



Board Meeting

October 29, 2014



Supporting the next generation of STEM & health care leaders

BOARD MEETING AGENDA OCTOBER 29, 2014, 1:00-3:00 P.M. MICROSOFT CAMPUS

I. Meeting Called to Order		Brad Smith, Chair	1:00p
II. Approval of Minutes, Ratification of Votes (6/25/14 Meeting)	[Tab A]	Brad Smith	1:00-1:05p
III. Introduction of Board Members	[Tab B]	Brad Smith	1:05-1:15p
IV. WSOS Executive Director Report	[Tab C]	Naria K. Santa Lucia	1:15-1:25p
V. Program Updates	[Tab D]	Naria K. Santa Lucia Vickie Rekow Jeff Knudsen	1:25-1:40p
VI. Advocacy and Fundraising Update	[Tab E]	Naria K. Santa Lucia Jane Broom Juliette Schindler Kelly	1:40-1:55p
VII. Finance Update	[Tab F]	Mack Hogans Paul Kruglik	1:55-2:10p
VIII. Presentation: Investing in STEM Education Research	[Tab G]	John Wenstrup Boston Consulting Group	2:10-2:55p
VIII. Next Meeting Date and Adjournment		Brad Smith	2:55-3:00p



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Tab F.	WSOS 9/23/14 Finance Committee Meeting Minutes & Materials Executed Interagency Agreement between WSIB and College Success Foundation
Tab G.	The Boston Consulting Group Presentation on Investing in Washington's STEM Education Pipeline

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The College Success Foundation (CSF) is the program administrator for the Washington State Opportunity Scholarship.

Tab A

June 25, 2014 Meeting Minutes

Ratification of Votes from June 25, 2014 Meeting

- 2014 College Success Foundation Program Proposal
- Washington State Opportunity Scholarship Investment Policy with the Washington State Investment Board (WSIB)



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WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING JUNE 25, 2014 MINUTES

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) met on June 25th, 2014 at the Microsoft headquarters in Redmond, Washington.

Board members present: Brad Smith, Terry Gillespie, Jerry Grinstein, Mack Hogans, and Jim Sinegal; Kimberly Smith via telephone.

Additional attendees: Jane Broom, Joan Caine, Joe Gaffney, John Hoyt, Lisa Kagan, John McDowell, Vickie Rekow, Yolanda Watson Spiva, Dave Stolier, Rebecca Swartz, and Larry Wright

Meeting Called to Order

Brad Smith welcomed everyone to the full board meeting at 1:06 pm and introductions were made.

Mack Hogans moved that the minutes of the April 15, 2014 meeting be approved. Kimberly Harris seconded the motion. The motion carried unanimously.

Progress Updates

Yolanda Watson Spiva showed the Q13 video for the board. Smith asked that the College Success Foundation (CSF) find an effective way to measure students' feedback from career fairs and events to find out how the wrap-around services are helping the students.

Vickie Rekow updated the board on the selection process for this cohort selection. Student quotes were shared with the board. This cohort will be 62% female and 38% male with an increase in students of color. CSF included a survey on the renewal form which will give the board more feedback.

Executive Director Recruitment Update

CSF hired Waldron HR per the last board meeting. Currently there are six high potential candidates. Smith recommended a semi-final round panel meeting with staff and board as well as an interview with him.

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Fundraising

John Hoyt reviewed the Seattle University event. Hoyt shared the list of individuals in the focus group. Hogans cautioned that some are retired and to not over-populate focus groups with retired individuals. Jane Broom has led a group from WSOS, Thrive by Five, WA Stem and Pyramid to explore our partnering together.

Finance

Hogans reviewed the investment report. The Finance and Investment Committee has met with WSIB. The committee recommends the board approve the WSIB policy to start investing with WSIB. Hogans moved to approve policy with WSIB and Terry Gillespie seconded the motion. The motion carried unanimously.

Paul Kruglik reviewed the financials.

Policy/Advocacy

Spiva led a discussion on possible board members. Governor Inslee must appoint all board members. Boeing has not resolved the issue of their board member and they are hoping to have more information by the end of June.

Review Proposal

Spiva reviewed the CSF proposal highlights with the board.

The board entered executive session 3:10 pm.

The board came out of executive session at 3:50 pm.

The board appreciates the magnitude of what Dr. Spiva is accomplishing. Hogans moved the approval of the proposal with the understanding to not fill vacancies until the Executive Director is hired and to give Smith authority to execute the Tri Party Agreement and all final contracts. Jerry Grinstein seconded the motion. The motion carried unanimously.

The meeting adjourned at 4:00 pm.

Respectfully submitted,
Rebecca Swartz

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VOTES TO RATIFY FROM JUNE 25, 2014 BOARD MEETING

1. Vote to approve the Washington State Investment Board (WSIB) policy to start investing with WSIB.
2. Vote to approve the College Success Foundation Program Proposal.

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EXECUTIVE SUMMARY

Since its inception, the partnership between the state of Washington, the College Success Foundation (CSF) and the Washington State Opportunity Scholarship (WSOS) Board has produced meaningful results. To date, more than 4,400 scholarships have been awarded to students pursuing STEM and health care degrees at 68 colleges. By the fall of 2014, more than 1,000 scholars will have graduated, and nearly 90 percent of graduating scholars will have found work in Washington State. This is the first program of its kind in the nation to mitigate the skills gap through the combined strategy of college scholarships and wrap-around support services for scholarship recipients.

CSF submits the following proposed management structure and associated costs of administering the program over the next two years. The proposal further presents the costs and outcomes associated with the four key elements of the program, including:

Project Component	Description
<i>STEM Pipeline</i>	WSOS will increase STEM career aspirations statewide, attracting qualified applicants to the WSOS scholarship and, ultimately, to STEM and healthcare majors at colleges statewide, by partnering with other community-based organizations.
<i>Scholar Retention</i>	Based upon the premise that real world relevance positively influences persistence in college fields, WSOS Scholars currently enrolled in college will be connected with opportunities to access authentic practice/practitioners through WSOS signature events such as an Innovation Summit, experiential learning, STEM professional mentors and STEM networking events in their local area.
<i>Scholar Transition</i>	Scholarship and wrap-around supports will enable scholars to successfully transition from college to high demand fields with the contributions of WSOS STEM support services staff, key CSF administrative team members, technology platforms, campus partners, industry leaders and mentors.
<i>Administration</i>	WSOS will be sustained through the foundation's fundraising efforts and effectively managed to help close the skills gap in Washington State.

ANTICIPATED OUTCOMES

1. WSOS achieves a defined and influential role in the comprehensive preK-20 pipeline to increase demand for STEM education.
2. 750 new scholarships are awarded annually.
3. At least 65 percent of WSOS Scholars persist in post-secondary STEM and Healthcare-related courses and majors at Washington State 2- and 4-year colleges and universities annually.
4. At least 75 percent of WSOS graduates report obtaining employment in Washington State within one year of graduation.
5. At least 50 percent of WSOS graduates report obtaining employment in high demand fields within 18 months of graduation.

The proposed operating and scholarship cost of WSOS for 2014-2015 is \$13,617,264 (details below). Under the leadership of the proposed new WSOS executive director, the board and community can anticipate bold and innovative programming, increased accountability and robust outcomes for WSOS scholars.

WSOS Projected Expenses		
Core Services	2014-2015	2015-2016
Scholarships	\$11,637,525	\$11,358,375
Pipeline Expansion	\$ 137,219	\$ 139,963
Scholar Retention	\$ 431,366	\$ 439,993
Scholar Placement	\$ 270,756	\$ 276,171
Sub-TOTAL	\$12,476,866	\$12,214,503
Support Services		
General Administration	\$ 658,410	\$ 671,578
Fundraising	\$ 481,988	\$ 445,728
Sub-TOTAL	\$1,140,398	\$1,117,306
TOTAL EXPENSE	\$13,617,264	\$13,331,809

EXPENSE AND SERVICE DESCRIPTIONS

The four categories of work described in the executive summary of this document represent an evolution in understanding of how best to serve WSOS scholars. In order to close the skills gap, the difference between available jobs and people with the skills to fill those jobs, three things need to occur: more students need to enroll in degree programs that prepare them for high-demand fields, more students need to graduate with degrees in those fields, and finally, more graduates need to apply for jobs in those fields. In the first three years of the WSOS, efforts centered on the beginning and middle of that spectrum: raising awareness and granting scholarships. While those two elements are critical for success, WSOS cannot effectively continue to work in each of these domains at the scale currently envisioned. As a result, the current proposal focuses attention on graduation from college and job attainment. The “pipeline” work of encouraging middle- and high-school students to enter STEM-related degree programs continues, but does so in partnership with other organizations. The result of this collaboration is a more unified and efficient field of community-based organizations working on stimulating the STEM pipeline, thereby resulting in more STEM majors in colleges.

The following sections outline anticipated outcomes, strategies and tactics for each of the functional areas. Administrative and fundraising elements necessary to support the project annually are also described.

EXPANDING THE STEM PIPELINE - \$137,219

WSOS will take advantage of strong partnerships with existing STEM networks to increase awareness of, and demand for, STEM-related degrees among Washington’s preK-12 student population. Chief partners in this collaborative effort include Thrive by Five Washington and Washington STEM, as well as service providers such as First Robotics, TEALS, Washington Science Teacher Association, and Career and Technical Education in the Office of the Superintendent of Public Instruction, which collectively engage with thousands of qualified and diverse middle- and high-school students and educators across the state annually (see Appendix A for expense detail).

ANTICIPATED OUTCOMES

1. At least 50 percent of the state's middle and high schools receive information about the WSOS opportunity in 2014-15 with an annual increase of 10 percent in each subsequent year.
2. At least 900 well-qualified students apply for the WSOS scholarship annually.
3. Contribution to a comprehensive preK-12 roadmap that articulates a clear path for partnership among community based organization to increase awareness of STEM fields and careers among students and their families in Washington State.

STRATEGIES

- Strategy #1 Sponsor or participate in signature STEM events statewide offered by WA CAN, CSF College Bound staff and other leading STEM networks and service providers to deliver educational materials and/or present on the WSOS opportunity.
- Strategy #2 Participate in campaigns designed to raise STEM awareness and agency statewide.
- Strategy #3 Sponsor or participate in student and teacher signature STEM events that heighten student capacity to conduct research activities prior to attending college (e.g., Imagine Tomorrow, the Washington State Science and Engineering Fair and ComGen).
- Strategy #4 Develop a coherent partnership strategy with other community-based organizations working in the STEM space.

TACTICS

- Heighten collaboration with schools, statewide organizations and networks to raise awareness of the WSOS opportunity and positively contribute to comprehensive preK-12 roadmap for action in STEM education across Washington.
- Engage at least five (5) partner organizations as a distribution network to share information about, and generate interest in, WSOS.
- Provide training to statewide staff with three (3) CSF training events for field staff (Regional Officers, Navigators and AmeriCorps) on STEM and use the organization's network of 30 middle and high-schools to distribute information directly to students.
- Craft and disseminate audience-specific WSOS print and e-resources regarding STEM career and college opportunities through media and stakeholder channels at least four (4) times a year.
- Communicate WSOS recruitment and outreach activities in at least six (6) highly-visible middle-school and high-school events statewide (e.g., Imagine Tomorrow, the Washington State Science and Engineering Fair, and TEALS App Day).
- Collaborate with CSF Scholarship services to strategically communicate/disseminate application goals.
- Communicate programmatic events and outcomes to WSOS stakeholders (e.g., K-12 leaders, STEM community, legislators and industry partners) at least four (4) times a year.

SCHOLAR RETENTION - \$431,366

The scholar retention component of the WSOS work plan draws on research which suggests that real world relevance positively influences persistence in undergraduate STEM fields. Retention efforts will center on college and career supports that connect WSOS scholars with a range of real-world experiences and opportunities focused on their specific fields of study. This will be accomplished through collaboration with higher education faculty, research staff and leadership, as well as industry partners. (See appendix A for expense detail.)

ANTICIPATED OUTCOMES

1. 100 percent of WSOS Scholars are aware of the goals of the WSOS program and the availability of WSOS retention supports from WSOS staff, CSF field staff and campus partners.
2. 20 percent of WSOS Scholars annually participate in research or experiential learning opportunities offered by their campuses or through the WSOS Innovation Summit.
3. At least 65 percent of WSOS Scholars persist in post-secondary STEM and Healthcare-related courses and majors at Washington state 2- and 4- year colleges and universities annually.

STRATEGIES

- Strategy #1 Conduct surveys that facilitate understanding of Scholar persistence in their majors and in college.
- Strategy #2 Connect Scholars with campus-based academic supports via direct wrap-around service and customized tools on the WSOS website.
- Strategy #3 Connect Scholars with WSOS Program Officers through award communiques and campus events (fall welcomes, career fairs and research symposia).
- Strategy #4 Provide academic and career support to WSOS Scholars through college level STEM and Healthcare-related programs.
- Strategy #5 Promote WSOS Scholars to potential STEM and health care internship providers utilizing technology-centered partners such as *InternMatch* and *Rocket 21*.
- Strategy #6 Develop a strategy to utilize the Opportunity Expansion Fund to increase the number of spots in high-demand degrees available in Washington universities by partnering with colleges, universities, funders and nonprofit organizations to leverage this investment through a competitive grant-making process.

TACTICS

- Assess student progress through annual surveys (conducted during renewal) and during WSOS service events (e.g., CSF Career Institute)
- Conduct an annual environmental scan of scholar support assets and programs at WSOS campuses and disseminate among scholars.
- Disseminate WSOS programmatic information at least twice by attending CSF navigator and campus partner trainings annually to educate campus-based CSF staff on WSOS programming and goals.
- Designate select WSOS Scholars to serve as lead contacts or Ambassadors on campuses statewide. Rather than advisors, these Scholars will be trained to serve as campus-based advocates who communicate opportunities to engage with WSOS and CSF staff during periodic campus visits in return for modest stipends.
- Through direct service (Career Institute, campus events, etc.), and via web-based tools, advise Scholars statewide on internship opportunities.
- Co-sponsor 12 WSOS scholars in campus-based research internships at universities serving our largest numbers of scholars (e.g., UW, WSU, CWU and WWU). Resulting evaluation data and student research progress will be shared with WSOS stakeholders, and models will inform programmatic support.
- Host an annual WSOS Innovation Summit to showcase WSOS scholar research projects and expose their work to professionals in STEM fields.
- Identify and promote WSOS scholars to at least four (4) STEM professional organizations annually.
- WSOS will develop a discretionary grant program which will utilize the existing Opportunity Expansion Fund resources and propose alternatives based on future funding scenarios.

SCHOLAR TRANSITION - \$270,756

The scholar transition component of the Washington State Opportunity Scholarship helps students move from studying for a degree in a STEM field to getting a job in a high-demand field. These efforts will leverage the College Success Foundation's Center for Career Success which has a successful record of helping prepare students for securing gainful employment.

ANTICIPATED OUTCOMES

1. 100 percent of WSOS Scholars are aware of the goals of the WSOS program and the availability of placement assistant services.
2. 40 percent of WSOS Scholars utilize at least one placement service offered by WSOS.
3. At least 75 percent of WSOS graduates report obtaining employment in Washington State after graduation.

4. At least 50 percent of WSOS graduates report obtaining employment in high-demand fields after graduation.

STRATEGIES

- Strategy #1 Train Scholars in career development activities through annual CSF Career Institutes, campus-based career fair events, research symposium event and via web-based career exploration tools.
- Strategy #2 Provide online coaching on Linked In and networking strategies.
- Strategy #3 Participate in industry professional summits (e.g., WA Biotechnology and Biomedical Association) to raise employer awareness of WSOS brand and scholars and include Scholars as permitted.
- Strategy #4 Sponsor and promote WSOS scholars to potential STEM and health care internship and job providers through direct service and through partners such as *InternMatch* and *Rocket 21*.

TACTICS

- Assess student progress through annual surveys (conducted during renewal) and during WSOS service events (e.g., CSF Career Institute).
- Conduct an annual environmental scan of scholar support assets and programs at WSOS campuses and disseminate among scholars.
- Attend at least two (2) CSF navigator and campus partner trainings annually to educate CSF staff on WSOS programming and goals.
- Provide at least two (2) opportunities annually for Scholars to attend campus-based career (e.g., Fall Welcomes, Campus Career fairs and Campus undergraduate research symposia).
- Provide semi-annual STEM career forecasts to all WSOS Scholars through CSF's Center for Career Success, campus events, and via web-based tools.
- Build employer and strategic partnerships, focused on identifying on developing WSOS internship and career opportunities using tools such as *InternMatch*, a service that helps students identify paid internships.
- Provide access to mentors in STEM-related industries through services such as *Rocket21*, a web-based mentoring forum.
- Develop online library of professional development webinars and learning tools for WSOS scholars.
- Create and make available a database of relevant internship and career opportunities.
- Deliver a minimum of three (3) Career Salons connecting WSOS scholars with prospective employers.

ADMINISTRATION - \$658,410

CSF will continue to serve as the WSOS program's administrator under contract with the Washington Student Achievement Council (WSAC), at the discretion of the WSOS board of directors. WSOS employees will be housed at CSF with the executive director reporting to the WSOS board chair. Day-to-day oversight will be provided by CSF's CEO. Subcontractors will initially be selected by CSF until WSOS is fully staffed and can take on full responsibility for deliverables. A timeline for staffing WSOS can be found in Appendix B.

WSOS staff will leverage the College Success Foundation's complementary programs and staff associated with middle- and high-schools as well as its robust relationships with colleges, universities, and community partners. CSF will support the advocacy efforts of WSOS in Olympia, conduct the selection and awarding of scholarships, provide all finance and accounting functions, support all IT functions, provide physical space and fundraising support. Appendix C provides a CSF scope of work for these activities. A draft service level agreement describing overhead services can be found in Appendix E. Appendix B, page 2, provides an approximate summary of expenses by month.

ANTICIPATED OUTCOMES

1. 750 new Scholars selected each year.
2. 500+ graduates each year.
3. Initial research to gauge effectiveness of WSOS scholarship strategy is conducted.

4. Continued awareness of, and support for, WSOS among legislators.
5. WSOS is fully staffed in October of 2014.
6. Facilities and support services (HR, IT, Finance/Accounting) are effectively provided.
7. Scholarship Model forecast based on fundraising progress produced.
8. WSOS Board indicates satisfaction with administrative services.

