are trying to improve processes to prevent over-awarding rather than relying on better timing for refunds. We just started awarding Scholars and sharing packages for the entire year with financial aid officers in advance of the term to help reduce returns. We are trying to ensure that schools aren't getting more than what they should up front. Another trigger for refunds is when a student changes their plans. Polenska said WSOS is aware of the challenges and is looking at things we can change on our side while accepting the things we can't control. We hope we'll see a decrease in refunds going forward from some of the process changes implemented this year. Polenska said the other piece is a function of when schools return dollars. She said we have received refund checks up to two years later. Moran said we had \$791K in refunds this quarter of which \$431.3K was BaS, \$359.8K was CTS and RJJ refunds. For the year thus far, it has been \$1.2M in refunds.

Matt Rubright asked if the number fluctuates or if there is any predictability. Moran said there is no pattern month over month, and we are at the mercy of the universities. CTS refunds have been growing. They were \$34K at the beginning of the year and \$102K in June. Rubright said he had hoped we would learn more about the refund rate so we could adjust how we allocate capital. He added that it sounds like it is not predictable enough to change things from an execution standpoint at this time. Polenska said due to a major policy change this year, we expect to see positive changes as we award at the beginning of the disbursement cycles instead of multiple times a month throughout the year. She added it has always been highly variable, and what we need to have on hand to provide those funds. Polenska noted that the CTS cohort size has grown in the past year from 500 up to 1,275 students per year indicating a likely reason for the uptick in refunds. Polenska said we share the same concern because it is burdensome on staff to process refunds and impacts money available to disburse.

We moved to the income statement, and Smith noted that the income statement is from March rather than June. Moran shared an Excel report and addressed one of the questions from last quarter about budget versus actuals. There is an unfavorable variance of \$558K. There was a \$350K pledge predicted in the budget that has not come in. Moran noted that it was in the budget twice, once on the foundations and grants line and again on the individual donations line. It showed up in the budget, not the actuals, because it was discovered after the report was put together. There was \$892K in new revenues, \$698K from Connell, a pledge and the money

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

from Marie Lamfrom Charitable Foundation and \$10K from Diane Cecchetti. There was \$135K in smaller donations from OpportunityTalks. There are no match dollars year to date because we had consumed the previous match appropriation by September last year. Moran stated she will be making the match request this month because the new appropriation is in. We had \$5.62M of unrealized and realized losses. There was interest and dividend income of \$137K and investment expenses of \$14K. Moran said that the actuals are higher than the budget because the investment piece of the budget fell on her. She said that it was based on the extreme and unpredictable volatility. Moran said she created an extremely conservative budget and hoped we end up on the right side of the investment spectrum. She had only predicted \$18K in dividends and interest but we did much better. Moran stated that during this period, WSIB did a realignment of what they invested in. Our investment realized and unrealized gains were significantly higher than budget. Investment fees were favorable. There is not a significant variance in salaries and benefits. There is a positive variance in professional fees. Moran said that WSOS creates its own budget, so she does not have all the details as to why there is a variance.

Polenska said a question that came up at the last meeting about revenue and if there was a concern about it being down. Polenska shared that there were assumptions about some big gifts that did not come in. There were some corporate foundations that walked away from giving for the year. We have made fundraising adjustments, but it does not change what you see from a budget perspective. We have also talked about the impact of not having front-line fundraisers hired yet.

Moran said conferences and conventions had \$62K higher than budgeted but it is offset by the lower operating costs. Smith asked Polenska to give context to the overage. Polenska said that most of our travel has been specific to promotions work. She stated that we did not have a sense of the cost at the onset. Staff are out significantly more than in the past. Polenska said that we have a Boeing grant that offsets some of the costs, so it is funded work.

Moran said operating expenses are lower than budgeted, but no one line item is problematic. Scholarship expenses in negative because of refunds. The only money going out is stipends. The scholarship expense is booked when there is an update to the scholarship model. It was updated at year-end and has not been updated again. Moran said she hopes to make an update for the third quarter. It is usually updated a couple of times per year. When we pay the scholarships out the door, it is against the liability for the scholarships, and it has nothing to do with the expense.

Moran reviewed the rolling twelve-month cash flow. We received \$2.5M from Boeing, a \$50K grant, and \$10K grant. Ballmer gave a payment and we received \$2.5M from Microsoft. We were supposed to receive \$2M from Rubens, but there was an increase in the value of the stock of \$20K, and they passed it on to WSOS. Connell stock donation has been mentioned already. We received \$385K from the City of Seattle for state match dollars. Investment income was \$27M. We paid \$16M in scholarships and \$3M in program expenses. Cash receipts of \$1.3M are made up of \$225K from Bristol Myers Squibb, \$123K from BECU Foundation, and \$100K from Costco, plus a couple of others that were mentioned in the income statement. There is \$5.5M in realized and unrealized gains and dividend income of \$313K, and investment expenses of \$38K. The standard cash flow slide is in the pre-read. Moran said the most relevant part is the comparison of June to March. Polenska asked Moran to send her the correct slides after the meeting.

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Polenska acknowledged the challenges of receiving correct financial data and information. She asked 501 Commons Executive Director Nancy Long to share what they are doing to correct this. Long said that the financial director they hired was with them for two months but did not want to continue the work. Moran had retired in May but offered to come back. Long said that 501 Commons is complicated, and WSOS is extremely complicated, so it is hard to get someone up to speed. She acknowledged that the small errors have a big impact on the financials. Long said they are also adjusting to using MIP, and there are things that need to be done to make the tool more effective. They brought back another employee three days a week who is very experienced and knowledgeable about both organizations. Long said they have hired a full-time and a half-time employee and hope that it gives them the capacity to catch up and stay on time with the delivery of reports and documentation to WSOS. Long said 501 Commons has been directing all of its resources for management reporting to WSOS. Moran is working on the audit that will happen in October because they missed the window to get the audit done in May because Moran was diverted to WSOS work.