SCHOLARSHIP SELECTION & AWARDING

CSF will continue to manage the application process, the disbursement of the scholarship funds to the college/university the recipients attend, and manage the scholarship refund process when students drop out or transfer institutions. CSF will also continue to manage the renewal and annual increase process (including: modifying and updating the renewal process, managing the scholarship paperwork required for the scholarship increase, and answering inquiries from colleges/universities and applicants throughout the calendar year).

EVALUATION

The Washington State Opportunity Scholarship was created to help close the expanding skills gap in the state. A recent study by the Boston Consulting Group found that without meaningful change, by 2017 more than 50,000 jobs in Washington will go unfilled for lack of qualified candidates. The vast majority of those jobs, 80 percent, are in STEM and health care. CSF's Research and Evaluation team will work with the WSOS Board and staff to develop a research agenda that produces insight into the extent to which WSOS is able to reduce the skills gap in Washington.

GOVERNMENT RELATIONS

As a truly unique public-private partnership, maintaining the positive relationship that exists between WSOS and the state legislature is critical for long-term success. WSOS will work with CSF's director of advocacy and subcontract with lobbyists to generate and execute a legislative agenda that promotes continuing support for the scholarship among legislators. Between sessions, the government relations team will continue to promote WSOS by providing legislators with opportunities to attend events, meet students from their districts and better understand the goals and outcomes of the program. Each year, legislators will receive a summary of the number of scholarships awarded by WSOS generally with detail for their district.

SUPPORT SERVICES (HUMAN RESOURCES. FINANCE & ACCOUNTING. INFORMATION TECHNOLOGY)

In addition to taking advantage of the College Success Foundation's (CSF) network of programs and contacts, one of the chief reasons WSOS is partnering with CSF is to utilize support services such as Human Resources, Information Technology and Finance to reduce operating costs. Each year the WSOS executive director will negotiate a service level agreement with CSF that specifies the costs and deliverables associated with these services. Please see Appendix E for a draft Service Level Agreement.

OVERHEAD

College Success Foundation will provide physical space for WSOS staff as well as general administrative tools such as computers, telephones, and access to copy machines (see Appendix E, section B, for detail).

FUNDRAISING - \$481,988

The Washington State Opportunity Scholarship staff will be responsible for achieving fundraising goals set by the board and executive director. At full strength, WSOS will have a fundraising staff comprised of an executive director, development director and a development officer. The College Success Foundation's advancement staff will collaborate with WSOS on planning and coordinating events as well as identifying prospects and providing administrative support to record, track, and acknowledge gifts. Direct solicitation of gifts for WSOS is

not within CSF's scope of work. Appendix E provides the draft scope of work for a fundraising contractor to provide transition support until the WSOS fundraising staff is in place as well as a draft scope of work for government relations contractor(s). At the April 2014 board meeting, a private-sector fundraising goal of \$10M per year for five years beginning 2014-2015 was approved.

APPENDIX A – WSOS 2014-2015 EXPENSE DETAIL BY FUNCTION

Pipeline Expansion					
Position	FTE	Org.	Salary	Benefits	Total
Program Director	0.25	CSF	\$21,250	\$6,163	\$27,413
College Programs Officer 1	0.25	WSOS	\$15,625	\$4,531	\$20,156
Leveraged Support Mgr.	0.5	CSF	\$36,875	\$10,694	\$47,569
Sub-TOTAL	1		\$73,750	\$21,388	\$95,138
Program Expenses					\$10,000
TOTAL	1				\$105,138

Scholar Retention					
Position	FTE	Org.	Salary	Benefits	Total
Executive Director	0.25	WSOS	\$28,750	\$8,338	\$37,088
Administrative Asst.	0.5	WSOS	\$22,500	\$6,525	\$29,025
Program Director	0.5	CSF	\$42,500	\$12,325	\$54,825
College Programs Officer 1	0.75	CSF	\$46,875	\$13,594	\$60,469
College Programs Officer 2	1	CSF	\$62,500	\$18,125	\$80,625
Leveraged Support Mgr.	0.25	CSF	\$14,625	\$4,241	\$18,866
IT Officer	0.75	CSF	\$46,875	\$13,594	\$60,469
Sub-TOTAL	4		\$264,625	\$76,741	\$341,366
Program Expenses					\$90,000
TOTAL	4				\$431,366

Scholar Transition					
Position	FTE	Org.	Salary	Benefits	Total
Executive Director	0.25	WSOS	\$28,750	\$8,338	\$37,088
Administrative Asst.	0.25	WSOS	\$11,250	\$3,263	\$14,513
Program Director	0.25	CSF	\$42,500	\$12,325	\$54,825
Leveraged Support Mgr.	0.25	CSF	\$14,625	\$4,241	\$18,866
Career Success Officer	1	CSF	\$62,500	\$18,125	\$75,465
Sub-TOTAL	2		\$159,625	\$46,291	\$200,756
Program Expenses					\$70,000
TOTAL	2				\$270,756

APPENDIX A – WSOS 2014-2015 EXPENSE DETAIL BY FUNCTION CONTINUED

Administration					
Role	FTE	Org.	Salary	Benefits	Total
Evaluation Officer	1	CSF	\$62,000	\$17,980	\$79,980
Government Relations	0.25	CSF	\$26,250	\$7,613	\$33,863
Scholarship Select/Award	2	CSF	\$124,375	\$36,069	\$160,444
Finance/Accounting	1	CSF	\$79,375	\$23,019	\$102,394
Marketing Officer	0.5	CSF	\$31,250	\$9,063	\$40,313
Human Resources	0.25	CSF	\$18,750	\$5,438	\$24,188
Sub-TOTAL	5		\$342,000	\$99,182	\$441,182
Overhead on CSF staff					\$73,917
Overhead on WSOS staff					\$143,311
Sub-TOTAL					\$217,228
TOTAL	5				\$658,410
Fundraising & Lobbying					
Executive Director	0.5	WSOS	\$57,500	\$16,675	\$74,175
Administrative Asst.	0.25	WSOS	\$11,250	\$3,263	\$14,513
Development Director	1	WSOS	\$100,000	\$29,000	\$129,000
Corporate Relations Officer	1	WSOS	\$70,000	\$20,300	\$90,300
Development	0.5	CSF	\$50,000	\$14,500	\$64,500
Sub-TOTAL	3.25		\$288,750	\$83,738	\$372,488
Fundraising		Contract			\$45,000
Lobbying		Contract			\$64,500
Sub-TOTAL					\$109,500
TOTAL	3.25				\$481,988
Project TOTAL	15.25				\$1,947,657

Appendix B – WSOS Hiring Timeline

Position	Status	Target Hire Date	Comments
Executive Director	Open	1-Aug 2014	Waldron HR was hired in May of 2014 to begin the search for an Executive Director (ED). Should the position go unfilled beyond 7/31/14, the contract fundraiser will be responsible for the fundraising activities of WSOS until the ED position is filled. If the position is not filled by 10/1/14 (the date funding for the fundraising contractor expires), a portion of the executive director salary may be used to extend the date of the fundraising consultant's contract.
Administrative Asst.	Open	31-Aug 2014	The WSOS ED will hire the organization's administrative assistant with the support of CSF's human resources department. CSF has already hired a temporary administrative assistant to support some elements of WSOS, and that person may be hired to fill the role. If the WSOS ED chooses to look outside CSF to fill this position, the target date of 7/15/14 may not be met. Under those circumstances, the temporary CSF administrative assistant will continue to provide some support for WSOS.
Program Director	Filled	NA	Theresa Britschgi was hired in March of 2014 and is in place as the WSOS Program Director.
College Program Officer 1	Open	30-July 2014	This position was filled by Evie Livingston until June of 2014 when she left to become the principal of First Place, a charter school in Seattle. The position is currently open and the search is being managed by the WSOS program director with support from CSF's human resources department.
College Program Officer 2	Open	30-July 2014	Filled by Megan Urbaitis until March of 2014 when she left to raise her newborn daughter. The position is currently open, and the search is being managed by the WSOS program director with support from CSF's human resources department.
Development Director	Open	1-Oct 2014	This position will work closely with the WSOS Executive Director and will likely require a longer lead time than other positions to fill. Until the position is filled, fundraising responsibilities will be split between the WSOS ED and the fundraising contractor. Should the contractor need to be extended beyond October 1, 2014, the FTE allocation for this position would be used to pay for that extension.
Corporate Relations Officer	Open	30-Oct 2014	This position will be hired by the WSOS Development Director. In consultation with the WSOS Executive Director, CSF will post a job description for the Corporate Relations Officer that will run concurrently with the Development Director position in order to reduce the lead time necessary to fill this role.

APPENDIX B – WSOS HIRING TIMELINE CONTINUED

Monthly expenses for 2014-2015 should approximate the schedule below based on the hiring schedule outlined on the previous page:

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	TOTAL
Core Services													
Scholarships	-	\$2,585,061	\$3,900,000	-	-	\$2,816,552	-	-	\$1,135,912	\$1,200,000	-	-	\$11,637,525
Pipeline Expansion	\$9,465	\$11,614	\$11,614	\$11,614	\$11,614	\$11,614	\$11,614	\$11,614	\$11,614	\$11,614	\$11,614	\$11,614	\$137,219
Scholar Retention	\$34,068	\$36,118	\$36,118	\$36,118	\$36,118	\$36,118	\$36,118	\$36,118	\$36,118	\$36,118	\$36,118	\$36,118	\$431,366
Scholar Placement	\$20,594	\$22,742	\$22,742	\$22,742	\$22,742	\$22,742	\$22,742	\$22,742	\$22,742	\$22,742	\$22,742	\$22,742	\$270,756
Sub-TOTAL	\$64,127	\$2,655,535	\$3,970,474	\$70,474	\$70,474	\$2,887,026	\$70,474	\$70,474	\$1,206,386	\$1,270,474	\$70,474	\$70,474	\$12,476,866
Support Services													
General													
Administration	\$54,868	\$54,868	\$54,868	\$54,868	\$54,868	\$54,868	\$54,868	\$54,868	\$54,868	\$54,868	\$54,868	\$54,868	\$658,410
Fundraising	\$31,666	\$31,666	\$31,666	\$42,999	\$42,999	\$42,999	\$42,999	\$42,999	\$42,999	\$42,999	\$42,999	\$42,999	\$481,988
Sub-TOTAL	\$86,533	\$86,533	\$86,533	\$97,867	\$97,867	\$97,867	\$97,867	\$97,867	\$97,867	\$97,867	\$97,867	\$97,867	\$1,140,398
TOTAL	\$150,660	\$2,742,068	\$4,057,007	\$168,341	\$168,341	\$2,984,893	\$168,341	\$168,341	\$1,304,253	\$1,368,341	\$168,341	\$168,341	\$13,617,264

APPENDIX C – CSF SCOPE OF WORK (Services Provided to WSOS)

Type of Work	Project Role	Description	FTE:
Core Service	Leveraged support and program evaluation	Supports CSF programs staff, allowing the project to leverage the foundation's presence in middle- and high-schools as well as its relationships with colleges and universities, and community partners (1 FTE). It also provides support for CSF's research and evaluation department to design, implement and report on summative outcomes (1 FTE). Additionally, it allows WSOS to take advantage of CSF's information technology capabilities to deliver product and service to students as well as ongoing updating and maintenance of WSOS website and communication tools. Includes reporting of data analytics as well as management of data warehouse (.75 FTE).	2.75
Administration	Scholarship Selection, Awarding and Reporting	Includes management of the application process and communication with applicants and Scholars; selection of recipients; management of awarding and renewal processes with status verification; data compilation and analysis for board reports; preparation of annual legislative reports. Select and award at least 750 scholars annually.	2.0
Administration	Government Relations	Provides ongoing support for WSOS legislative activities with contract lobbyists via the CSF Director of Government Relations and Advocacy (.25 FTE). Includes work on strategy development, relationship development and support for legislative advocacy and asks.	0.25
Administration	Finance & Accounting, Investment Management Coordination	Includes support of the Investment Committee involving both Scholarship and Endowment Funds; Investment Policy Statements and related Investment Guidelines; cash management, investment management, and management of investment managers.	1.0
Administration	Marketing	This position will work with CSF's marketing department to produce all WSOS materials and manage the brand. The position will participate in student-centered events and activities.	0.50
Administration	Human Resources	Provides HR support, including hiring support and payroll, for all WSOS employees.	0.25
Fundraising	Development Coordination	CSF advancement staff will collaborate with WSOS on planning and coordinating events as well as identifying prospects and providing administrative support to record, track, and acknowledge gifts. WSOS will use CSF's donor-tracking software. <i>Direct solicitation of gifts for WSOS is not within CSF's scope of work.</i>	0.50
TOTAL			7.25

APPENDIX D – WSOS SCOPE OF WORK (Services Provided by WSOS)

Type of Work	WSOS Staff	Description	FTE:
Wrap-around support	WSOS Executive Director	Participates in WSOS student-related events and activities.	0.25
Wrap-around support	Administrative Asst.	Supports the creation and execution of events/activities as well as directly engages with students that call in to WSOS.	0.25
Wrap-around support	Program Director	Provides day-to-day oversight of services to students in middle/high-schools and in college.	1.0
Wrap-around support	College Program Officer 1	Manages WSOS work in colleges and universities. Responsible for metrics outlined in the work plan on pages 3 and 4 of this document.	1.0
Wrap-around support	College Program Officer 2	Manages WSOS work in colleges and universities. Responsible for metrics outlined in the work plan on pages 3 and 4 of this document.	1.0
Wrap-around support	Marketing Officer	Produces all WSOS materials and manages the brand. Participates in student-centered events and activities.	1.0
TOTAL			4.50

Type	WSOS Staff	Description	FTE:
Administration	WSOS Executive Director	Provides day-to-day oversight of the organization.	0.25
Administration	Administrative Asst.	Supports day-to-day back office services.	0.50
TOTAL			0.75

APPENDIX D CONTINUED – WSOS SCOPE OF WORK (Services Provided by WSOS)

Type	WSOS Staff	Description	FTE:
Fundraising	WSOS Executive Director	Participates in fundraising activities of WSOS including soliciting gifts and stewarding donors.	0.50
Fundraising	Administrative Asst.	Supports all aspects of WSOS fundraising activities.	0.25
Fundraising	Development Director	Responsible for developing and maintaining relationships with corporate donors and soliciting gifts.	1.00
Fundraising	Corporate Relations Officer	Provides coordination between the fundraising efforts of WSOS and CSF in addition to day-to-day assistance in the use of donor tracking software.	1.00
TOTAL			2.75

CONTRACT FUNDRAISING (FOR 2014 ONLY)

Role (Under the Direction of WSOS)	Description	Cost
Transition	Onboard the WSOS Executive Director in regards to fundraising underway and provide day-to-day support until the WSOS development department is fully staffed, or within 90 days, whichever comes first.	\$45,000

CONTRACT GOVERNMENT RELATIONS

Role (In collaboration with CSF)	Description	Cost
Government Relations	Includes legislative strategy, development of legislative agenda, coalition building and third-party stakeholder activation development of talking points and messaging around legislative strategy and goals; support of legislative effort including assistance with key legislative leaders, staff and governor's office. Also includes meeting preparation and event coordination as needed.	\$47,600
Strategic Counsel	Includes strategic advice during communications planning and coordination with CSF and WSOS; developing materials and messaging related to public affairs work, legislative relations and outreach, team meetings, project management, and project updates.	\$16,900

APPENDIX E – DRAFT SERVICE LEVEL AGREEMENT

College Success Foundation - WSOS

DRAFT Service Level Agreement (final SLA to be negotiated annually)

<u>Item</u>	<u>Summary Description of Service</u>
A.	<u>Human Resources</u>
1.	Employee Hiring Process
a.	Position classification and compensation analysis. Review new and existing positions for correct classification. Advise hiring managers on correct salary placement.
b.	Recruitment support. Drafting and posting of position openings on advertising sites.
c.	Drug testing. Maintain contract with lab company. Review results of tests, facilitate follow-up if necessary.
d.	Background checks. Maintain contract with testing company. Review results, follow-up as necessary.
e.	New employee orientation support. Meet with new employees, facilitate completion of new hire paperwork.
f.	State/Federal law/regulation compliance
2.	H/R consulting
a.	Employee policy and procedure development and management
b.	Position classification and compensation analysis
c.	Employee Relations/Administration. Conflict resolution, Employee performance issue management, performance review process.
d.	State/Federal law/regulation compliance
e.	Staff professional development. Develop and facilitate professional development opportunities for all staff.
f.	Sexual harassment prevention training.
3.	H/R Policy and Procedures
a.	Employee policy development and administration
4.	Benefits planning, implementation and administration
a.	Medical/dental/vision plan administration
b.	Benefit plan administration. Annual assessment and enrollment processing.
c.	Flex plan administration. Monitor plan, ensuring that employees contributions and reimbursements are processed correctly
d.	403b Admin (Retirement Plan). Ensure contributions and deductions for eligible employees are correct. Submit contributions to 403B plan every pay period
e.	LTD. Reporting and Administration
f.	Life insurance. Reporting and Administration
5.	Payroll Processing
a.	Benefit/deduction maintenance
b.	Employee profile and pay rate maintenance
c.	Bi-weekly payroll processing
d.	Detailed payroll expense allocation for grant management

- e. Vacation/Flex/Sick leave accrual tracking
- f. Child Support withholdings (working with agency)
- g. Court ordered wage garnishment withholdings
- h. W-2 and W-3 processing

6. New Employee Evaluation Process

7. Staff Development

8. Training Support

B. Facilities

- 1. Office rent including common area charges and maintenance
- 2. Furniture, cubicles and ergonomics
- 3. Meeting facilities including multi-media equipment
- 4. Telephone sets, direct phone numbers, long distance service
- 5. Property Insurance
- 6. Multi-party conference call service
- 7. Kitchen with coffee/beverage for staff and guests
- 8. Quarterly carpet cleaning
- 9. Security system and monitoring
- 10. Database Coding for Copy Machine and Postage Meter
- 11. Storage
- 12. Coordination of repairs, maintenance and cleaning
- 13. Facilities Policies and Procedures

C. Information Technology

- 1. Network and Internet connectivity
- 2. E-mail hosting/Outlook web access/PDA phone support. Messaging and collaboration
- 3. Website hosting with core content update support
- 4. Helpdesk support. Multi-media, event/meeting support, desktop training. Account maintenance, hardware support, software support
- 5. Desktop/laptop computers w/ core software licenses
- 6. Software license management
- 7. Workgroup printer support and maintenance
- 8. Multi-function copier support and maintenance
- 9. Fax machine support and maintenance
- 10. Video teleconference equipment and support
- 11. Asset tracking
- 12. User Training
- 13. Maintenance on various machines
- 14. Management of various databases/software packages. Donor/prospect/pledge tracking, accounting databases, event mailing/rsvp databases
- 15. File backup and recovery systems
- 16. Public domain name service configuration maintenance
- 17. IT Policies & Procedures.

D. Finance & Accounting

1. Monthly internal financial statements. Income Statement, Balance Sheet, etc.
2. Preparation of 990 tax return information for CSF Form 990
3. Payroll
 - a. Direct deposit processing
 - b. Child support/wage garnishment payments
4. Executive view
5. Annual external audit
6. General ledger maintenance
7. Financial analysis. Special projects, research and answer questions re outstanding balances and discrepancy resolutions.
8. Data Entry A/P checks, scholarship checks, etc.
9. Purchasing with corporate credit card and monthly reconciliation
11. Payment of L&I, 1099, SUTA, 940/941, tax return
12. Questions re O/S balances and discrepancy resolution
13. Bank deposits (correct coding). Correct coding, physical deposit of money
14. Processing & Posting of cash receipts
15. Cash management
16. Filing of documents/maintenance of grant files
17. Pledge account reconciliation
18. Reconciliation of scholarship payments in accounting system with subsidiary data systems.
19. Grant billings (State, OSPI, WSOS, DSHS, etc.)
20. Provide line of Credit Supporting Organizations
21. State/Federal Audits
22. Bank relations
23. Credit card processing and reconciliation
24. Accounts payable maintenance
25. Fixed Asset tracking & reporting
26. Cash flow analysis
27. Regulatory Requirements
 - a. Charitable Organizations registration
 - b. Annual reports
 - c. Returns
 - d. Etc., etc.
28. Planning / Strategic Planning
29. Budgeting
30. Finance & Accounting Policy & Procedures
31. Financial analysis and support for operations
32. Grant budgeting support
33. Investment Finance Committee, Executive Committee and Board preparation of materials and presentations as needed.

E. General Administration

1. General supplies. Pens, paper, etc.
2. General front desk support
 - a. Supplies ordering

- b. Courier/shipping coordination
- c. Mail sorting and distribution
- d. Phone coverage and guest reception/hospitality
- 3. Domain name management (paying fees, etc.)
- 4. Event support as needed (credit card expertise, multimedia, etc.)
- 5. Raisers Edge
- 6. Risk management and purchasing of insurance

POLICY NUMBER:**EFFECTIVE DATE:** TBD**TITLE:** Washington State Opportunity Scholarship Fund **SUPERSEDES:** New**BOARD ADOPTION:** TBD**APPROVED:**

PURPOSE

This document establishes the investment policy and guidelines for the Washington State Opportunity Scholarship (WSOS) fund created by the Washington State Legislature in 2011 to encourage student participation in high employer-demand programs of study. The investment responsibility for the WSOS fund is granted to the Washington State Investment Board (WSIB) in accordance with RCW 28B.145.

The WSOS funds are comprised of two distinct pools of assets each comprised of private funds and State matching funds. The two pools are the scholarship and endowment accounts as created in RCW 28B.145.xx. The primary distinction between the two accounts is that scholarships may be paid out of both principal and earnings of the scholarship account, while scholarships out of the endowment account must be paid out of investment earnings. Endowment accounts are generally considered to have long time horizons and can therefore tolerate a higher level of volatility.

These guidelines allow for sufficient flexibility in the management process to capture investment opportunities, while providing parameters that ensure prudence and care in the execution of the investment program.

POLICY**Standard of Care**

Under RCW 43.33A.030, trusteeship of these trusts is vested within the voting members of the Washington State Investment Board so long as they are the selected investment manager. The Legislature has established a standard of care for investment of these funds in RCW 43.33A.140. Additionally, the Board and its staff must comply with other state laws, such as the Ethics In Public Service Act, Chapter 42.52 RCW, as it makes its investment decisions and seeks to meet the investment objectives listed below.

Investment Objectives

In accordance with RCW 43.33A.110, the portfolio is managed to achieve a maximum return at a prudent level of risk. The key determinant is identifying the prudent level of risk relative to the needs of the WSOS Board. Based on this requirement, the order of the objectives shall be:

1. Maintain the financial stability of the program;

2. Ensure sufficient assets are available to fund the scholarship goals of the program over a ten-year time horizon;
3. Subject to one and two above, manage the assets to achieve a maximum return at a prudent level of risk; and
4. Invest in a manner that will not compromise confidence in the program.

Performance Objectives

Performance of the investment portfolio shall be judged relative to the investment objectives, the risk constraint standards, and the investment approach. The performance objectives are intended to provide the WSIB and the WSOS Board with benchmarks to measure the investment policy and the guidelines.

The fund has a relative performance objective for the long term investment horizon:

Relative to asset allocation targets, generate a return equal to, or in excess of, the passive benchmark portfolio. The WSIB will establish a passive benchmark that reflects WSOS's unique asset allocation policy.

Risk Constraint Standards

1. All assets under management by the WSIB are to be invested to maximize return at a prudent level of risk in accordance with the requirements of RCW 43.33A.110 and RCW 43.33A.140 subject to the unique risk tolerances of the WSOS program;
2. No corporate fixed income issue's cost shall exceed 3 percent of the fund's market value at the time of purchase, nor shall its market value exceed 6 percent of the fund's market value at any time (Chapter 43.33A.140 RCW); and
3. Diversify the assets at a prudent level to moderate fluctuations in the market value of the program.

Asset Allocation

The asset allocation mix will be reviewed every four years, or sooner if there are significant changes in markets, program size or liabilities. The WSIB staff will meet at least annually with the WSOS Board or Investment & Finance Committee to review the investment portfolio and the financial status and goals of the program. The WSIB has delegated to the executive director the authority to rebalance the asset allocation within the procedures established at the WSIB.

Assets will be rebalanced across asset classes when market values of the assets fall outside the policy ranges. The timing of the rebalancing will be based upon market opportunities and the consideration of transaction costs and, therefore, need not occur immediately.

Scholarship Account

State Match Funds

The state provides matching funds to WSOS to fund scholarships in partnership with private corporations. Investment eligibility of State funds is determined by the state constitution and the revised code of Washington. If state match funds become eligible for investment in corporate

fixed income and equity securities, state funds will be invested with the asset allocation identified in the “Private Funds” section of this policy.

Permissible investments:

1. Government agencies and U.S. Treasuries.
2. Short-term Investment Funds (STIF) that invest strictly in U.S. government or government agency instruments, including repurchase agreements for U.S. government and agency instruments.
3. Cash collateral for security lending and collateral for repurchase agreements is restricted to U.S. government and government agency securities.

ASSET ALLOCATION	Target	Range
Cash	100%	100%

Private Funds

Private funds held in the scholarship account are comprised of donations from corporations and individuals, are not state funds, and are not subject to state constitution investment eligibility guidelines.

ASSET ALLOCATION	Target	Range*
Cash	0%	0% - 5%
Public Equity	60%	55% - 65%
Fixed Income	40%	35% - 45%

*The above policy ranges are long term and may deviate in the short term as a result of interim market movements.

Asset Class Structure

The WSIB establishes asset class investment policy with wide guidelines for staff to move investment priorities within an asset class in order to achieve the fund’s overall objectives.

Public Equity

The public equity component will be invested passively to track the return of a broad global equity benchmark. The benchmark for the public equity component is the MSCI All Country World Investable Market Index (MSCI ACWI IMI).

Fixed Income

The fixed income portion of the account will be invested in the WSIB Bond Market Fund. The investment policy and guidelines are defined in WSIB policy 2.14.200. The benchmark for the Bond Market Fund is the Barclays U.S. Intermediate Credit Index.

Endowment Account

State Match Funds

The state provides matching funds to WSOS to fund scholarships in partnership with private corporations. Investment eligibility of State funds is determined by the state constitution and the revised code of Washington. If state match funds become eligible for investment in corporate fixed income and equity securities, state funds will be invested with the asset allocation identified in the "Private Funds" section of this policy.

Permissible investments:

1. Government agencies and U.S. Treasuries.
2. Short-term Investment Funds (STIF) that invest strictly in U.S. government or government agency instruments, including repurchase agreements for U.S. government and agency instruments.
3. Cash collateral for security lending and collateral for repurchase agreements is restricted to U.S. government and government agency securities.

ASSET ALLOCATION	Target	Range
Cash	100%	100%

Private Funds

Private funds held in the endowment account are comprised of donations from corporations and individuals, are not state funds, and are not subject to state constitution investment eligibility guidelines.

ASSET ALLOCATION	Target	Range*
Cash	0%	0% - 5%
Public Equity	80%	75% - 85%
Fixed Income	20%	15% - 25%

*The above policy ranges are long term and may deviate in the short term as a result of interim market movements.

Asset Class Structure

The WSIB establishes asset class investment policy with wide guidelines for staff to move investment priorities within an asset class in order to achieve the fund's overall objectives.

Public Equity

The public equity component will be invested passively to track the return of a broad global equity benchmark. The benchmark for the public equity component is the MSCI All Country World Investable Market Index (MSCI ACWI IMI).

Fixed Income

The fixed income portion of the account will be invested in the WSIB Bond Market Fund. The investment policy and guidelines are defined in WSIB policy 2.14.200. The benchmark for the Bond Market Fund is the Barclays U.S. Intermediate Credit Index.

PERFORMANCE REVIEW GUIDELINES AND REPORTING

Performance will be measured by the custodian bank and reported in writing quarterly by the WSIB staff to the Board.

RESPONSIBILITIES

Washington State Investment Board

The WSIB is responsible for approving the investment policy and setting the investment objectives, risk standards, and asset allocation.

Public Markets Committee

The Committee is responsible for reviewing the structure, strategy, and performance of the funds.

WSIB Staff

Staff are responsible for recommending enhancements and changes to the investment policy to the Public Markets Committee as well as implementing policy, managing the assets, rebalancing the asset allocation, and reporting performance and policy compliance to the Public Markets Committee, the Board, and the WSOS Investment and Finance Committee.

POLICY REVIEW

The Board shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.

Tab B

New WSOS Board Member Biographies



NEW BOARD MEMBERS

R. MILLER ADAMS, MANAGING DIRECTOR, TRIAD CAPITAL PARTNERS

R. Miller Adams serves as Managing Partner of Triad Capital Partners. Adams served as the Vice President for Technology Planning, Acquisition and Evaluation and Global R&D Strategies at Boeing Phantom Works, the enterprise-wide R&D business unit of The Boeing Company. He served as General Counsel and Corporate Secretary of Integral Systems Inc. since February 2009 and its Executive Vice President for Corporate Affairs since March 2009. Adams has significant experience in the technology commercialization industry. Prior to joining Integral Systems, Adams founded Sheppard Global Ltd., a consultancy focused on technology commercialization. Previously, Adams spent nine years with The Boeing Company where he was responsible for the creation and implementation of an integrated, multi-faceted global R&D strategy. During his tenure at The Boeing Company, including several years as Director and Vice President of Global Research and Development Strategies in Boeing Phantom Works, Adams was responsible for a vast array of innovative and effective technology strategies and commercialization initiatives. He served as Executive Vice President of Integral Systems Inc. Prior to joining Boeing; Miller worked in various legal and corporate positions with both mature and early-stage companies.

Adams holds a U.S. government top secret clearance and is a graduate of Seattle University with a bachelor's in sociology and earned his J.D. at The University of Puget Sound School of Law (now Seattle University School of Law). Adams has a long history of business and civic involvement including many board and committee roles including The Rainier Club - President, Tech4America.org – Convening Board Member, Church Divinity School of the Pacific - Trustee and Chair of Audit Committee, Museum of History & Industry – Trustee and PONCHO. Adams is admitted to practice before various state and federal courts and is a member of local and national bar associations. Adams earned the rank of Eagle Scout at age 15 and was a member of the BSA 1968 Report to the Nation team (presenting to both President Johnson and Prime Minister Wilson).

STANLEY A. DEAL, SENIOR VICE PRESIDENT, COMMERCIAL AIRLINES, THE BOEING COMPANY

Stan Deal joined The Boeing Company in 1986 and has served in many leadership capacities. Currently, Deal is Senior Vice President for Commercial Aviation Services. In this role, he leads Boeing's commercial airplane customer support and after-market products and services. The organization provides customer

support for airlines around the world and consists of five service businesses as well as several subsidiary companies including Aviall, CDG and Jeppesen. Deal was named to this position in March 2014.

Most recently, Deal was Vice President and General Manager of Supply Chain Management and Operations for Boeing Commercial Airplanes. Appointed to this position in August 2011, he was responsible for the overall leadership of Commercial Airplanes Supplier Management, Fabrication, Propulsion Systems and Quality. Prior to that, Deal was Vice President and General Manager of the Boeing Commercial Airplanes Supplier Management organization. Named to this position in January 2010, he was responsible for the overall strategy, contracting, daily management and development of the Boeing Commercial Airplanes supply chain for all commercial airplane programs. Deal has also served as vice president of Asia Pacific Sales for Boeing Commercial Airplanes, a position he assumed in November 2006. In that position, Deal was responsible for sales in Japan, Korea, Singapore, Australia, Thailand, New Zealand, Vietnam, Hawaii, and other Pacific Island markets.

In addition to his Boeing career, Deal served as Vice President and General Manager for Fairchild Aerospace where he was responsible for many commercial airliner programs, including managing the supply chain and strategy. Under his leadership, Fairchild successfully developed and introduced a new airliner program and oversaw the certification and market introduction of the 328 jet aircraft. A native of Illinois, Deal holds a Bachelor of Science degree from the University of Illinois and a Master of Business Administration from Pepperdine University.

MIKE WILSON, FORMER CEO, PROVIDENCE HEALTH CARE

Mike Wilson, former Providence Health Care Chief Executive Officer, previously worked nine years with the Veterans Administration Medical Centers in California, Washington and Washington, D.C. Wilson came to Spokane as Vice President at Holy Family Hospital (1982-84). From 1984 to 1988, he served as the hospital's President/Chief Executive Officer. Wilson has been active in the community and on state and regional boards and committees for more than 25 years. He currently serves on the boards of Catholic Charities, Greater Spokane Incorporated, and Health Sciences and Services. He was a member of the CCS Foundation Board of Directors from 2004 to 2009. Wilson also is a member of United Way's executive committee and will serve as its community campaign chair in 2014.

Wilson has a bachelor's degree from Pacific Lutheran University and master's degree in business and public administration with a focus on healthcare from Southeastern University, Washington, D.C.

JANE PARK, CO-FOUNDER AND CEO, JULEP

Jane Park is co-founder and CEO of Julep, the only e-commerce beauty brand that takes a full stack approach to product development, testing, and distribution. Under Park's direction, Julep has raised \$56 million in funding from top tier venture firms and quadrupled revenues each year over the past few years. Prior to starting Julep, Park was an executive at Starbucks, most recently serving as Director of New Ventures, and also worked at The Boston Consulting Group, the pre-eminent global strategy consulting firm. Park was born in Seoul, Korea and grew up in Toronto, Canada. She received a B.A. in Public Policy and International Affairs from Princeton University and a J.D. from Yale Law School.

Tab C

Message from Naria K. Santa Lucia, WSOS Executive Director

Executive Director Report



Supporting the next generation of STEM & health care leaders

MESSAGE FROM NARIA K. SANTA LUCIA, EXECUTIVE DIRECTOR | OCTOBER 2014

I am thrilled to have the opportunity to serve the Washington State Opportunity Scholarship as its Executive Director. I am honored to play a role in helping to shape the next generation of leaders in the high-demand fields of science, engineering, technology, math (STEM) and healthcare, and I look forward to working with the WSOS Board to help students successfully access and complete a STEM education.

Prior to joining WSOS, I most recently served as the Director of Legal Aid for Washington Fund, a statewide organization that raises funds for Washington State's civil legal aid network. During my tenure at LAW Fund, our annual fund, the Campaign for Equal Justice, achieved historical annual fundraising records in 2012 and 2013 and its endowment, the Endowment for Equal Justice, grew to be the largest endowment for civil legal aid in the nation. In total, we were able to generate over \$15 million in just over two years for 23 legal aid organizations across the state by developing a clear message, increasing accountability, and engaging key stakeholders. My goal is to apply and amplify the same strategies to successfully increase program awareness and revenue for WSOS.

As the following slides detail, I believe that WSOS clearly has so many strengths including the success stories of three cohorts of amazing scholars, the buy-in from legislators, a dollar-for-dollar match by the State of Washington for every private dollar raised, as well as the support of two of our state's largest employers, Microsoft and Boeing. I look forward to collaborating with each of you to maximize our strengths and capitalize on the various opportunities to raise the visibility of WSOS and to increase investments in this important scholarship program.

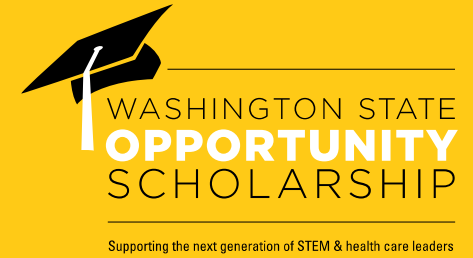
It is my intention to prioritize three key areas in my first year: (1) Improve our scholarship and support program performance, (2) Support, engage and strengthen the WSOS Board, and (3) Ramp up our private fundraising efforts. I believe that if we focus on these three areas, we will successfully improve our internal capacity and significantly develop our external reach.

I enthusiastically look forward to working with each of you in the coming months to ensure our students have the opportunity to achieve a successful future by accessing and completing a STEM degree.