Long addressed the concern of reducing exposure to non-FDIC funds held at Beneficial State Bank. It takes at least a week to draw funds out of WSIB, and we don't want to be too conservative because we need access to funds when we need them. Long said that some banks are paid for the service by cutting the cost of the interest in the spread. Beneficial doesn't do this but has offered it as a service to 501 Commons but will not get paid by cutting the interest in the spread. Long said they could do a one-way sell instead of a reciprocal trade back and forth. They have the other bank take the funds, and Beneficial State Bank absorbs the cost for a one-way sending of funds. Long said there was a question about whether WSOS could sweep money into government market funds, not through the banks. Those accounts are not FDIC-insured, so Beneficial will not trade with them. Long said there was a question about the difference in rates for government money market funds and CDARS. CDARS does not provide FDIC protection, and they would incur management fees. The interest-bearing account ICS is unlimited and liquid and at a 1.25% APY. Beneficial also has CDARS with a 4.07% APR, which all have a hold requirement. They range between 13 weeks, 26 weeks, and 52 weeks and higher upon request. Long said they do not plan on using CDARS for WSOS because we have access to WSIB.

When WSOS has funds that exceed the FDIC coverage of \$250K per bank, in order to reduce the risk of losses, Long proposes that we send excess funds above \$1M to WSIB. If the funds are needed within six weeks, we would utilize the Insured Cash Sweep (ICS) account to lower the balance at Beneficial to \$1M. Operationally, this is very simple. Moran would make the decision based on upcoming expenses and disbursements. There is no automated movement of funds.

Smith asked Polenska if this is something we should discuss adopting as a formal policy. Polenska said we do want to have a policy, and historically, the PA would draft the policy. Then, the F&I committee reviews it and can recommend that the Board adopt it as policy. Given the turnaround time, Polenska recommends that we review it and present it at the December Board meeting.

Chris Hanak asked that we coordinate with WSIB because the six-week time frame is quite tight. Hanak said there are requirements for notification before recalling funds. He said that when money comes in, it is invested in equities and fixed income. If it is making a round trip on a short-term basis, there is a significant cost to buying and then selling bonds and stocks. Rubright asked Hanak if there was a more ideal time frame. He added that the ultimate decision

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

is the risk versus the burden and cost that comes with moving cash this quickly. Hanak said any monies that come to WSIB will be used to rebalance toward the targets in the allocations by each account. He said we can make the assumption that they are buying equities.

Polenska said we would benefit from more conversation with 501 Commons. We do not see the flow of cash or how much money is in a bank account at any given point. Polenska said we need an additional level of analysis because we do not have enough information. Hank agreed and said that Aileen Liu is one of the point people monitoring daily asset allocations and doing the rebalancing trades as money comes in or is requested.

Long said it would be helpful to understand what the goal of the F&I Committee is and what uninsured dollar level they are comfortable with. She said a committee member asked about uninsured funds, and it gets complicated if we try to maintain a lot of different bank accounts. Long said the Sweeps program is the way around it.

Moran said she and Long discussed the timing and did not find six weeks to be aggressive because they know they have to request money a week in advance. She said that is what the ICS account is for. She said that six weeks is an arbitrary number, and if they knew there would be money going out, they would not send the money to WSIB. Moran said that they have only made three requests for money from WSIB in the last twelve months, and there was no money sent to WSIB because she is looking further ahead and anticipating needs.

Rubright said it would be helpful for the committee to understand how long we have over \$1M in our bank account so they would know the risk. Moran said that with ICS, they can move money back and forth within 24 to 48 hours. She said we had over \$1M go out in disbursements in the last period.

Long said they are trying to avoid spending time trying to do projections. She said we know when there will be disbursements, but donations and refunds are not predictable. She added that since we can predict most of the large expenses, it is not useful to do projections when we can easily sweep the money into the sweeps account and have it go out to as many banks as necessary. Long said they guessed at \$1M as the amount, but the committee can set the amount at whatever they think is reasonable. She added the 501 Commons moves money when they are over \$500K.

Smith noted that we are running out of time for this meeting, and we are also missing two treasury experts today. He would like to include Walker and Brad Faulhaber in the discussion because of their deep treasury background. He requested that we table the discussion until our next meeting. Polenska affirmed this recommendation and said that the committee also needs to have information about the current state of our accounts. Polenska said she would circle back with Walker and Faulhaber to create a small working group to bring closure and make a recommendation in December.

Program Update

Polenska noted that we are almost out of time. She said that we need to discuss the F&I Charter because it must be reviewed every three years. We made a couple of small changes to make this more evergreen. Polenska said she removed the name of the PA but still acknowledged that we have to work with a PA. To give it more flexibility, she changed who would be the ex-officio members. Smith said the updates were administrative only and asked if there were any questions.

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

La Cava asked if the Board has ever had any feedback about the charter. Smith said there has not been since he joined in 2020. He said the Board will review it at the October Board meeting, which will give them an opportunity to ensure this is what the Board is asking the committee to do. La Cava said a couple of quarters ago we had a discussion about the topics of these meetings and stated that the language is broad enough to encompass everything, but she wants to ensure the committee is discussing the things the Board wants us to. Smith said he will ask the Board if the scope of the Charter is appropriate. Polenska asked if the committee is recommending the adoption of the charter with the exception of anything the Board wants to highlight. Smith made a motion to recommend to the board the adoption of the charter with the noted revisions.