1605 NW SAMMAMISH ROAD, SUITE 200, ISSAQUAH, WA 98027-5388

1.877.899.5002 | WWW.WAOPPORTUNITYSCHOLARSHIP.ORG

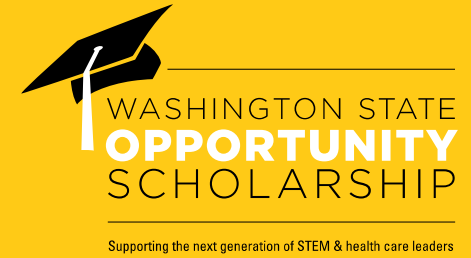
The College Success Foundation (CSF) is the program administrator for the Washington State Opportunity Scholarship.



EXECUTIVE DIRECTOR REPORT

Board Meeting | October 29, 2014

Overall Goals

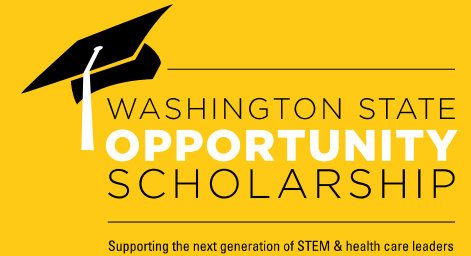


Provide scholarships and support for low and middle income Washington students pursuing high-demand STEM and healthcare majors

Improve the quality of life of our Scholars and their families

Create a thriving Washington state economy

Strengths



Scholars

- 4400 recipients/800 graduates
- 2/3 employed by graduation in careers related to majors (national average is 47%)

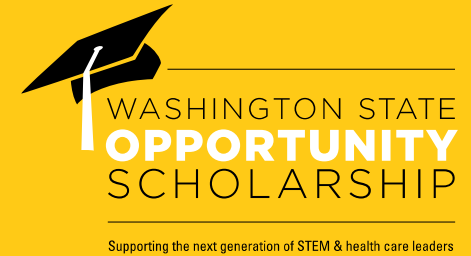
Supports

- Not merely a scholarship program, but offers Scholars the support and access needed to be successful
- Collective action and impact

“Home Grown”

- 2/3 of WSOS graduates are employed in careers related to their field of study
- 90% of these careers are in Washington state

Strengths



Public-Private Partnership

- Dollar-for-dollar match is a great incentive
- Signals collaborative problem-solving

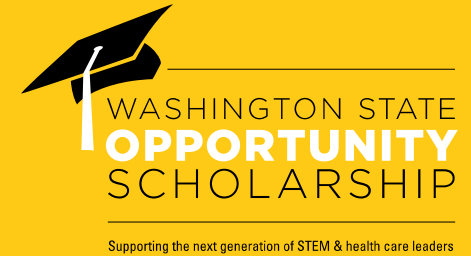
Statewide nature

- Almost every legislative district and county is represented
- 67 colleges and universities across the State

Legislative Support

- Original bill passed unanimously and, to date, \$30M invested by the State with \$20M included in the budget forecast

Strengths



Connections

- Leverages campus partners and existing student support services
- Collaborates with other organizations and efforts in the STEM arena

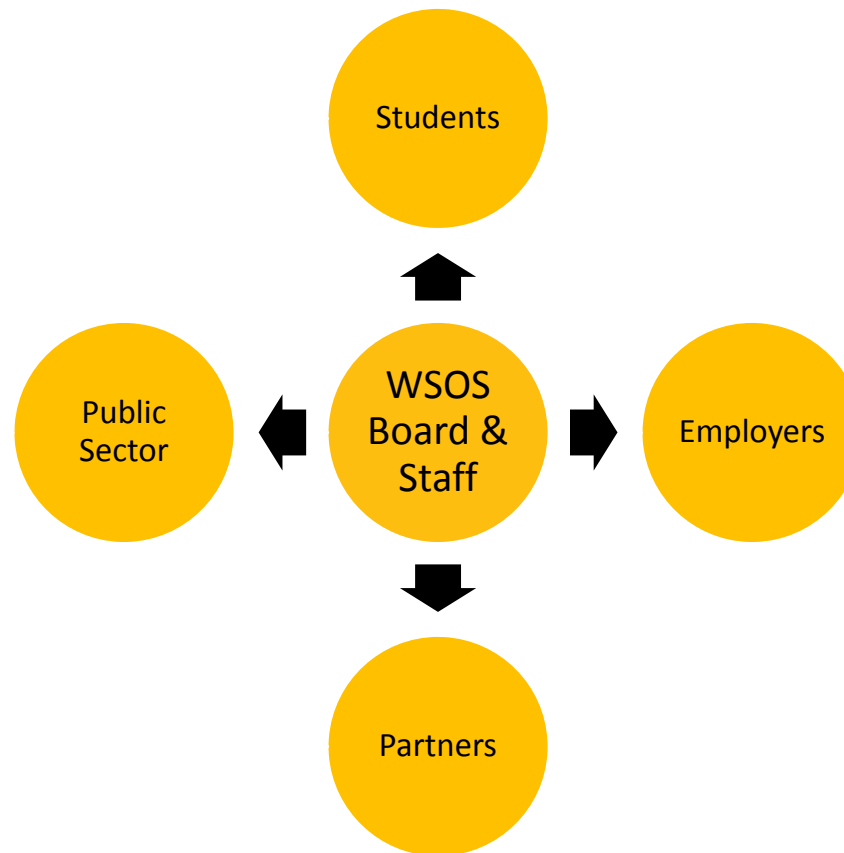
Movement Building

- Key component of the Governor's STEM strategy
- Integral piece of the STEM continuum
- Eager high-demand employer base

Unique Program

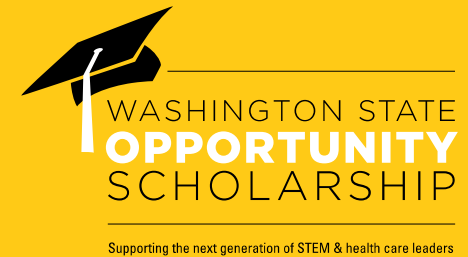
- Exciting program of first impression
- Benefits current Scholars but also provides opportunities for study and analysis

Key Stakeholders



2014-15

Priority Areas of Focus



Improve Program Performance

- Assess and align existing program activities, administration, strategies, and staff
- Develop comprehensive work plans to effectively execute pipeline, persistence, and placement goals
- Expand scholarship outreach and awareness
- Opportunity Expansion Program

Strengthen the Board

- Fully recruit and onboard 11 board members
- Assess governing structure including committees, governing principles, etc.
- Continue to fine tune reporting systems

Ramp up Resource Development

- Overall goal to raise \$100M in private funding by 2017
- Develop and implement multi-approach strategy for fundraising
- Fine tune case statement, supporting materials and collateral materials
- Fully staff resource development and advocacy team

Tab D

Program Update

Scholarship Services and Evaluation Overview/Statistics

2014-15 WSOS Poster



Supporting the next generation of STEM & health care leaders

PROGRAM UPDATE | OCTOBER 2014

As our Scholars head to school this fall, it is a wonderful opportunity for the Washington State Opportunity Scholarship (WSOS) team to reflect on our recent accomplishments and forge an exciting path forward in our scholarship support services programming.

STEM SUPPORT SERVICES

PIPELINE: PARTNERSHIPS AND OUTREACH

The WSOS Supports team conducted a survey of the leading STEM organizations serving students statewide and identified those programs who directly serve target WSOS application audiences (e.g., diverse populations, technology clubs and engineering clubs). Since the last WSOS board meeting has presented, we have exhibited and offered promotional materials at the key convenings of these organizations with the hope of increasing applicant numbers for the 2015 WSOS applications – both broadly and in specific population pools. Events include Imagine Tomorrow, Washington MESA Day, the Microsoft TEALS Field Trip Day, the College Success Foundation (CSF) Ace Institute, multiple UW Office of Minority Affairs welcome events and annual meetings of the Washington STEM networks, the Washington Science Teacher Association, the Washington Association for Career and Technical Education, and the NW Mathematics Council. *And more are planned!* New promotional materials will be mailed by the WSOS Scholarship Services team to these organizations through Washington STEM networks and through the legacy high school and undergraduate contacts we have collected over the past three application and renewal activities.

PERSISTENCE: FALL OUTREACH EVENTS

This fall, WSOS team members will be busy hosting fall welcome and community events for WSOS Scholars at college and university campuses around the state including Washington State University (9/23), Pacific Lutheran University (9/25), Gonzaga University (10/2), Whitworth College (10/3), Clark College (10/9), University of Washington (10/13), Eastern Washington University (10/16), Western Washington University (10/20), Whitman College (10/22) and Central Washington University (10/23). The purpose of these events is to: (1) Enhance WSOS Scholar cohesion and identification with the WSOS program, (2) Introduce WSOS Scholars to WSOS program staff, (3) Introduce WSOS Scholars to campus and community leaders, and (4) Encourage faculty and staff to augment campus strategies to improve student outcomes for WSOS Scholars. All CSF Board members are welcome to attend these welcome events to connect with WSOS scholars!

PLACEMENT: CONNECTIONS

The WSOS Supports Team is implementing a number of new elements in this year's programming to enhance Scholar capacity to procure employment in high-demand fields in Washington state. Using Fall

Welcomes, newsletters, social media and face-to-face mentoring, the Team is raising the visibility of programming (e.g., career fairs) and staff (e.g., department mentors, career center staff) supports available at their own campuses. As these entities are similarly charged with the responsibility of ensuring graduate placement, we are hastening the pace with which Scholars connect with valued allies in their own community and in their state. We will foster Scholar placement skills and connections with campus career advancement partners and local employers by providing personal coaching to Scholars attending campus career fairs year round at larger WSOS campuses (*Career Salons*) and civic career fairs (e.g., the Spokane *Partnership in Employment Career Fair*).

Finally, because we recognize the importance of the participation of undergraduates in research, WSOS will be promoting the participation of Scholars in their undergraduate research programs. STEM team members will promote and attend the larger undergraduate research symposia and sponsor specific programs which increase Scholar participation and offer exciting opportunities for innovative Scholars to meet with peers, scientists, sponsors and legislators. This year Washington State Opportunity Scholars (WSOS) have an ideal opportunity to showcase the innovation and curiosity through their participation in the National Conference for Undergraduate Research (NCUR). Occurring in April 2015 on the campus of Eastern Washington University in Cheney, Washington, NCUR offers an outstanding opportunity for WSOS Scholars to convene with rising STEM majors from Washington state and beyond.

SCHOLARSHIP SERVICES: RENEWAL AND ENROLLMENT

RENEWAL PROCESS

Since the WSOS Board meeting in June, the Scholarship Services Team has been working on the renewal process for Cohort One and Cohort Two.

The on-line Renewal/Update Form was open on June 1st, 2014 with a July 1, 2014 deadline. An “eblast” was sent to over 2,500 students who remained enrolled for the 2013-2014 academic year notifying them of the requirement to renew, the new scholarship amount for those who are seniors (\$7,500), and how to apply for that increase. Several reminders, including a postcard, were sent during the open application period. After the application deadline, temporary staff were hired to call the students who did not complete the form. 93% of the eligible Cohort One and Cohort Two students completed the Renewal/Update Form. As of October 6, 2014, the renewal status of Cohort One and Cohort Two are as follows:

2014-2015 Renewal – October 6, 2014	Cohort One		Cohort Two		Total	
Met eligibility requirements for renewal	934	52%	590	84%	1524	61%
Graduated	436	24%	8	1%	444	18%
Did not complete renewal form or submit required documents	228	13%	33	5%	261	10%
Changed to an ineligible major	91	5%	46	6%	137	5%
Dropped out	42	2%	9	1%	51	2%
Did not complete the FAFSA	20	1%	7	1%	27	1%
Moved to an ineligible college	10	.5%	3	.4%	13	.5
Did not renew for a variety of reasons	49	3%	7	1%	56	2%
Total	1810	100%	703	100%	2513	100%

During the renewal process, Scholarship Services reviewed and processed over 1,600 documents received from students applying for the scholarship increase to \$5,000 (junior status and admittance into an eligible high-demand major) or \$7,500 (senior status and admittance into an eligible high-demand major), and determined students' award amounts for 2014-2015 based on submitted documents. In addition, over 3,000 emails and phone calls were received during this time. All renewing students were emailed in August to confirm their renewal, their college of attendance, and their award amounts for 2014-2015.

PROJECTED ENROLLMENT FOR 2014-2015

As of October 6, 2014, 2,269 students are projected to enroll in 2014-2015 including 934 in Cohort One, 590 in Cohort Two, and 745 in Cohort Three.

UPCOMING SCHOLARSHIP RENEWAL AND ENROLLMENT ACTIVITIES

Students who have not completed the Renewal/Update Form or submitted documents will be able to do so through December 31, 2014. Those applications will be reviewed, processed and the students awarded if eligible.

In addition to these targeted scholarship renewal efforts, Scholarship Services will also work to roll out the enrollment process for Cohort Four throughout the fall 2014 and spring 2015. Planned activities include:

- » Documents submitted for the scholarship increases will continue to be received, reviewed and processed.
- » All high school and college contacts will be reviewed and updated.
- » Promotional materials will be sent to key contacts.
- » The WSOS web site will be reviewed and updated as needed.
- » The WSOS Financial Model will be updated in November 2014 to reflect fall enrollment and updated graduation numbers.
- » The on-line application for Cohort Four will be reviewed and updated in preparation for opening in January 2015.

RESEARCH & EVALUATION

WSOS RENEWAL & NEEDS ASSESSMENT SURVEY

CSF's Research and Evaluation Department collaborated with CSF Scholarship Services and WSOS team members to merge WSOS related needs assessment activity with the existing WSOS Scholarship renewal process. The end result was a streamlined data collection process that maximized efficiency of internal efforts (over 90% response rate) while limiting burden of data collection efforts and related communications on WSOS scholars.

The WSOS Renewal/Needs Assessment Survey provides solid estimates of the number of scholars graduating, renewing, and withdrawing from the program, and provides a profile for each. Content areas covered include:

- » Demographics
- » Renewal status

- » School and area of study
- » Academic, personal health, and financial health information
- » Early employment outcomes
- » Awareness and utilization of WSOS supports/activities
- » Satisfaction with WSOS and WSOS impact

Highlights from the 2014 WSOS Renewal/ Needs Assessment Survey include:

- » Of respondents who “renewed” their scholarship:
 - Responses indicate very high levels of satisfaction with (a) WSOS application/renewal processes and (b) information received from WSOS staff
 - Responses indicate growth potential in continuing to create awareness around the fact that the WSOS program is more than a scholarship
- » Of respondents who “graduated”:
 - 32% have already secured work in their field of study (over 40% of computer and information sciences, engineering and health profession majors)
 - 31% will be attending graduate/law/medical school (over 50% of biology and physical science majors)
 - 28% are actively seeking work in their field of study
- » Of respondents who “withdrew”:
 - No systemic trends present in data (e.g., gender, ethnicity, major, academic performance, hrs working, etc)
 - Further, those withdrawing reported levels of awareness and engagement equal to those renewing

LEGISLATIVE REPORT UPDATE

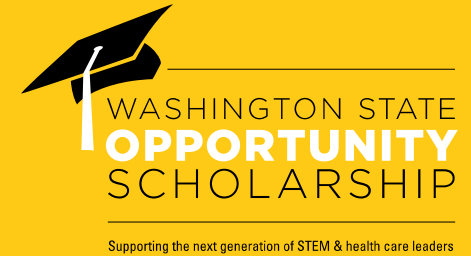
CSF’s Research and Evaluation Department will be receiving official enrollment and graduation data from the National Student Clearinghouse in early November. This data will be used to populate data tables in the 2014 WSOS Legislative Report which is currently scheduled to be completed and delivered by November 25th.

CAPACITY BUILDING

CSF’s Research and Evaluation Department is currently seeking a full time Evaluation Officer who will coordinate all WSOS related data collection, analysis, and reporting (in conjunction with CSF’s Director of Evaluation and Research).

Scholarship Services

2014-15 Projected Enrollment

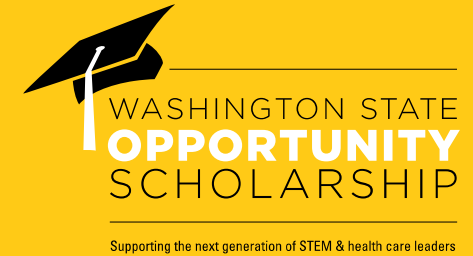


2,269 WSOS recipients are projected to enroll in 2014-2015 as of October 6, 2014

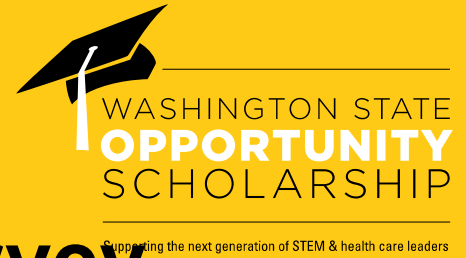
- Cohort One 934
- Cohort Two 590
- Cohort Three 745

Scholarship Services

2014-15 WSOS Renewal Status



Status of 2,513 Recipients Eligible for Renewal – October 6, 2014	Cohort One	Cohort Two	Total
Met eligibility requirements for renewal or graduated	76%	85%	79%
Did not complete renewal form or submit required documents	13%	5%	10%
Changed to an ineligible major	5%	6%	5%
Dropped out	2%	1%	2%
Did not complete the FAFSA	1%	1%	1%
Moved to an ineligible college	.5%	.4%	.5%
Did not renew for a variety of reasons	3%	1%	2%
Total	100%	100%	100%



Research & Evaluation Renewal/Needs Assessment Survey

- **Collaboration between CSF's R & E and Scholarship Services Departments**
- **Merged needs assessment data collection with scholarship renewal process**
- **Limited response burden on Scholars while eliciting an extremely high response rate**
- **Provides need and outcome profiles for those renewing, graduating, and withdrawing**

Research & Evaluation

Renewal/Needs Assessment Survey, cont.



- **75% of respondents “renewed” their scholarship**
 - **80% of renewals reported majoring in Biology (24%), Computer and Information Sciences (10%), Engineering (24%) or health professions (22%)**
 - **96% report that the WSOS Scholarship has been an incentive to remain in a high-demand field of study, however:**
 - **41% reported not working while in school; 37% worked fewer than 20 hrs per week; 19% worked 20-40 hrs per week; 3% worked over 40 hrs per week**
 - **68% rated their financial ability to cover school-related expenses for the coming year as “fair” or “poor”**

Research & Evaluation

Renewal/Needs Assessment Survey, cont.



- **Summary of WSOS Scholar Satisfaction and Awareness**
 - Responses indicate very high levels of satisfaction with the following:
 - (a) WSOS application/renewal processes
 - (b) Information received from WSOS staff
 - Responses indicate growth potential in continuing to create awareness around the fact that the WSOS program is more than a scholarship

Research & Evaluation

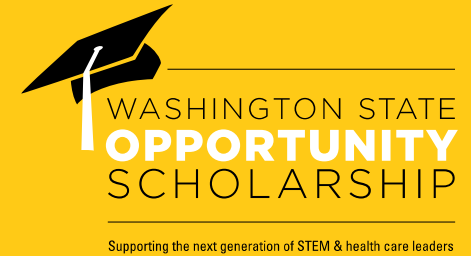
Renewal/Needs Assessment Survey, cont.



- **Of respondents who “graduated”**
 - 32% have already secured work in their field of study (over 40% of computer and information sciences, engineering and health profession majors)
 - 31% will be attending graduate/law/medical school (over 50% of biology and physical science majors)
 - 28% are actively seeking work in their field of study
- **Of respondents who “withdrew”**
 - No systemic trends present in data (e.g., gender, ethnicity, major, academic performance, hrs working, etc)
 - Further, those withdrawing reported levels of awareness and engagement equal to those renewing

Research & Evaluation

Renewal/Needs Assessment Survey, cont.



- **Summary of WSOS Scholar Graduation and Withdrawal Data**
 - **No systemic trends present in data affecting graduation and withdrawal (e.g., gender, ethnicity, major, academic performance, hours working, etc.)**
 - **Those withdrawing reported levels of awareness and engagement equal to those renewing**



WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

SCHOLARSHIPS

FOR STEM & HEALTH CARE MAJORS

RECEIVE UP TO \$22,500

APPLY IN JANUARY

WAOPPORTUNITYSCHOLARSHIP.ORG

If you are pursuing a degree in a science, technology, engineering, math or health care field, at a Washington state college, you may be eligible.

Tab E

Resource Development and Advocacy Update

Proposed Phase I Fundraising Strategy

Legislative Ask – WSOS Overview

WSOS Scholar Quotes



Supporting the next generation of STEM & health care leaders

RESOURCE DEVELOPMENT AND ADVOCACY UPDATE | OCTOBER 2014

RESOURCE DEVELOPMENT CAPACITY BUILDING

Resource development will be a critical focus of the WSOS team as it moves forward in the next few months. Currently, we are in the process of building out a team of resource development and communications professionals who will drive and support the efforts of the WSOS Board to raise critical private donations for WSOS. In addition to our new Executive Director, Naria K. Santa Lucia, we also welcome our new Director of Corporate Relations, Erin Scott Ashley, to our team. Erin has extensive background in corporate sponsorship solicitation, cultivation, and retention. And she possesses over 20 years of experience in the production of outstanding mission-focused, donor-facing events most recently for the Seattle Aquarium and the Leukemia & Lymphoma Society. Erin excels at creating win/win partnership proposals for corporations so that they can most effectively invest, donate, and participate.

In the next few months, Naria will work with Erin, the Board, and other key stakeholders to develop and roll out a comprehensive strategy to reach WSOS' ultimate Phase I goal of raising \$100 million in private funds by 2017.

Integral to this strategy will be the continued development of a campaign to seek investments by "cornerstone families" in the STEM education continuum: early learning, K-12 education, and post-secondary education. Based upon findings by the Boston Consulting Group (BCG) which indicate that for every \$1 invested in the STEM education continuum there is a resulting \$7 tax and social spending return, WSOS is working collaboratively with Thrive-by-Five and Washington STEM to embark on a collective major gift fundraising strategy around BCG's findings.

ADVOCACY UPDATE

The focus of the government relations and advocacy outreach over the course of the summer and into autumn has been twofold: to collaborate with the various parties involved to finalize the new WSOS board appointments and to educate policymakers about the success of the scholarship program..

Juliette Schindler Kelly, in her role as legislative director for the WSOS, worked closely with Governor Inslee's office to finalize new board candidates and shepherd the appointment process. Juliette also coordinated with Speaker Chopp and Lieutenant Governor Owen and their staff members, to help move forward their appointment recommendations.

This quarter has been a busy time for legislative outreach. To date, Juliette and members of her lobbyist team have met with nearly two dozen legislators as well as policy and caucus staff to update them on highlights of the program and fundraising efforts and, in doing so, remind them of the \$20 million commitment in the budget outlook for the next biennium. Yolanda Watson Spiva, CEO of College Success Foundation has attended key legislator meetings and, since coming on board, Naria participated in a successful meeting with Speaker Frank Chopp. These meetings will continue through the autumn with Naria included in key meetings. From an advocacy perspective, meetings are being scheduled with supporters of the program such as the Deputy Director of WSAC and the Executive Director of the Council of Presidents, Paul Francis. The team has continually invited legislators and staff in the Governor's office to events to meet the Scholars with the highlight being the campus welcomes at the 17 campuses across the state. Throughout the rest of the year, opportunities for legislators and supporters to meet the WSOS Scholars will continue to be arranged.

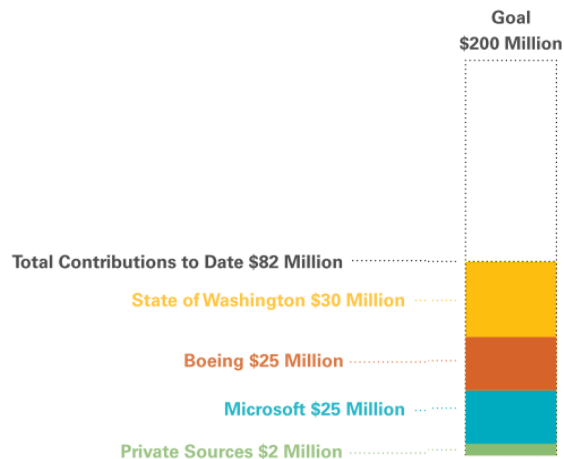
Finally, Naria and Juliette have been developing a plan for the Opportunity Expansion Account Program. Earlier in the year, Juliette consulted with Ken Thompson of the Bill & Melinda Gates Foundation to tap his experience in setting up a grant-making process. Naria and Juliette will build upon these findings and collaborate with key partners to develop a strategy for granting out funds from the Opportunity Expansion fund.

PHASE I: PRIVATE FUNDRAISING STRATEGY

GOAL: \$100M

PREVIOUSLY RAISED: \$52M since 2011

OUTSTANDING TO BE RAISED: \$48M by 2017



PREVIOUSLY DEVELOPED COLLATERAL

- Legislative Reports
- Executive Summary
- Case Statement (currently states \$200M goal by 2021)
- Initial feasibility Study and Research
- WSOS At-A-Glance
- STEM Trio piece

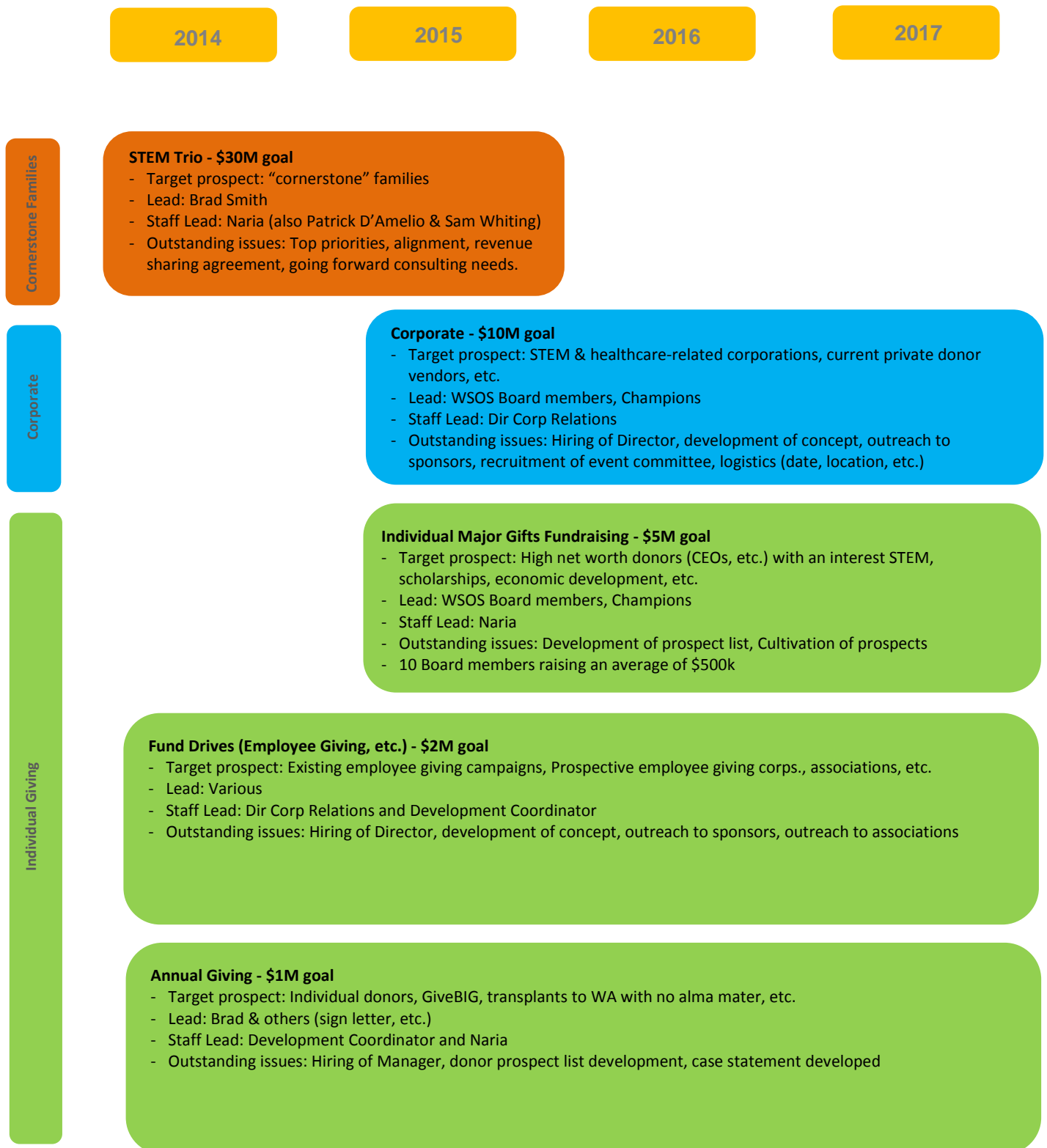
ASSETS

- Very engaged and motivated Board Chair
- Highly visible and connected Board of Directors
- State matching funds
- Scholars are great spokespeople and employment results have been promising
- STEM education in public arena

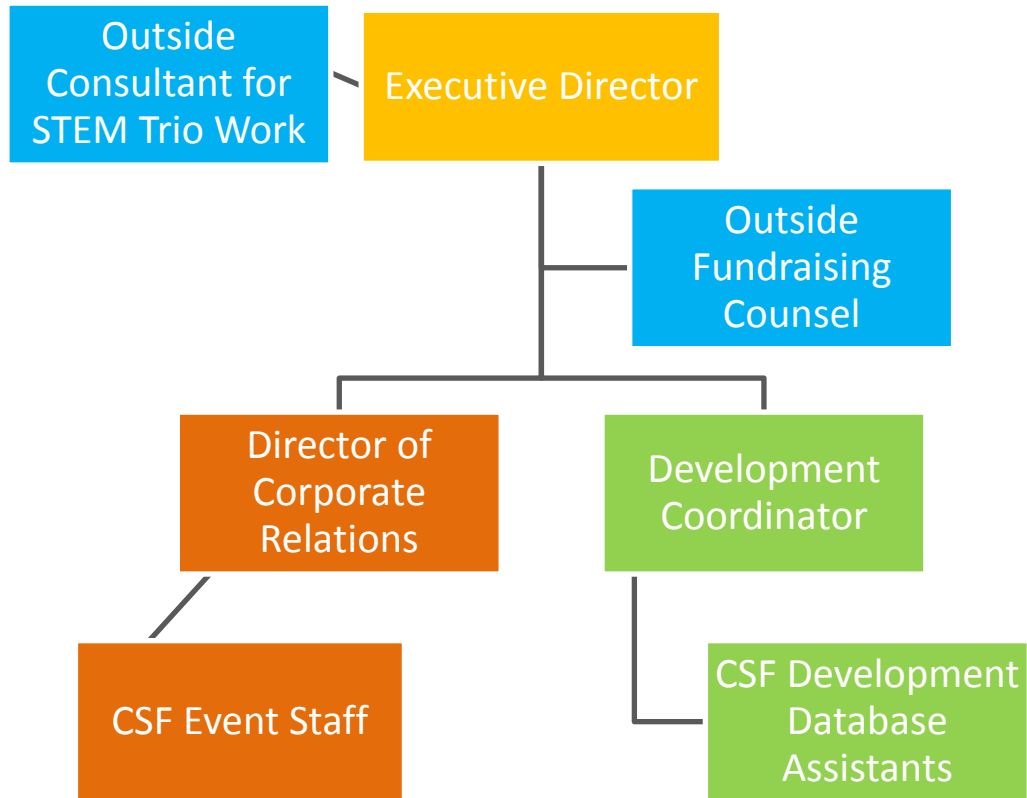
POTENTIAL BARRIERS

- Uncertainty about state funding
- No previously identified donor base
- Need to build out development team
- Full Board not current engaged in fundraising

PROPOSED PHASE I: PRIVATE FUNDRAISING STRATEGY TIMELINE



PROPOSED DEVELOPMENT STAFFING STRUCTURE





WASHINGTON STATE OPPORTUNITY SCHOLARSHIP OVERVIEW

Washington state is a leader in cutting-edge technologies and the industries that create them. A superior quality of life depends upon the investment we make now in the future of our young people. Businesses and the Washington State Legislature joined forces to fulfill the promise of better education and career opportunities for Washington students in high-demand fields by creating the Washington State Opportunity Scholarship (WSOS). This is the first program of its kind in the nation to mitigate the professional skills gap through the strategy of combined college scholarships and wrap-around support services for scholarship recipients.

This unique public-private partnership, including major employers like Boeing and Microsoft, is administered by the College Success Foundation (CSF). Under the leadership of the WSOS Board of Directors and administration of CSF, WSOS supports low- and middle-income students pursuing eligible, high-demand majors in science, technology, engineering and mathematics (STEM) and health care through scholarship and support services, and encourages recipients to work in Washington state once they complete their degrees.

“WSOS did much more for me than simply cover tuition costs; it gave me the financial security I needed to pursue a much more demanding, and ultimately rewarding, degree than I would have been able to otherwise.

--WSOS Grad”

WASHINGTON STATE OPPORTUNITY SCHOLARSHIP ELEMENTS

Who Funds it: Funding comes from a unique public-private partnership which includes private contributions and grants, as well as funding from Washington state government. As of July 15, 2014, paid private contributions totaled \$32.3 million and \$30 million in paid state-matched dollars. Combined with pledged contributions, the public-private total raised is over \$62 million. \$20 million is currently committed in the 2015-2017 budget.

WSOS SUCCESSES

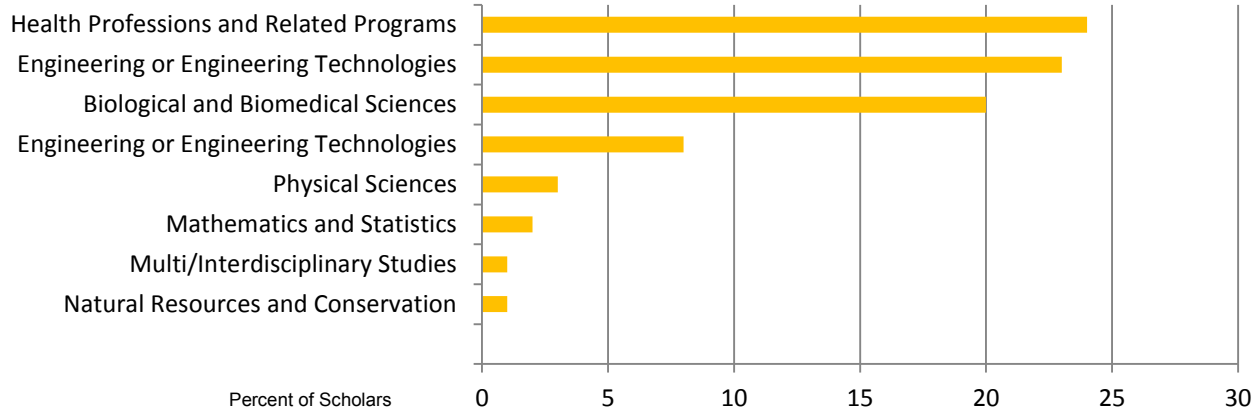
What we know about Cohorts 1 and 2:

- **4,400** Scholars have been awarded scholarships since 2011
- **68** two- and four-year public and private institutions statewide
- **Over 2,500** total Cohort 1 and Cohort 2 scholars enrolled in college full time for the 2013-14 academic year
- **Over 800** Cohort 1 and Cohort 2 scholars have graduated to date
- **Over two-thirds** of WSOS graduates employed in their field or seeking an advanced degree in a high-demand field after completing their bachelor's degree
- **Nearly 90** percent of graduates employed in their field of study who remained in Washington state

WSOS SUCCESSES cont.

Scholars pursued degrees in a variety of programs.

Top Fields of Study for Cohorts 1 and 2



What we know about Cohort 3:

1,261 applicants of diverse backgrounds applied in 2014.

782 Cohort 3 scholars were selected for scholarship awards.

- 36% of Cohort 3 scholars are of races and ethnicities underrepresented in STEM and health care fields.
- 38% Of Cohort 3 scholars are female.
- Cohort 3 scholars come from across the state of Washington.

WSOS Award Structure:

WSOS is renewable for up to five years of college attendance.