Committee Action: Jess Peet moved to approve the charter. La Cava seconded the motion, and it carried unanimously.

Polenska wanted the committee to know that the Board gave WSOS the authority to create a nonprofit to serve as a program administrator at a future date. She said that she wants to hear from the committee what they want to see included as part of the discovery process for the build of the finance and accounting function for the non-profit. Polenska said she would follow up with each committee member individually.

Polenska said that the program update is detailed in the pre-read, and that she is happy to follow up on any questions the committee may have.

Smith asked if there were any more questions. There were none. Smith adjourned the meeting at 2:31 p.m.

Respectfully submitted,

Dena Parmer

Tab B

WSIB Quarterly Performance Report

WSOS INVESTMENT AND FINANCE COMMITTEE PERFORMANCE REVIEW – 3Q 2023

NOVEMBER 30, 2023

James Aber, Director of Institutional Relations



WSOS INVESTMENT PROGRAM SUMMARY

- BaS and CTS funds (30% equity/70% fixed income) returned -1.7% and -1.8% respectively for the quarter
- BaS and CTS returned 8.3% for the 12 months ending September 30
- Endowment (80% equity 20% fixed income) returned -2.9% for the quarter and 17.0% for the one-year period
- Global equity funds returned -3.3% for the quarter and 20.5% for the year
- Fixed income funds returned -1.1% for the quarter and 4.3% for the year
- Global equity and fixed income markets sold off in the third quarter on the back of rapidly rising interest rates
- WSOS transactions during Q3
 - Late August—Baccalaureate Scholarship raised \$2.97 million in cash through sales of \$1.5 million of sales in public equity and \$1.47 million of sales in fixed income
 - Late August—Technical Scholarship raised \$1.96 million in cash through sales from the State Match Cash Fund
 - Late August—Graduate Advanced Degree Scholarship raised \$72 thousand through sales from the State Match Cash Fund

CAPITAL MARKETS SUMMARY

REPORTED AS OF SEPTEMBER 30, 2023



- After experiencing a solid first half to the year, global stock markets sold off in the third quarter as investor sentiment soured on higher interest rates driven largely by stubborn inflation and higher oil prices
- The MSCI Developed World IMI index returned -3.6% in the third quarter, bringing the 1-year return to 21.1%
- Emerging markets edged out developed markets this quarter – the MSCI Emerging Markets IMI index returned -2.1%, with a 1-year return to 13.2%
- There was a wide dispersion of returns for the sectors within the MSCI ACWI IMI index this quarter
 - Leading the way were Energy (11.2%) and Communication Services (0.2%), while the bottom performers were Utilities (-8.7%) and Real Estate (-6.3%)
- The Federal Open Market Committee (Fed) met twice during the quarter, raising the Fed Target Rate by 0.25% at their July meeting and holding it steady at the September meeting
- U.S. interest rates rose significantly throughout the quarter
 - The U.S. 10-year Treasury yield jumped by 0.7% to 4.6%
- In fixed income, the Bloomberg Universal index returned -2.9% for the quarter
- Global oil prices increased 27.3% for the quarter as Russia and Saudi Arabia cut oil production

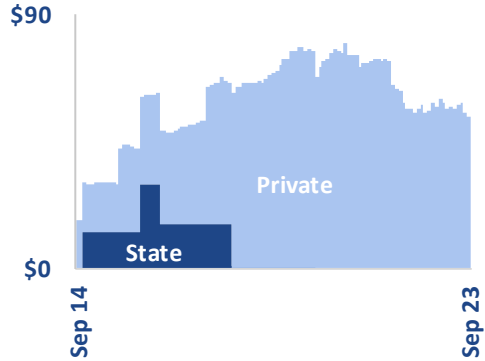
WSOS GROWTH OF ASSETS

SEPTEMBER 30, 2023



BaS (100% Private)

Private Total	\$53,847,674
Equity	\$15,381,427
Fixed Income	\$38,397,231
Cash	\$69,016
State Match	\$0



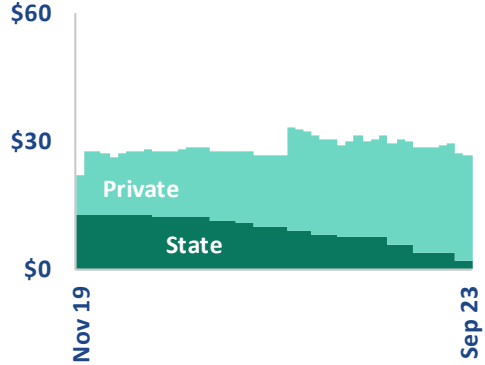
Endowment (91% Private / 9% State Match)

Private Total	\$6,197,176
Equity	\$4,995,535
Fixed Income	\$1,200,260
Cash	\$1,380
State Match	\$615,691



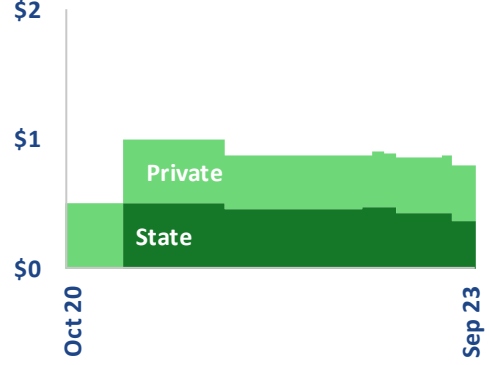
CTS (87% Private / 13% State Match)

Private Total	\$24,594,606
Equity	\$7,672,945
Fixed Income	\$16,806,361
Cash	\$115,300
State Match	\$1,838,283



GRD (51% Private / 49% State Match)

Private Total	\$431,262
Equity	\$137,715
Fixed Income	\$291,720
Cash	\$1,827
State Match	\$360,701