First Year	\$2,500
Sophomore	\$2,500
Junior in major program	\$5,000*
Senior	\$7,500**
Fifth Year, if needed	\$5,000



*Offered upon admittance into approved high-demand major to students most likely to persist in completing their degree and when class and lab workload may not allow the option of part-time employment.

**Highest disbursement offered for a student's senior year while near completion, and for a fifth year, if needed, to provide substantial support without allowing longer time than needed.

The WSOS scholarship program will ensure that our state retains its advantage by investing in students who will graduate and obtain jobs in critical science, technology and health care fields. It is poised to make a real difference in the futures of thousands of talented, low- and middle-income students across the state and the in the state's economy.



WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

What Scholars Are Saying



"[Because of the scholarship,] I don't have to work part-time and commute 40 miles a day in order to help my family pay for my college education. Now I can spend more time focusing on school."

Alex Portnova, *Mechanical Engineering*



"In 2010, I underwent liver transplant surgery. Having that kind of clinical viewpoint makes you want to give back to what helped save your life. The Washington State Opportunity Scholarship is helping me pursue my career path in the biomedical field, and following the passion I've had since I was a little kid."

Ameen Kabitaby, *Bioengineering*



"The [Washington State Opportunity] Scholarship has enabled me to go into less debt during my undergraduate education, and take challenging classes without needing to work a lot of hours at the same time."

Molly Gilman, *Health Sciences/Pre-Med*



"The Washington State Opportunity Scholarship is there to support the people who want to get their education in the technologies that are going to change the world."

Patrick McCurry, *Physics*



"To know that there are people out there that say 'yes, I realize the worth of what you're doing,' it means the world to me. I can't thank them enough. I wouldn't be able to do this without the Washington State Opportunity Scholarship."

Thomas Lee, *Mechanical Engineering*



"It's hard when your financial situation takes over everything. If I didn't get this scholarship, I wouldn't be able to go to school."

Natasha Trachsel, *Pre-Med*



"It really is an opportunity scholarship, because instead of worrying about finances and how I'm going to pay bills, I'm able to use the money to find opportunities to develop myself personally and professionally."

Brian Serrano, *Cell and Molecular Biology*



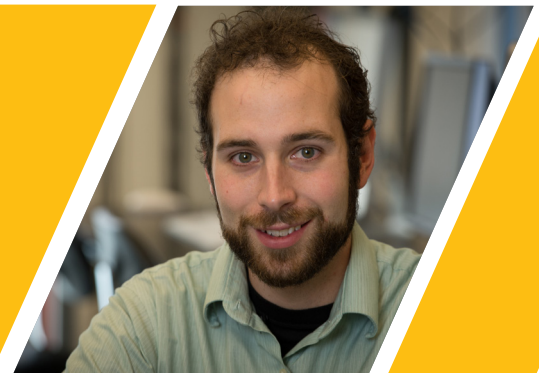
"There are a lot of people I know that are very intelligent and just don't have the means to go to school. By at least helping to provide those means, it gives them a great opportunity, and we can get the next Bill Gates out there. You'd be amazed what some of these people can accomplish with a little bit of help."

Tracy Larson, *Mechanical Engineering*



"Working and going to school puts a large damper on getting good grades and also just learning the material and being able to retain it. Having a scholarship available gives me that freedom and allows me to put time into my academics."

Ben Griffith, *Electrical Engineering*



Tab F

WSOS 9/23/14 Finance Committee Meeting Minutes & Materials

Executed Interagency Agreement between WSIB and College
Success Foundation



DRAFT
Investment & Finance Committee Meeting
Minutes

Tuesday, September 23 2014

Teleconference

Members Present: Mack Hogans, Theresa Gillespie, Bob Moser, Joe Gaffney, Peter Harvey, Beau Damon (for George Zinn)

Others Present: Allyson Tucker (WSIB);
Naria Santa Lucia, Paul Kruglik, John Sparks (CSF)

Mack Hogans called the meeting to order at 1:02 pm, introduced the new WSOS Executive Director, Naria Santa Lucia, and asked the remaining attendees to self-introduce.

Bob Moser moved and Joe Gaffney seconded the approval of the minutes of the June 17, 2014 Committee meeting, and the motion carried.

Mack H. praised Alyson Tucker, Senior Investment Officer for Risk Management and Asset Allocation, WSIB for her helpful role in preparing the WSOS investment policy and getting it approved by the WSOS and WSIB Boards. The WSIB Board approval of the WSOS investment policy on 9/18/2014 went well with no questions and with agreement that the objectives were good.

Mack H. asked Alyson T. what the next steps are in the WSOS investment process at WSIB. Alyson T. will send out the signed investment policy and WSIB memo to the Committee and activities will continue among WSIB staff to finalize the investment contracts and operational procedures for WSOS investments at WSIB. Alyson T. stated that they expect funds to be transferred from College Success Foundation (CSF) by the end of the week and they are awaiting the final funding numbers from CSF. She explained they are proceeding at this point based on the following assumptions:

1. WSOS will send the private contributed funds for investment. WSOS (CSF) will hold the State match funds until the ruling from the Attorney General regarding allowable investments for these funds is received.
2. The Scholarship Funds to be invested are expected to range from \$15M to \$30M. The WSOS Finance and Investment Committee will decide how much should be held as cash. The Endowment Funds are expected to be approximately \$10M.

Paul Kruglik estimated the funds to be invested at \$24M total and expects the wire transfer to WSIB to be made on Thursday, 9/25/2014. He will notify the Committee when the transfer occurs.

Peter Harvey asked for an update from Joe G. on the Attorney General ruling on WSOS investment of State match funds. Naria SL said she had drafted a letter from Brad Smith, Board Chair, to the Attorney General to request a ruling. Joe G. said Dave Stolier, Assistant Attorney General for WSOS, stated WSOS will get a ruling and expects the desired authority to invest State funds to be received, though there is no guarantee.

The procedure for paying WSIB investment management fees was discussed. Per Alyson, fees for the Scholarship Fund investments will be deducted from the Scholarship Fund investment proceeds. However, there is still an open question as to whether Endowment Fund fees will be handled in the same manner or whether CSF will separately wire funds to pay for the Endowment Fund investment management fees. Alyson T's belief that we would prefer the latter method is based on her assumption that WSOS would not want to invade the corpus of Endowment Fund to pay for management fees in instances where unrealized losses threaten to drop the level of the Endowment below the contributed corpus amount. Alyson T. stated that the fees are a small amount (7.5 bps), and it is simplest to pay the fees from the Endowment Fund but she wants a WSOS decision on how to proceed.

Peter H. commented WSOS is allowed to go below corpus under UPMIFA rules. Beau Damon stated fund managers tend like to look at performance net of fees and therefore this is a good reason to take the fees from the Endowment. Other committee members and Paul K. agreed that it is simplest and makes the most sense to deduct the fees from the Endowment. Mack H. said that the Committee would decide the question in Executive Session and get back to Alyson T.

Alyson T. stated three contracts require signature by WSOS. One of the contracts is the agency agreement between the WSOS Board and WSIB. Two of the contracts are from Blackrock to serve as the external trust fund managers for the Scholarship and Endowment Funds. These require the signature of Larry Wright, CSF, as owners of the funds. Dave Sharp and Joe G. have reviewed these contracts for legal form and sufficiency but the Committee had some questions about them. Bob M. stated that the attachment regarding compensation (Item 18, dealing with fees) mentioned in the Blackrock contracts were not included with the contract and Joe G. confirmed that he had not seen them either. In addition, Item 21 refers to the formation of a California trust. Alyson T. stated she would speak with the WSIB contracts manager. [A response from John Lynch, WSIB, was forwarded by Alyson T. to the Committee after the meeting explaining how Washington and California trust law applies to the Blackrock contracts.]

Alyson T. reiterated the items she needed to follow up on following the meeting and left the meeting at 1:47 pm.

Paul K. presented the financial report and reviewed the balance sheet as of 8/31/2014, the income statement fiscal YTD 8/31/2014, and the cash flow statement inception to date. He also explained the \$25M State match payment is anticipated this week. He briefly touched on the projection discussed at the June Committee meeting explaining that it had not changed since that meeting.

Peter H. commented that "Program Administrator and Marketing" expenses of \$3.8M mentioned on the report is high (over 1/3 of the scholarship expense expenses) and, if this represents administrative expenses, then they are very high compared to the program (scholarship) expenses and could present a public relations issue for WSOS. Mack H. said he thought that a lot of the "Program Administrator and Marketing Expenses" were actually for program "wrap around" expenses of serving students. Paul K. stated he would follow up by providing the Committee with a more granular breakdown of the numbers including support services and would revise the report format for the next quarter.

Mack H. raised the question as to why the WSOS Board meeting had been postponed from September to October 29th. Theresa G. explained that new members had not yet signed up for the WSOS Board and that there was not a quorum to conduct business.

Regarding the Endowment Fund management fees question raised by Alyson T, Mack H. suggested that the fees be deducted from the Endowment itself. The Committee members concurred and Paul K. said he would draft a document for WSIB to explain that WSOS wants the fees paid in this manner.

The meeting adjourned and the Committee went into Executive Session at 1:58 pm.



Agenda

WSOS Investment & Finance Committee Meeting - Telephonic

September 23, 2014, 1-2pm

Call-in: 877.384.6131 PIN 7100

- | | |
|--|----------------|
| 1. Call to Order | Mack Hogans |
| 2. Approval of the 6.17.14 Minutes | Mack Hogans |
| 3. WSIB Presentation & Discussion | Allyson Tucker |
| 4. Signing Authorities – Resolutions required? | Mack Hogans |

WSOS Investment Committee and CSF Staff:

- | | |
|-----------------------|--------------|
| 5. Financial Update | Paul Kruglik |
| 6. Legislative Update | Joe Gaffney |
| 7. Executive Session | Mack Hogans |
| 8. Adjourn | Mack Hogans |

NEXT MEETING: TBD, prior to December 18, 2014



Minutes

WSOS Investment & Finance Committee

June 17, 2014, 9 am

Puget Sound Energy Corporate Office, 11th Floor, 10885 NE 4th Street, Bellevue
Call-in: 877.384.6131 PIN 7100

Members Present: Mack Hogans, Theresa Gillespie
Carolyn Kelly, Joe Gaffney, and Peter Harvey - via speakerphone

Others Present: Dufie Addo, Allyson Tucker (WSIB)
Paul Kruglik, Maxine Sellers, John Sparks, Debra Weiss Wilson, Larry Wright (CSF)

Mack Hogans called the meeting to order at 9:04am and invited the group to self introduce.

Joe Gaffney moved and Theresa Gillespie seconded the approval of the Minutes of the 5.29.14 meeting. The motion carried.

Hogans invited Allyson Tucker of WSIB to present the investment policy she drafted following input from the committee at the last meeting. Tucker thanked the group for the very helpful information received from CSF, as well as substantive conversations with committee members. She anticipates no surprises in offering the policy draft. She began by explaining the following underlying assumptions:

1. It appears a \$30-40M liquid pool is required to fund committed scholarships. Larry Wright explained the number of scholarships offered is not determined by legislation, so that number can be adjusted, as necessary, according available funding.
2. The scholarship fund will fund all scholarships and program expenses. The endowment fund will build up funds for future use.
3. State match funds are constitutionally restricted in both funds at this time, and under current restrictions, they must be invested in commercial banks only. Gaffney reported that an opinion on this interpretation is expected from the Attorney General, hopefully within six months. Peter Harvey recommended that language be added to the policy which indicates that state funds will be used if an opinion is issued that allows them to be treated and invested within WSIB the same as WSOS private funds. Tucker affirmed state match funds for now will be distributed according to the projection schedule the committee provided prior to the meeting.
4. The endowment account will tolerate higher risk than the scholarship account.

The committee agreed with the assumptions as stated. Tucker then reviewed the draft Policy, which was provided to the committee prior to the meeting.

Bond fund performance information was requested by the committee, which Tucker will provide following the meeting.

Wright reported the WSOS board has set a fundraising goal of \$25M for the endowment account.

It was suggested the committee consider the Policy asset allocation be reviewed annually. Tucker said this will automatically happen every four years, or sooner upon request. She has committed to meet with the committee at least annually to review any changes, at which time an asset allocation review can be triggered.

The committee expressed support for the policy with the modifications mentioned earlier. Harvey moved and Carolyn Kelly seconded that the Investment & Finance Committee recommend approval of the Policy by the full WSOS board on June 25, 2014.

Following notification of that approval, Tucker will initiate reporting, all of which is publically available on the state web site. CSF will ensure donors' privacy is protected in the information provided to the WSIB. The next WSIB meeting is scheduled for 9/18/14, at which time this Policy will be presented for approval.

WSIB representatives left the meeting at 9:50am.

Wright asked for confirmation of the set of documents the committee would like to see going forward as matter of course for full board meetings. Committee members confirmed the following are sufficient: Balance Sheet, Income Statement and Statement of Cash Flow.

May financials will be provided to the 6/25/14 full board meeting but will be distributed to committee members ahead of time for their review.

John Sparks reviewed the financials as provided in the packet. Wright reported Microsoft, via Brad Smith, has agreed to the transfer of Microsoft-donated funds from the endowment fund to the scholarship fund, as discussed by the committee previously. This will be reported to the full WSOS board at the June meeting.

CSF reported the over payment of Administrator expenses has been repaid to the WSOS account. The new (2014-16) Administrator contract between WSOS and CSF will require that Administrator expenses be projected quarterly.

CSF anticipates hiring a WSOS Executive Director, upon approval of the WSOS board, with the assistance of Waldron HR, hopefully in July 2014.

The committee moved into Executive Session at 10:20am and adjourned at 10:45am.



Investment & Finance Committee Report September 23, 2014

Investment Balances and Income As of August 31, 2014:

The following is a Summary of Investments showing **Investment Asset Balances** as of August 31, 2014, as well as **Investment Income** for the Two Months Ended August 31, 2014.

Two Months Ended August 31, 2014, total Investment Income of \$10,694 is unfavorable to Budget by (\$74,921). Investment returns have continued to be low and unfavorable to budget, due to keeping both Scholarship and Endowment investments in short term money market funds and bank CDs that are FDIC insured pending hiring of WSIB as the new investment manager. Investment Income of \$10,694 is due primarily to gains on investments in CDs that have a purchased yield of 2– 30 bpts.

	WSOS Scholarship Investments	WSOS Endowment Investments	Total Combined
<u>Investment "Asset Balances" As Of August 31, 2014</u>			
US Bank	\$ (212,588)	\$ -	\$ (212,588)
Oppenheimer	20,217,169	7,974,769	28,191,938
Total Market Value	\$20,004,581	\$7,974,769	\$27,979,350

Investment "Income (Loss)" Two Months Ended August 31, 2014

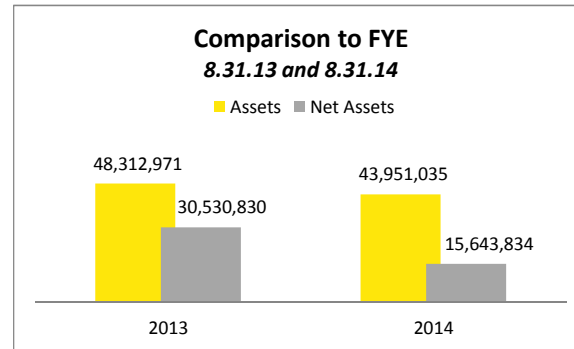
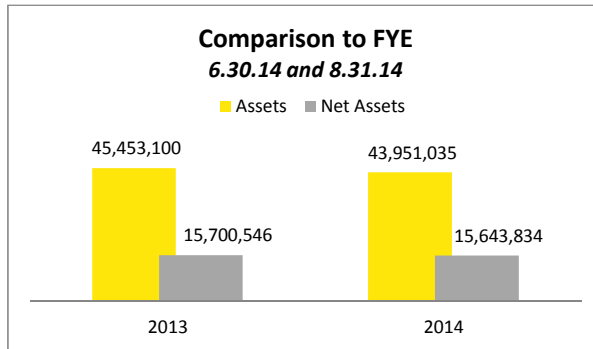
Net Investment Income (Loss)	\$5,252	\$5,442	\$10,694
Budgeted Net Investment Income (Loss) ⁽¹⁾	1,000	84,615	85,615
YTD Variance Fav (Unfav)	\$4,252	(\$79,173)	(\$74,921)

⁽¹⁾ Budgeted Net Investment Income is based on the original 2013/14 Budget which assumed that WSOS would have engaged a new Investment Manager to manage investments and earn a higher rate of return. However, the hiring of Washington State Investment Board (WSIB) as Investment Manager has been tentatively deferred until October 1, 2014 due to late approval of the State legislation authorizing WSIB as the Investment Manager and WSIB conversion, set-up process, and timing constraints. The WSIB Board approved the WSOS investment policy and strategic asset allocation recommendations on September 18, 2014.



**Washington State Opportunity Scholarship
Comparative Balance Sheets
Period Ending August 31, 2014**

	Comparison to FYE			Comparison to same period LFY		
	6/30/14	% Change	8/31/14	8/31/13	% Change	8/31/14
Assets						
Cash	1,357,640	-116%	(212,588)	1,799,771	-112%	(212,588)
Investments	28,163,081	0%	28,191,938	22,164,246	27%	28,191,938
Pledges Receivable	15,932,379	0%	15,971,685	24,348,954	-34%	15,971,685
Total Assets	45,453,100		43,951,035	48,312,971		43,951,035
Liabilities and Net Assets						
Accounts Payable	354,277	-7%	330,266	134,172	146%	330,266
Scholarship Commitments	29,398,277	-5%	27,976,935	17,647,969	59%	27,976,935
Total Liabilities	29,752,554	-5%	28,307,201	17,782,141	59%	28,307,201
Total Net Assets	15,700,546	0%	15,643,834	30,530,830	-49%	15,643,834
Total Liabilities and Net Assets	45,453,100	-3%	43,951,035	48,312,971	-9%	43,951,035





Washington State Opportunity Scholarship
Income Statement for the Two (2) Months Ending August 31, 2014

Actual vs Budget | Prepared on Accrual Basis

	Two months ending August 31, 2014			FYE June 30, 2015
	Actual	Budget	Variance Fav (Unfav)	Annual Budget
Revenue				
Private	\$ 104,865	\$ 1,666,667	\$ (1,561,802)	\$ 20,000,000
Public	-	-	-	-
Investment Income	10,695	132,324	(121,629)	288,816
Total Revenue	115,560	1,798,991	(1,683,431)	20,288,816
Expense				
Scholarship	1,421,342	1,937,923	516,581	11,977,889
Salaries and Benefits	20,918	120,669	99,751	724,013
Program Other Direct	15,025	46,617	31,592	279,499
Allocated Indirect Overhead	3,974	23,885	19,911	143,311
Professional Fees	118,339	137,870	16,531	809,219
Total Expense	1,579,598	2,266,964	684,366	13,933,931
Net Income (Loss)	\$ (1,464,038)	\$ (467,973)	\$ (999,065)	\$ 6,354,885



Cash Flow and Reconciliation to Net Assets
Inception-To-Date
Through August 2014

Inception -- August 2014

CASH FLOW

Cash Inflows:

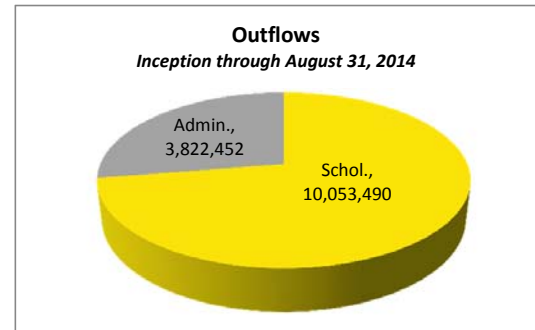
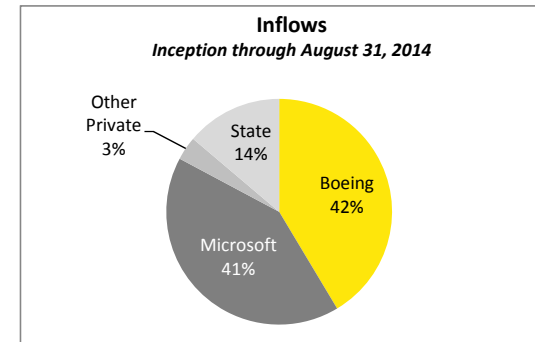
	Scholarship	Endowment	Total
Boeing	7,500,000	7,500,000	15,000,000
Microsoft	20,000,000		20,000,000
Other Private	1,366,108	461,499	1,827,607
State	5,000,000	-	5,000,000
Investment Income	14,414	13,271	27,685
Total Cash Inflows	33,880,522	7,974,770	41,855,292

Cash Outflows:

Scholarships	(10,053,490)	-	(10,053,490)
Program Administrator and Marketing	(3,822,452)	-	(3,822,452)
Total Cash Outflows	(13,875,942)	-	(13,875,942)

Net Cash Flow Inception-To-Date & Balance of Cash & Investments May 31, 2014

	20,004,580	7,974,770	27,979,350
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WSOS Cash Flow Projection Summary

2011 - 2013 Actual / 2014 Budget / 2015 - 2026 Projected

As of September 18, 2014

	2011-2013 Actual	2014 Budgeted	Balance at October 2014	2015P	2016P	2017P	2018P	2019P	2020-2026P	2011-2026 Total
Endowment Account										
Revenue										
Cash Contributions										
Private	\$ 5,000,000		\$ 5,000,000							\$ 5,000,000
State Match										
Pledge Payments										
Private	2,500,000	2,500,000	5,000,000	2,500,000						7,500,000
State Match (2014 Appropriated; 2015 on, projected)		7,500,000	7,500,000	2,500,000	2,500,000					12,500,000
Total Endowment Fund Receipts	7,500,000	10,000,000	17,500,000	5,000,000	2,500,000	-	-	-	-	25,000,000
Expense										
Endowment Account Expenses	-	-	-	-	-	-	-	-	-	-
Annual Net Cash Flow (Endowment)	7,500,000	10,000,000	17,500,000	5,000,000	2,500,000	-	-	-	-	25,000,000
Scholarship Account Account										
Revenue										
Cash Contributions										
Private	15,359,568		15,359,568	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000		65,359,568
State Match	5,000,000		5,000,000							5,000,000
Pledge Payments										
Private	7,500,000	7,500,000	15,000,000	7,500,000						22,500,000
State Match (2014 Appropriated; 2015 on, projected)		17,500,000	17,500,000	7,500,000	17,500,000	10,000,000	10,000,000	10,000,000	10,000,000	82,500,000
Total Scholarship Fund Receipts	27,859,568	25,000,000	52,859,568	25,000,000	27,500,000	20,000,000	20,000,000	20,000,000	10,000,000	175,359,568
Expense										
Scholarships	2,893,813	5,694,917	8,588,730	11,637,525	11,358,374	10,546,451	10,296,258	10,104,201	70,351,547	132,883,085
Program Operations (WSOS and CSF, Marketing)	1,921,122	2,000,000	3,921,122	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	9,450,000	22,621,122
TOTAL EXPENSE	4,814,935	7,694,917	12,509,852	13,487,525	13,208,374	12,396,451	12,146,258	11,954,201	79,801,547	155,504,207
Annual Net Cash Flow (Scholarship)	23,044,633	17,305,083	40,349,716	11,512,475	14,291,627	7,603,549	7,853,742	8,045,799	(69,801,547)	19,855,361

WSOS Cash Flow Projection Summary

2011 - 2013 Actual / 2014 Budget / 2015 - 2026 Projected

As of September 18, 2014

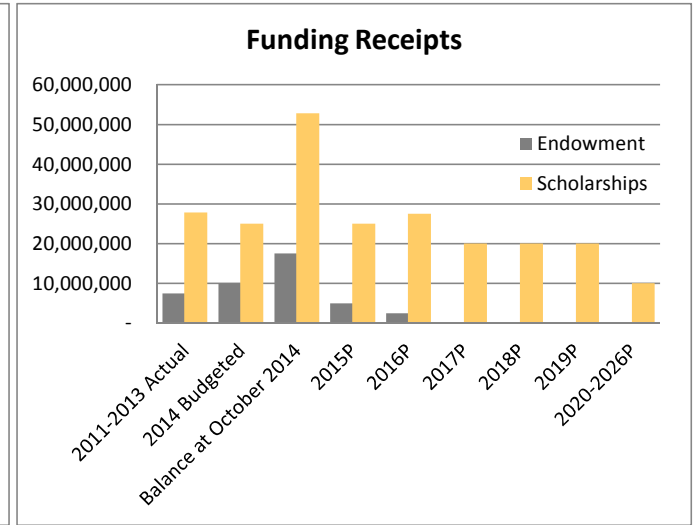
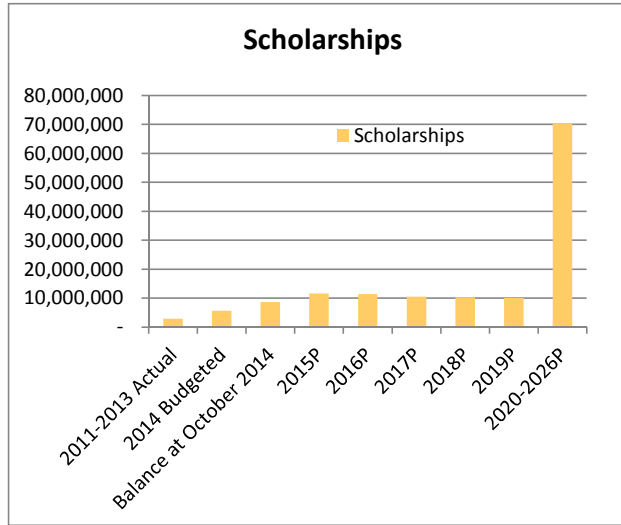
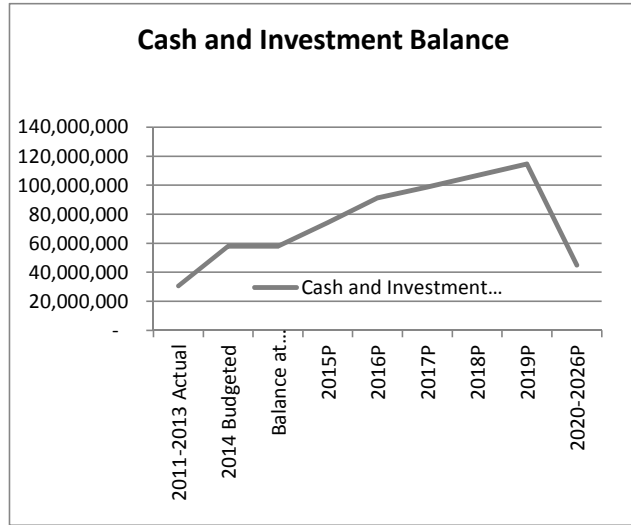
	2011-2013 Actual	2014 Budgeted	Balance at October 2014	2015P	2016P	2017P	2018P	2019P	2020-2026P	2011-2026 Total
Consolidated										
Annual Net Cash Flow (Combined)	30,544,633	27,305,083	57,849,716	16,512,475	16,791,627	7,603,549	7,853,742	8,045,799	(69,801,547)	44,855,361
Cash and Investment Balance	30,544,633	57,849,716	57,849,716	74,362,191	91,153,818	98,757,366	106,611,109	114,656,908	44,855,361	

WSOS Cash Flow Projection Summary

2011 - 2013 Actual / 2014 Budget / 2015 - 2026 Projected

As of September 18, 2014

2011-2013 Actual	2014 Budgeted	Balance at October 2014	2015P	2016P	2017P	2018P	2019P	2020-2026P	2011-2026 Total
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Notes/Assumptions

1. Contributions and pledge payments shown on a cash basis (WSOS books maintained on accrual basis).
2. All Scholarship and Program Operations expenses are paid from the Scholarship Fund.
3. Investment earnings (not shown) depend on portfolio assumptions.
4. Scholarships cash flow is a combination of disbursements made: awards commtted; and unawarded projections.
5. Endowment earnings can be released for scholarship use, but only according to strict criteria set by the WSOS legislation.

**INTERAGENCY AGREEMENT
BETWEEN
THE OPPORTUNITY SCHOLARSHIP BOARD
AND
THE STATE INVESTMENT BOARD**

THIS AGREEMENT is made and entered into by and between the Opportunity Scholarship Board (OSB) and the State Investment Board (SIB).

IT IS THE PURPOSE OF THIS AGREEMENT is to set forth the mutual understanding of the parties regarding the implementation of [RCW 28B.145.090](#) whereby the OSB has elected to have the SIB invest the funds in the scholarship account and the endowment account described in [RCW 28B.145.030\(2\)](#), known collectively for purposes of this agreement as the "Accounts." Assets in the Accounts may be commingled for investment with other funds invested by the SIB.

The goal of the relationship memorialized by this agreement is to ensure clear communication between the parties with respect to the investment of the funds in the Accounts to achieve a maximum return on those investments at a prudent level of risk.

Members of the State Investment Board shall not be considered an insurer of the funds nor the assets in the Accounts, nor shall they be liable to the state, to the OSB or to any other person as a result of their activities as State Investment Board Members, whether ministerial or discretionary, except for willful dishonesty or intentional violations of law.

The OSB is responsible for tracking and maintaining the corpus of endowment funds and ensuring all legal restrictions regarding grants, private donations, or other legal stipulations are adhered to.

THEREFORE, IT IS MUTUALLY AGREED THAT:

- *Standard of Care* applicable to the WSIB's investment management of the accounts is that set forth in [RCW 43.33A.140](#), to wit, with reasonable care, skill, prudence and diligence under circumstances then prevailing which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an activity of like character and purpose.
- *Investment Objectives.* In accord with [RCW 43.33A.110](#) the accounts in the portfolio will be managed to achieve a maximum return at a prudent level of risk. The determinant shall be identifying the level of risk relative to the needs of the OSB. Based upon the needs requirement of the OSB, the order of investment objectives for the SIB shall be:
 - Maintain the financial stability of the Washington State Opportunity Scholarship Program;
 - Ensure the availability of sufficient assets to fund the scholarship goals of the Washington State Opportunity Scholarship Program over a ten-year time horizon;
 - Subject to the two prior objectives, manage the assets to achieve a maximum return at a prudent level of risk; and,
 - Invest in a manner that will not compromise confidence in the Washington State Opportunity Scholarship Program.

- *Performance Objectives.* Performance of the investment portfolio by the SIB shall be judged relative to the investment objectives, the risk constraint standards, and the investment approach. The performance objectives are intended to provide the SIB and the OSB with benchmarks adequate to measure the investment policy and the guidelines.
- *Risk Constraint Standards.*
 - All assets under SIB management are to be invested to maximize return at a prudent level of risk in accord with the requirements of [RCW 43.33A.110](#) and [RCW 43.33A.140](#) subject to the unique risk tolerances of the Washington State Opportunity Scholarship Program;
 - No corporate fixed income issue's cost shall exceed 3 percent of the Accounts' market value at the time of purchase, nor shall its market value exceed 6 percent of the Accounts' market value at any time; and,
 - Assets in the Accounts shall be diversified at prudent levels to moderate fluctuations in the market value of the Washington State Opportunity Scholarship Program.
- *Asset Allocation.*

The asset allocation mix in the Accounts will be reviewed every four years, or sooner should there be significant changes in markets, program size or liabilities. The SIB staff will meet at least annually with the OSB to review the investment portfolio and the financial status and goals of the Washington State Opportunity Scholarship Program. The SIB has delegated to the WSIB Executive Director the authority to rebalance the asset allocation compliant with procedures established by the SIB.

Assets in the Accounts will be rebalanced across asset classes when market values of the assets fall outside investment policy ranges. The timing of the rebalancing will be based upon market opportunities and the consideration of transaction costs and, therefore, need not occur immediately.

SIB RESPONSIBILITIES

The SIB is responsible for approving the investment policy for the Accounts and establishing the investment objectives, risk standards and asset allocation for the Accounts.

The SIB's Public Markets Committee is responsible for reviewing the structure, strategy and performance of the Accounts.

The SIB staff is responsible for recommending enhancements and changes to the investment policy to the Public Markets Committee as well as implementing policy, managing the assets, rebalancing the asset allocation, and reporting performance and policy compliance to the Public Markets Committee, the Washington State Investment Board, and the OSB Investment and Finance Committee.

INVESTMENT AND OPERATING COSTS

All investment and operating costs associated with the investment of the assets in the Accounts shall be paid in accordance with [RCW 43.33A.160](#) and [RCW 43.84.160](#). With the exception of these expenses, all earnings from the investment of the assets in the Accounts shall be retained by the Accounts. The OSB shall prepay estimated operating and other direct payment expenses for a one year period. The WSIB shall deposit the prepaid funds to a custodian account selected specifically for fee payment purposes and will provide to the OSB a quarterly accounting of the fees charged. In the event the estimated prepayment amount is less than the actual fees

charged, OSB shall make additional deposits to cover anticipated shortages. In addition, fees for investment management purposes of commingled investment trust funds will be paid by OSB at least quarterly in arrears. Overdraft charges incurred on OSB custody accounts, if any, shall also be paid by OSB as incurred.

PERIOD OF PERFORMANCE

Subject to its other provisions, the period of performance of this Agreement shall commence on September 25, 2014 or date of execution, whichever comes later, and remain in effect until terminated by the parties as provided herein.

RECORDS MAINTENANCE

The parties to this Agreement shall each maintain books, records, documents and other evidence that sufficiently and properly reflect all direct and indirect costs expended by either party in the performance of the service(s) described herein. These records shall be subject to inspection, review or audit by any of the parties to the Agreement, other personnel duly authorized by the parties, the Office of the State Auditor, and federal officials so authorized by law. All books, records, documents, and other material relevant to this Agreement will be retained for six years after expiration and the Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period.

Records and other documents, in any medium, furnished by any party to this Agreement to another party, will remain the property of the furnishing party, unless otherwise agreed. The receiving party will not disclose or make available this material to any third parties without first giving notice to the furnishing party and giving it a reasonable opportunity to respond. All parties will utilize reasonable security procedures and protections to assure that records and documents provided by any party are not erroneously disclosed to third parties.

RIGHTS IN DATA

Unless otherwise provided, data that originates from this Agreement shall be “works for hire” as defined by the U.S. Copyright Act of 1976 and shall be owned by the originating party. Data shall include, but not be limited to, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. Ownership includes the right to copyright, patent, register, and the ability to transfer these rights.

INDEPENDENT CAPACITY

The employees or agents of each party who are engaged in the performance of this Agreement shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other parties to this Agreement.

AGREEMENT ALTERATIONS AND AMENDMENTS

This Agreement may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

TERMINATION

Either party may terminate this Agreement upon thirty (30) days’ prior written notification to the other party. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

TERMINATION FOR CAUSE

If, for any cause, either party does not fulfill in a timely and proper manner its obligations under this Agreement, or if either party violates any of these terms and conditions, the aggrieved party will give the other party written notice of such failure or violation. The responsible party will be given the opportunity to correct the violation or failure within fifteen (15) working days. If failure of violation is not corrected, this Agreement may be terminated immediately by written notice of the aggrieved party to the other.

DISPUTES

In the event that a dispute arises under this Agreement, the parties agree that it shall be determined by a Dispute Board in the following manner: Each party to this Agreement shall appoint one member to the Dispute Board. The members so appointed shall jointly appoint two additional members to the Dispute Board. The Dispute Board shall review the facts, agreement terms, and applicable statutes and rules and make a determination of the dispute. The determination of the Dispute Board shall be final and binding on the parties.

GOVERNANCE

This Agreement is entered into pursuant to and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws.

In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

1. Applicable state and federal statutes and rules;
2. This Agreement setting out the performance requirements for each party; and
3. Any other provisions of the Agreement, including materials incorporated by reference.

ASSIGNMENT

The funding and work to be provided under this Agreement, and any claim arising under the Agreement, shall not be assigned nor delegated by either party in whole or in part, without the express prior written consent of the other parties, which consent shall not be unreasonably withheld.

WAIVER

A failure by either party to exercise its rights under this Agreement shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in a writing signed by an authorized representative of the party and attached to the original Agreement.

SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this agreement, and to this end the provisions of this Agreement are declared to be severable.