TOTAL MARKET VALUES AND ASSET ALLOCATION

SEPTEMBER 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	Endowment	CTS	GRD
	Cash 0.13%		Cash 0.47%	Cash 0.42%
Private	Fixed Income 71.31%	Fixed Income 19.39%	Fixed Income 68.33%	Fixed Income 67.64%
	Equity 28.56%	Equity 80.61%	Equity 31.20%	Equity 31.93%
	\$53,847,674	\$6,197,176	\$24,594,606	\$431,262
State Match	\$0	\$615,691	\$1,838,283	\$360,701
Total	\$53,847,674	\$6,812,867	\$26,432,889	\$791,962

FUND PERFORMANCE UPDATES

ALL COLUMNS SHOW PERFORMANCE CALCULATED AS OF SEPTEMBER 30, 2023

	Annualized				
	Qtr.	1 Year	3 Year	5 Year	Since Inception
BaS					
Private	-1.74%	8.25%	0.38%	2.53%	4.05%
Private Benchmark	-1.63%	8.05%	0.22%	2.41%	4.00%
State Match	N/A	N/A	N/A	0.57%	0.57%
State Match Benchmark	1.33%	4.65%	1.76%	1.76%	1.28%
Private Funds Benchmark: 25% Equity, 70% Fixed Income, and 5% Cash. State Match Benchmark: 100% Cash					
Endowment					
Private	-2.88%	16.98%	5.39%	4.81%	6.00%
Private Benchmark	-2.84%	17.12%	5.31%	5.61%	6.35%
State Match	1.30%	4.52%	1.72%	1.63%	1.17%
State Match Benchmark	1.33%	4.65%	1.76%	1.76%	1.28%
Private Funds Benchmark: 80% Equity, 20% Fixed Income. State Match Benchmark: 100% Cash.					
CTS					
Private	-1.77%	8.29%	0.46%	N/A	2.02%
Private Benchmark	-1.63%	8.05%	0.22%	N/A	1.58%
State Match	1.30%	4.52%	1.71%	N/A	1.47%
State Match Benchmark	1.33%	4.65%	1.76%	N/A	1.58%
Private Funds Benchmark: 25% Equity, 70% Fixed Income, and 5% Cash. State Match Benchmark: 100% Cash.					
GRD					
Private	-1.79%	4.80%	N/A	N/A	1.86%
Private Benchmark	-1.63%	4.73%	N/A	N/A	1.83%
State Match	1.30%	4.52%	N/A	N/A	2.03%
State Match Benchmark	1.33%	4.65%	N/A	N/A	2.06%
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

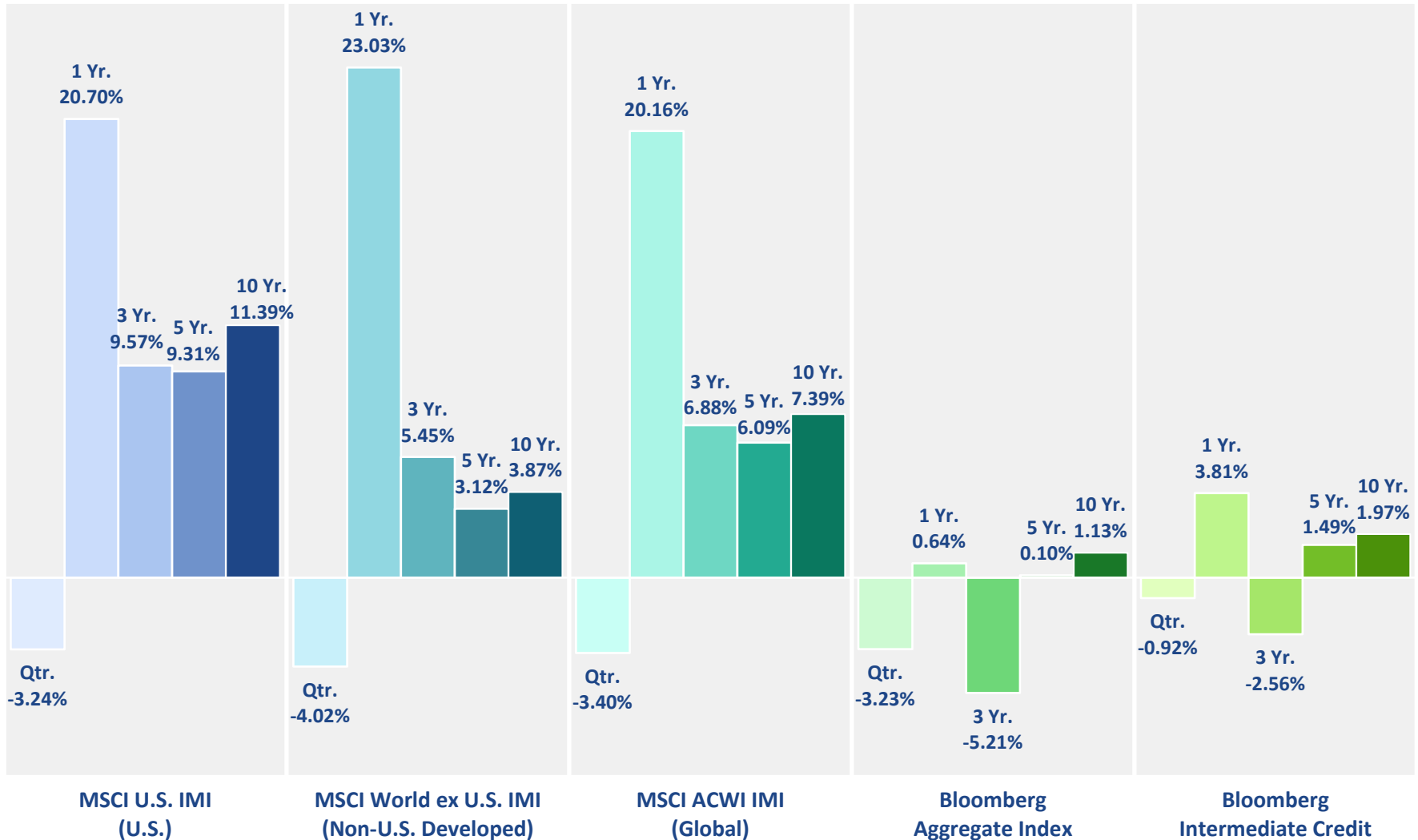
FUND PERFORMANCE UPDATES

ALL COLUMNS SHOW PERFORMANCE CALCULATED AS OF SEPTEBER 30, 2023

	Annualized				
	Qtr.	1 Year	3 Year	5 Year	Since Inception
Equity					
BaS	-3.33%	20.53%	7.17%	6.70%	7.43%
Endowment	-3.31%	20.52%	7.16%	6.53%	7.42%
CTS	-3.34%	20.48%	7.14%	N/A	7.23%
GRD	-3.34%	N/A	N/A	N/A	10.70%
MSCI ACWI IMI w/ U.S. Gross	-3.34%	20.51%	7.17%	6.40%	
Fixed Income					
BaS	-1.06%	4.26%	-2.41%	1.82%	2.05%
Endowment	-1.06%	4.26%	-2.40%	1.83%	2.06%
CTS	-1.06%	4.26%	N/A	N/A	-0.10%
GRD	-1.06%	N/A	N/A	N/A	1.12%
Bloomberg Intermediate Credit	-0.92%	3.81%	-2.56%	1.49%	

CAPITAL MARKETS AT A GLANCE

SEPTEMBER 30, 2023

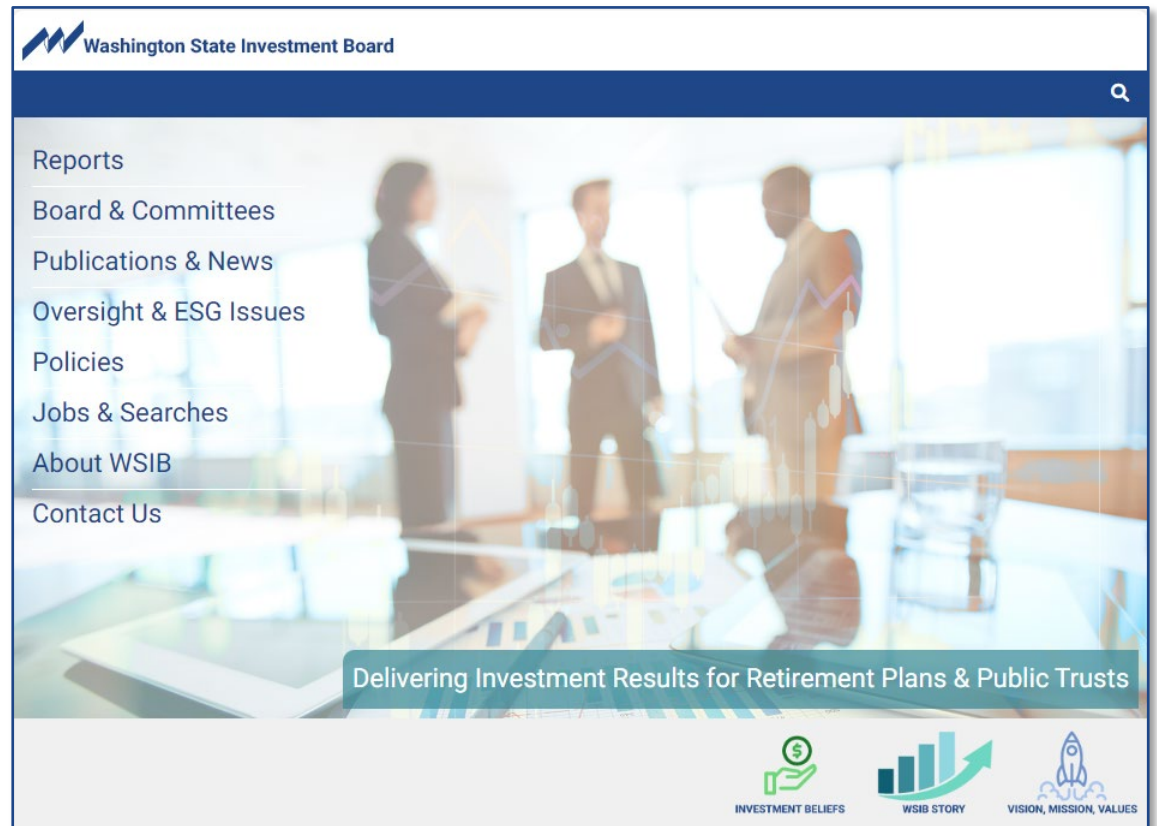


CONTACT INFORMATION

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

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

Phone: (360) 956-4600



Tab C

Program Administrator Report

FINANCE & PROGRAM ADMINISTRATOR UPDATE

September 30, 2023

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

WSOS Balance Sheet

**Washington State Opportunity Scholarship
Comparative Balance Sheets
September 30, 2023**

	Comparison to Last Reported Period				Comparison to Same Period LFY			
	6/30/23	% Change	9/30/23	Notes	9/30/22	% Change	9/30/23	
Assets								
Cash	2,930,080	28%	3,739,196	1	2,912,472	28%	3,739,196	
Investments	94,440,806	-7%	87,885,392	2	92,337,536	-5%	87,885,392	
Accounts Receivable	2,055	-100%	-	3	24,728	0%	-	
Pledges and Grants Receivable, net	19,204,690	0%	19,215,440	3	21,927,440	-12%	19,215,440	
State match receivable, net	-	0%	-	4	-	0%	-	
Unbilled State match revenue	8,057,994	35%	10,870,248	4	2,687,604	304%	10,870,248	
Unbilled State match receivable, offset	(8,057,994)	35%	(10,870,248)	4	(2,687,604)	304%	(10,870,248)	
Prepaid Expenses	92,399	-7%	85,863		62,793	37%	85,863	
Property and equipment, net	17,224	-9%	15,659		17,424	-10%	15,659	
Total Assets	116,687,254	-5%	110,941,550		117,282,393	-5%	110,941,550	
Liabilities and Net Assets								
Accounts Payable	270,848	14%	309,580		223,997	38%	309,580	
Payroll Related Liabilities	81,592	100%	105,455	5	7,673	1274%	105,455	
Scholarship Commitments Bacc., net	25,724,908	48%	38,188,855	6	67,328,836	-43%	38,188,855	
Scholarship Commitments CTS, net	1,793,664	164%	4,732,729	6	31,349,137	-85%	4,732,729	
Scholarship Commitments RJJ, net	771,806	0%	771,806	6	58,694	1215%	771,806	
Scholarship Commitments GRD, net	659,441	72%	1,132,061	6	982,661	15%	1,132,061	
Total Liabilities	29,302,259	54%	45,240,486		99,950,998	-55%	45,240,486	
Net Assets								
Temporarily Restricted Net Assets	87,384,995	-25%	65,701,064		17,331,395	74%	65,701,064	
Permanently Restricted Net Assets	-	0%	-		-	0%	-	
Total Net Assets	87,384,995	-25%	65,701,064		17,331,395	279%	65,701,064	
Total Liabilities and Net Assets	116,687,254	-5%	110,941,550		117,282,393	-5%	110,941,550	

WSOS Balance Sheet

Notes:

- 1 Increase in cash between June and September primarily due to scholarship disbursements and normal payables activity, and to the receipt of the \$2.5M Ballmer pledge payment. There were several large private receipts during this quarter: \$150K from Bristol Myers Squibb, and \$123K from BEU Foundation. There were a significant number of scholarship refunds between June and September: \$174.6k for BaS; \$447.7K CTS/RJI; and \$0 for RJI. Disbursements were \$4.3M for BaS, \$2M for CTS/RJI, and \$193K for GRD.
- 2 Investment balance as of 9/30/2023 includes WSIB BaS Scholarship \$53.8M, WSIB CTS Scholarship \$26.4M, WSIB Endowment \$6.8M, and WSIB GRD Scholarship \$792K. During the period of Jul - Sep net investment losses across all accounts totaled ~\$7M.
- 3 Accounts receivable balance at 9/2023 primarily made up of \$180K Employee Retention Credit related to Q3 2021, which we have been informed has been received by WA STEM and will be transferred within days. Pledges receivable is primarily made up of \$10M from MSFT (to be paid in annual in \$2.5M installments), \$8M from Gary Rubens,
- 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 November. The increase in unbilled state match receivable @ 9.30.23 is primarily made up of \$2.5M paid by Balmer, \$150K paid by Bristol Myers 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 The payroll liabilities balance is primarily made up of accrued PTO. Other payroll liabilities include L&I payable and 401K payable.
- 6 Decrease in liabilities resulted from scholarship disbursements net of refunds of \$6.5M.

WSOS Income Statement

Washington State Opportunity Scholarship

Income Statements

Actual vs. Budget

Nine Months Ending September 30, 2023

	Nine Months Ending September 30, 2023			December 31, 2023	
	Actual	Budget	Variance Fav (Unfav)	Notes	Annual Budget
Revenue					
Private	1,479,602	3,995,000	(2,515,398)	1	8,565,000
Public	-	9,200,000	(9,200,000)	2	9,200,000
Investment Dividends & Interest	202,322	27,000 *	175,322	3	36,000
Investment Unrealized/Realized Gains	(1,271,843)	1,192,500 *	(2,464,343)	3	1,590,000
Investment Fees	(18,151)	(39,672) *	21,521	3	(52,896)
Total Revenue	391,930	14,374,828	(13,982,898)		19,338,104
Program Expense					
Salaries and Benefits	2,478,664	2,574,199	95,535	4	3,749,993
Professional Fees - Program Admin fees	394,227	394,227	-	5	851,470
Professional Fees - Contractors & Lobbying	482,763	608,492	125,729	6	444,150
Conferences, Conventions & Meetings	111,772	110,927	(845)	7	145,765
Operating Expenses	181,689	292,318	110,629	8	435,973
	3,649,115	3,980,163	331,048		5,627,351
Income (Loss) before Scholarship Exp	(3,257,185)	10,394,665	(13,651,850)		13,710,753
Scholarship Expense	14,057,870	15,213,463	1,155,593	9	16,970,412
Net Income (Loss)	(17,315,055)	(4,818,798)	(12,496,257)		(3,259,659)

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

WSOS Income Statement

NOTES:

1 New revenues between Jul and Sep totaled \$295K which included \$150K from Bristol Myers Squibb, \$123K from BECU Foundation, and \$22K from various other individual donations. There are known pledges of \$1.3M, \$750K and \$3M where payment terms have not yet been confirmed hence not yet showing but expected by year-end.

2 Revenue Public: The new appropriation occurred in June 2023. For the period Oct 2022 - Sep 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 November.

3 Investment Returns: Actual YTD includes unrealized+realized losses of \$1.3M, interest & dividend income of \$202K and investment expense of \$18K. 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. Comfortable gains were realized through July, but huge losses in Aug and Sep reversed that trend.

4 Personnel expenses are under budget by ~\$95K. Several positions remain vacant, and there have been major employee absences.

5 Program Admin Fee is on budget.

6 Professional Fees - Contractors & lobbying is under budget primarily due to the \$80k budgeted for interim support not realized. WSOS promoted internally and hired a temporary staff person to provide additional support during the interim executive director period so these expenses were realized under salary.

7 Conferences, Conventions, and Meetings costs are slightly over budget, but the amount is immaterial and this line item can be considered on budget.

8 Operating Expenses costs remain under budget. Office expenses are under budget by \$38K, partly because of the new hire work from home stipend not spent because of a lack of new hires; the cell phone reimbursement was budgeted here, but it is part of salaries and wages, so this expense line is only half of the budgeted amount. Other categories in the expense line cumulatively contribute to the variance, but no one line item has as big an impact as the office expenses.

9 Scholarship Expense is booked when the scholarship model is updated. The additional expense was booked in September and will be updated again by the end of the year.

WSOS Cash Flow

Cash Flow Summary

Inception-To-Date

September 30, 2023

	Inception - September 30, 2023			Comparison to June 30, 2023			
	Scholarship	Endowment	Notes	Total	Scholarship Variance	Endowment Variance	Total Variance
<u>CASH FLOW</u>							
Cash Inflow:							
Boeing	30,210,000	-	-	30,210,000	-	-	-
Ballmer	5,000,000	-	-	5,000,000	2,500,000	-	2,500,000
Microsoft	40,000,000	-	1	40,000,000	-	-	-
Rubens	2,020,235	-	1	2,020,235	-	-	-
Connell (stock donation)	700,000	-	1	700,000	2,222	-	2,222
Other Private	46,266,438	-	1	46,266,438	310,031	-	310,031
State Match	109,846,365	-	2	109,846,365	-	-	-
State Implementation Funds	500,000	-	-	500,000	-	-	-
Investment Income*	22,192,653	6,818,679	3	29,011,332	(6,379,382)	(176,031)	(6,555,413)
Total Cash Inflows	256,735,691	6,818,679		263,554,370	(3,567,129)	(176,031)	(3,743,160)
Cash Outflow:							
Scholarships	(137,249,456)	-	4	(137,249,456)	(5,855,031)	-	(5,855,031)
Program Expenses	(34,674,514)	(5,812)	-	(34,680,326)	(3,137,005)	-	(3,137,005)
Total Cash Outflows	(171,923,970)	(5,812)		(171,929,782)	(8,992,036)	-	(8,992,036)
Net Cash Flow Inception-To-Date	84,811,721	6,812,867		91,624,588	(12,559,165)	(176,031)	(12,735,196)
<u>Composition of Net Cash Flow</u>							
Beneficial Checking Account	3,739,196	-	5	3,739,196	809,116	-	809,116
Investment Accounts at WSIB	81,072,525	6,812,867	5	87,885,392	(6,379,382)	(176,031)	(6,555,413)
Total	84,811,721	6,812,867		91,624,588	(5,570,266)	(176,031)	(5,746,297)

* Includes unrealized gains and losses.

WSOS Cash Flow

Notes:

- 1 Cash Inflow: Between July and Sep, WSOS received the remainder of the Connell pledge payment as shown above, plus other private donations of \$2.8M, which included \$2.5M from Ballmer, \$150K from Bristol Myers Squibb, \$123K from BECU Foundation, \$12.5K from Avista Foundation, and \$24.8K from small donors. There continues to be donations related to the Opportunity Talks event.
- 2 State - In the period between July and September, WSOS receive \$0 match on private receipts. The appropriation for 7.1.22 has been exhausted but for \$385K reserved for Promise Scholars and the new appropriation has been funded. Match requests will be made in November.
- 3 Investment Income - July to September investment returns were made up of unrealized+realized losses of \$6.6M, interest & dividend income of \$63.3K and investment expense of \$20.6K
- 4 Scholarship disbursements between July and September were \$7.8M (BaS \$4.3M, CTS/RJI \$2.2M, and GRD \$122K) and scholarship refunds totaled \$622.4K (\$174.6K Baccalaureate, \$447.8K CTS/RJI). GRD disbursements include ~\$29K 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
September 30, 2023

	Twelve Months Ending September 30, 2023			
	Scholarship	Endowment	Notes	Total
<u>CASH FLOW</u>				
Cash Inflow:				
Boeing	2,560,000	-		2,560,000
Ballmer	2,500,000			2,500,000
Rubens	1,020,235			1,020,235
Connell (stock donation)	700,000			700,000
Other Private	1,017,497	-	1	1,017,497
City of Seattle	385,000			385,000
State Match		-	2	-
Investment Income*	(2,727,317)	(2,433,898)	3	(5,161,215)
Total Cash Inflows	5,455,415	(2,433,898)		3,021,517
Cash Outflow:				
Scholarships	(17,582,454)	-	4	(17,582,454)
Program Expenses	(4,799,706)	-		(4,799,706)
Total Cash Outflows	(22,382,160)	-		(22,382,160)
Net Cash Flow Oct 1, 2022 - Sep 30, 2023	(16,926,745)	(2,433,898)		(19,360,643)

WSOS 12-Month Cash Flow

Notes:

- 1 Cash Inflow: Between October 2022 and September 2023, WSOS received the Rubens and Connell pledge payments as shown above, plus other private donations of \$1M. Other private receipts include \$275K from Bristol Myers Squibb, \$123K from BECU Foundation, \$50K from Brad & Kathy Smith, \$50K from Central WA University Foundation, \$12.5K from Avista Foundation, and \$507K from small donors. There was a significant number of these contributions resulting from Opportunity Talks.
- 2 State - For the period between Oct 2022 and Sep 2023, WSOS received \$0 in receipts representing match on private receipts. The new appropriation was funded in June 2023 and match requests will be processed in November.
- 3 Investment Income - Oct 2022 through September 2023 investment returns were made up of unrealized+realized losses of \$5.48M, interest & dividend income of \$347.7K and investment expense of \$30.3K.
- 4 Scholarship disbursements between October 2022 and September 2023 were \$20.1M (BaS \$12.7M, CTS/RJI \$6.94M, and GRD \$446.7K) and scholarship refunds totaled \$2.43M (\$1.25M Baccalaureate, \$1.18M CTS/RJI). GRD disbursements include ~\$90.7K related to travel and preceptor stipends.

Tab D

Program Update

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

PROGRAM UPDATE

11.30.2023

COMMITTEE ANNUAL SELF-EVALUATION

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

COMMITTEE 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.**

COMMITTEE RESPONSIBILITIES

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.

F&I COMMITTEE 2023 SELF-EVALUATION

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.

Take the survey by November 27!

<https://forms.office.com/r/ZQZQb4mxBw>

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

DISCUSSION

- Did anything arise when completing your evaluation that you want to share for the group to discuss?
- Is there anything you didn't share in your evaluation you want the committee or Board to know?

MEMBER RENEWAL

BRAD FAULHABER

Microsoft

Senior Director, Global Treasury &
Financial Services

Brad Faulhaber has been serving on the WSOS Finance & Investment Committee since 2019 and was joining as a support to Beau Damon for several years prior. We're thrilled he's decided to renew for another term!



PROPOSED AMENDMENT TO CHARTER

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~~ one (12) members of the [WSOS Program Board](#) and one (1) member of the WSOS Foundation 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 exofficio nonvoting members of the Committee and are not included in the count of seven (7) Committee members.

REQUESTED COMMITTEE ACTION

- Vote to recommend the Board adopt the proposed amendment to the F&I Charter.

PROPOSED 2024 BUDGET

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

PROPOSED 2024 BUDGET

	2023 Approved	2024 Proposed	Variance
REVENUES	17,414,999	18,146,030	731,031
SCHOLARSHIP EXPENSES	16,970,412	18,991,228	2,020,816
TOTAL NON-SCHOLARSHIP EXPENSES	5,642,428	6,052,976	410,548
SCHOLAR LEAD STIPENDS	289,400	338,630	49,230
SALARIES, TAXES, BENEFITS	3,800,393	3,944,071	143,678
CONSULTING, PROFESSIONAL SERVICES & LOBBYING	480,184	330,538	-149,646
PROGRAM ADMIN FEE	525,636	787,936	262,300
ALL OTHER OPERATING COSTS	546,815	651,801	104,986

Represents 89% programs; 11% operational spending.

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

CAMPAIGN CONTINUES.

- **Slightly delayed but still on track** for campaign success
- **Possible \$3M unfavorable variance** on 2023 budget-to-actuals due to delay in submitting state match receipts; could increase 2024 revenue by \$3M
- **Differs from revenue targets in the campaign** due to timing, DAFs, cash versus accrual basis
- **Includes new anticipated major gifts of ~\$4.1M** by year-end
- **Includes state match of \$7.4M** in July

Reminder: major giving & investment strategy means revenues don't equal expenses in most years at WSOS.

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

PERSONNEL SPENDING LOOKS DIFFERENT BUT GENERALLY GROWS WITH INFLATION.

- **Salaries, taxes & benefits up by \$144K (3.8%).**
 - Anticipating 5% COLA (max of current policy), will align with CPI
 - Four FTE move from WSOSP to WSOSF in July; managing director role vacant until then
 - No additional FTE in CY2024 *except* the finance support previously approved
 - Expect possible PTO accrual impacts in late 2024 depending on WSOSF accounting approach

WSOS FOUNDATION WILL BE SUBSTANTIALLY THE SAME COST AS 501 COMMONS.

- **Program administration fee up by \$262K (50%).**
 - Shift of four FTE from WSOSP to WSOSF in July accounts for all of this increase (WSOSP would have realized \$268K in salaries, benefits and taxes during the period)
 - ~\$1M per year will ultimately move from WSOSP salaries, taxes and benefits to annual PA fee line but true increase in costs will be immaterial.

NON-SCHOLARSHIP SPENDING WILL GROW BY ~\$411K (7.3%).

- **Salaries, taxes & benefits and program administration fees are up.**
- **Scholar Lead stipends will grow (\$49K).**
 - Larger cohort sizes
 - Growing the CTS program
- **All other operating costs will go up (\$105K).**
 - Includes \$50k of previously approved \$200k for internal audit
 - Enhancements in data and systems
 - Inflation leading to increased costs from existing vendors
- **Consulting, professional services & lobbying (-\$150K) are down.**
 - Concluding work with campaign counsel (~\$130K savings)
 - Completed much of the work on campaign collateral (~\$25K savings)

DISCUSSION

- What questions do you have about the WSOS Foundation build out?
- What concerns do you anticipate the Board having about the 2024 budget proposal?

REQUESTED COMMITTEE ACTION

- Vote to recommend the WSOS Board adopt the 2024 proposed budget.

EXECUTIVE SESSION

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

NEXT COMMITTEE MEETING
Tuesday, March 6, 2024

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.

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 one (1) member of the WSOS Program Board and one (1) member of the WSOS Foundation 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: two

Deleted: 2

Deleted: s

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.