ALL WRITINGS CONTAINED HEREIN

This Agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

DESIGNATED CONTACTS

The following named individuals will serve as designated contacts for each of the parties, for all communications and billings regarding the performance of this Agreement:

WSIB Contact – Senior Investment Officer, Risk Management and Asset Allocation, Washington State Investment Board, PO Box 40916, Olympia, WA 98504-0916, 360-956-4673.

OSB Contact –Chief of Staff, Washington State Opportunity Scholarship, 1605 NW Sammamish Road, Suite 200, Issaquah, WA 98027, 425-679-5550.

IN WITNESS WHEREOF, the parties have executed this Agreement.

OPPORTUNITY SCHOLARSHIP BOARD

WASHINGTON STATE INVESTMENT BOARD

DocuSigned by:
Brad Smith
9B3FDE1EB1404F0...
Signature

DocuSigned by:
Theresa Whitmarsh
5637CD45D5B1424...
Signature

Brad Smith
Chairman

Theresa Whitmarsh
Executive Director

9/23/2014
Date

9/23/2014
Date

Tab G

The Boston Consulting Group presentation on Investing in
Washington's STEM Education Pipeline



Investing in Washington's **STEM Education Pipeline**

WSOS Board Presentation

October 29, 2014

THE BOSTON CONSULTING GROUP

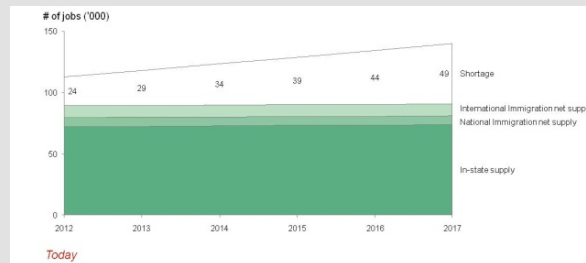
BCG in Seattle: Committed to impact

BCG Seattle office opened in 2012



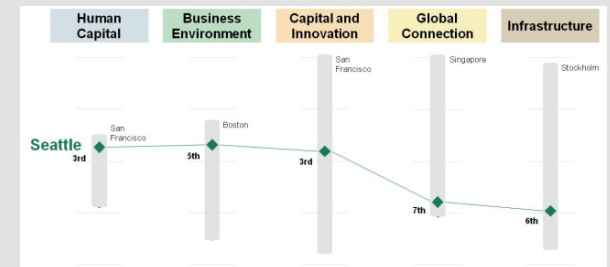
- 20 year track record working with local clients
- ~30 consultants and staff in Seattle
- Seattle was BCG's 77th office opened globally (now at 82 total)
- BCG is a \$3.5B global consultancy covering strategy, operations, and organizational topics

Job Skills Gap Report



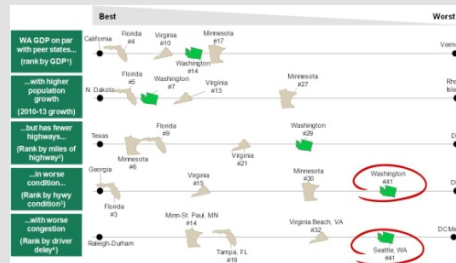
- "25K → 50K unfilled jobs"
- Work w/ Washington Roundtable
- Published in 2013

Seattle's Global Competiveness



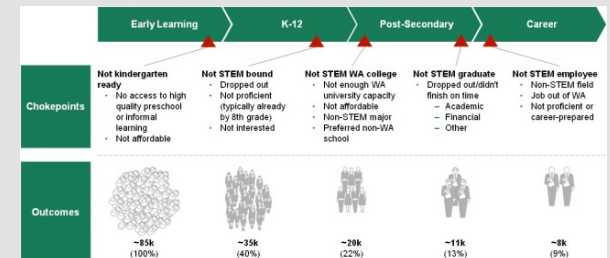
- "#5 of 8 vs. peer cities"
- Global Cities Initiative w/ JP Morgan, Brookings, Seattle Chamber

Transportation Infrastructure



- "7-10x ROI on key projects"
- Work w/Washington Roundtable
- To be published in 2014

Washington's STEM Pipeline



- "90% leakage in STEM pipeline"
- In partnership with STEM Trio
- To be published in 2014

Human Capital is a key driver of global competitiveness

(from BCG study on Regional Competitiveness)



Human Capital



Business Environment



Capital and Innovation Ecosystem



Infrastructure



Global Connectedness

The ability to build, attract and retain talent is responsible for driving innovative solutions, improving productivity and attracting top companies

- "Talent will be the most important determining factor of a city's ability to compete at global level", Enrique Rueda-Sabater, BCG Senior Advisor & former World Bank Director

Seattle ranks below comparable global cities, such as San Francisco or Vancouver, with great demographics, livability and companies hindered by **weaker education**

- Highly **dependent on educated imports** for jobs
- **In K-12, WA ranks 15th** in reading and **7th** in math among states in NAEP, yet variability across districts and declining public school spending (down to 28th) anticipates **issues**
- **University of Washington** is highly recognized (#12 in research citations), but it is the **only one** in "Top 200"

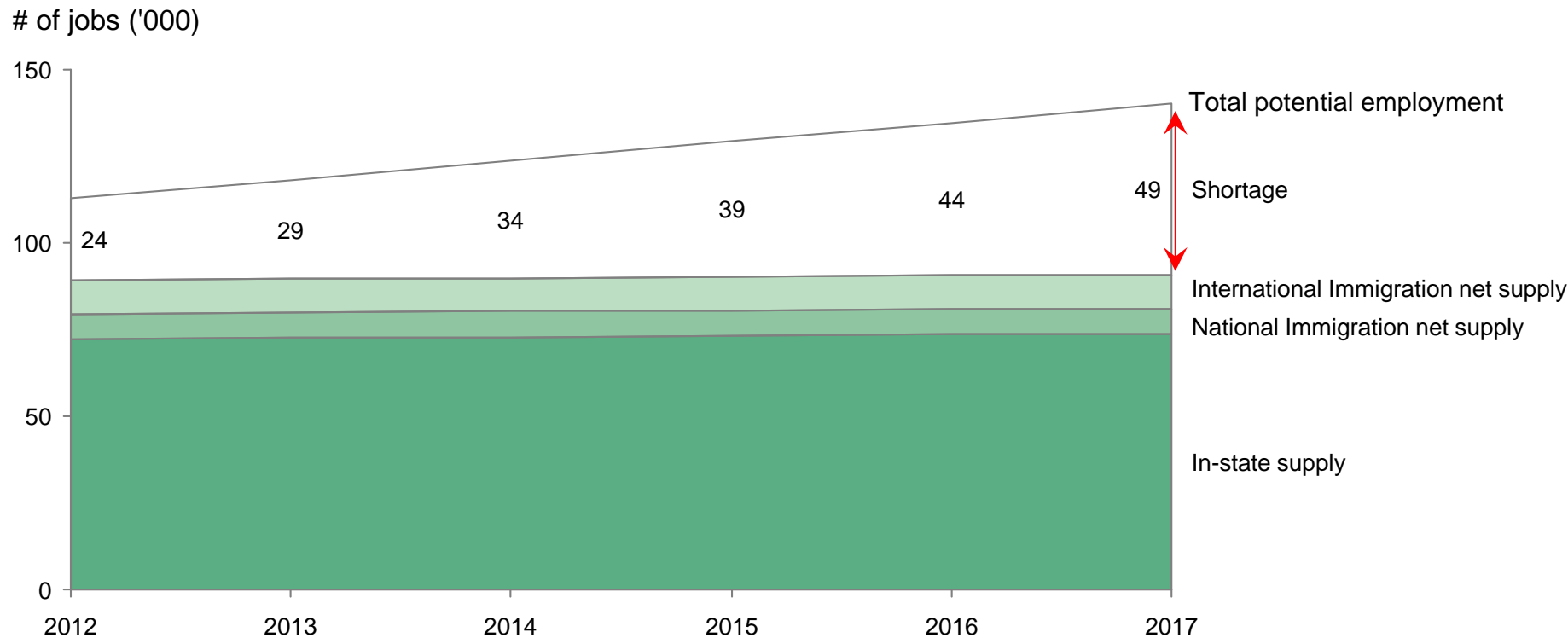
Within human capital, **STEM** has a significant impact on economic development

- It's not just about high tech, STEM is a capability that will be required to compete in every industry, from Spokane agriculture to Moses Lake manufacturing

Investing in STEM education can be our ultimate **legacy**, making **Seattle/WA a world-class Human Capital hub** for generations to come

There are great jobs in Washington State but we lack the skilled workers to fill them *(from Skills Gap study)*

Projection of total unmet skill shortages vs. Annual supply of talent

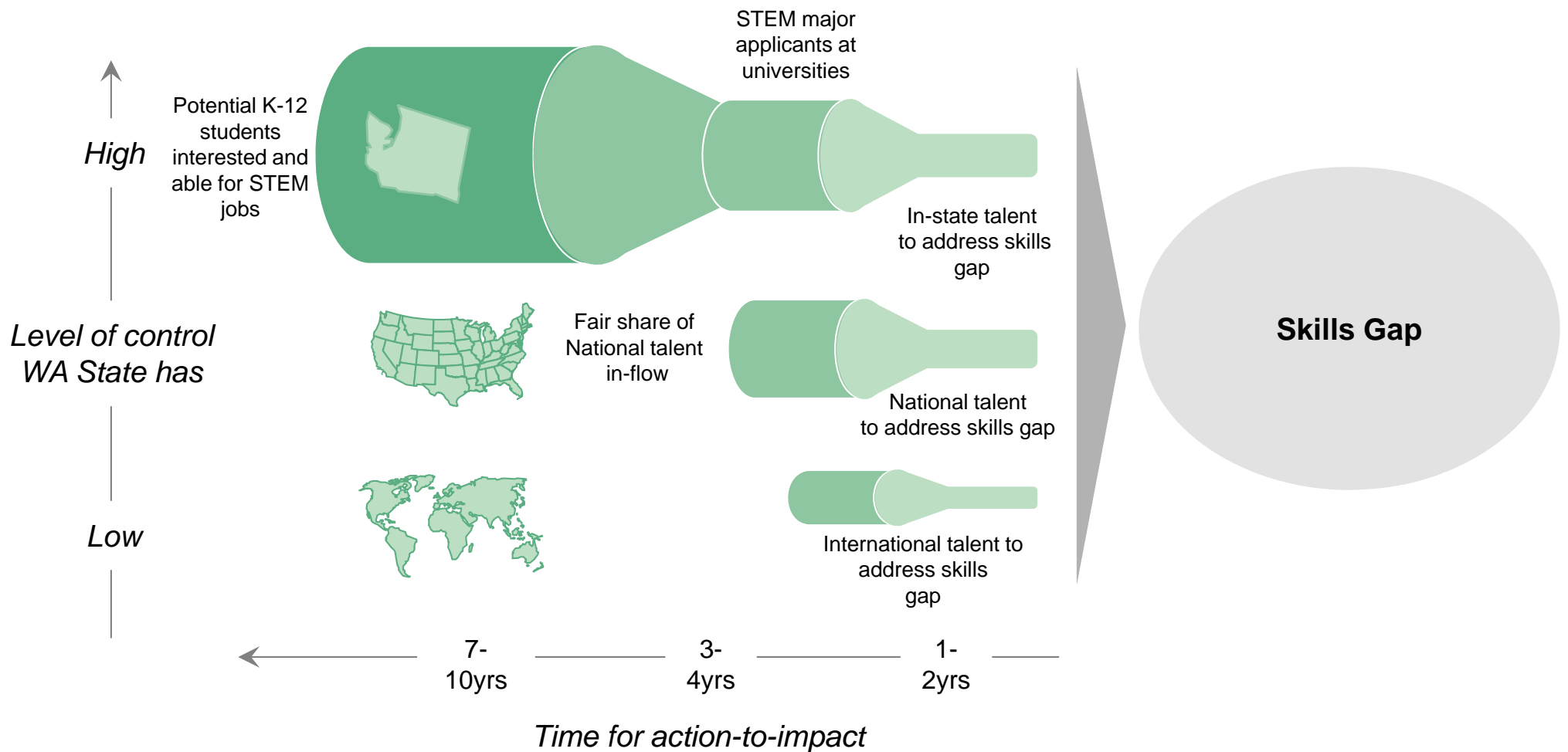


Today

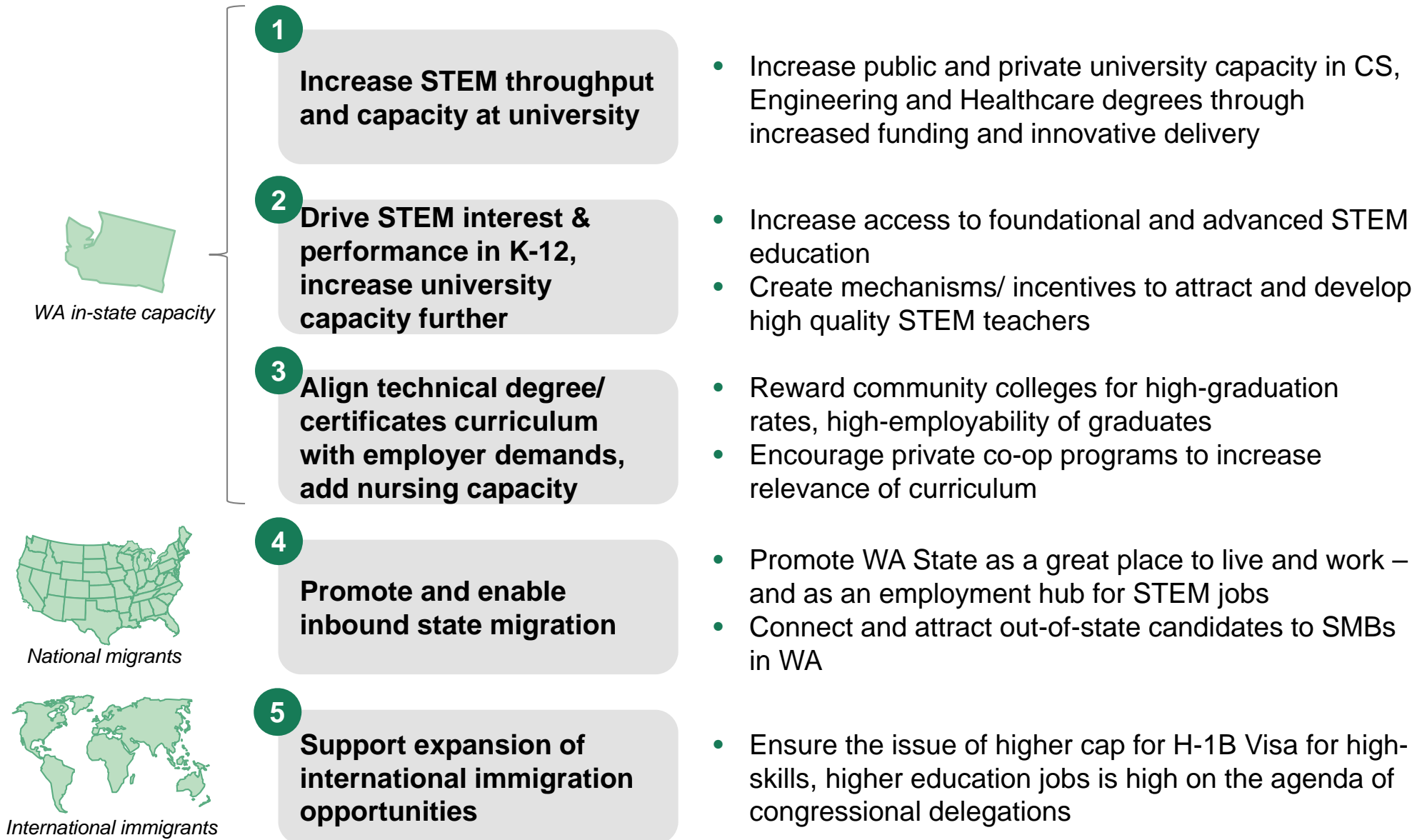
Adding to the acute shortage 5,000 a year

Note: Gap growth based on projected supply-demand imbalance for computer science, healthcare and engineering roles only
Source: CPS survey 2012, BCG analysis

To fill the skills gap, we must focus on building capacity in Washington State where we can better shape the future.



No silver bullet exists, but five actions taken concurrently can address majority of the skills gap



About our most recent study: Washington's STEM Pipeline

Our most recent study builds on the Skills Gap, focusing on three key topics:

- *Pipeline Analysis*: Where are key "chokepoints" in the STEM education pipeline in Washington – and how many students fall out of the pipeline at each point?
- *STEM Employee Impact*: How do STEM employees drive value for all stakeholders across Washington State (not just Government)?
- *STEM Pipeline Investment ROI*: What is a solid estimate of the Return on Investment (ROI) of investments in STEM education in Washington State?

This analysis and work in this document was prepared by the Boston Consulting Group as part of a Pro-Bono effort for Thrive by Five, Washington STEM, and The Washington State Opportunity Scholarship

This is a draft working document meant for internal (Trio and BCG) use only

- All analyses should be treated as "in-progress"
- BCG plans to publish a white paper based on this research that is tentatively scheduled for release to the public in late 2014
- If you should wish to cite or reference anything in this report before it is formally published, please contact John Wenstrup (wenstrup.john@bcg.com) or Marc Casale (casale.marc@bcg.com)

Summary Headlines



"90% Leakage" - Opportunity to help the ~75,000 WA students per year who are not on-track to be employed in STEM jobs in Washington



3.5x gap in Social Justice - Opportunity to benefit low income Washingtonians, making them 3.5x more likely to make it through the STEM education pipeline



\$1.6M LTV per job - Each new STEM employee generates \$1.6M in incremental salary and \$0.55M in taxes & social spending savings over his lifetime, while generating two additional 'indirect' jobs



\$650M to 2x throughput - Investing ~\$650M per year could double WA's STEM education throughput (+8,000 STEM jobs/year)



Impact on ~200K Washingtonians - An increase of 8K STEM jobs/year would drive \$12B in salary increases and \$4.5B in public value (LTV), impact ~200,000 Washingtonians, reduce unemployment by 20%, and reduce poverty by 10%

Momentum building up for STEM education improvements

Opportunity for Step-Order Change

=

Business & Social Sector Support

+

McCleary Decision

+

New Policies & Standards



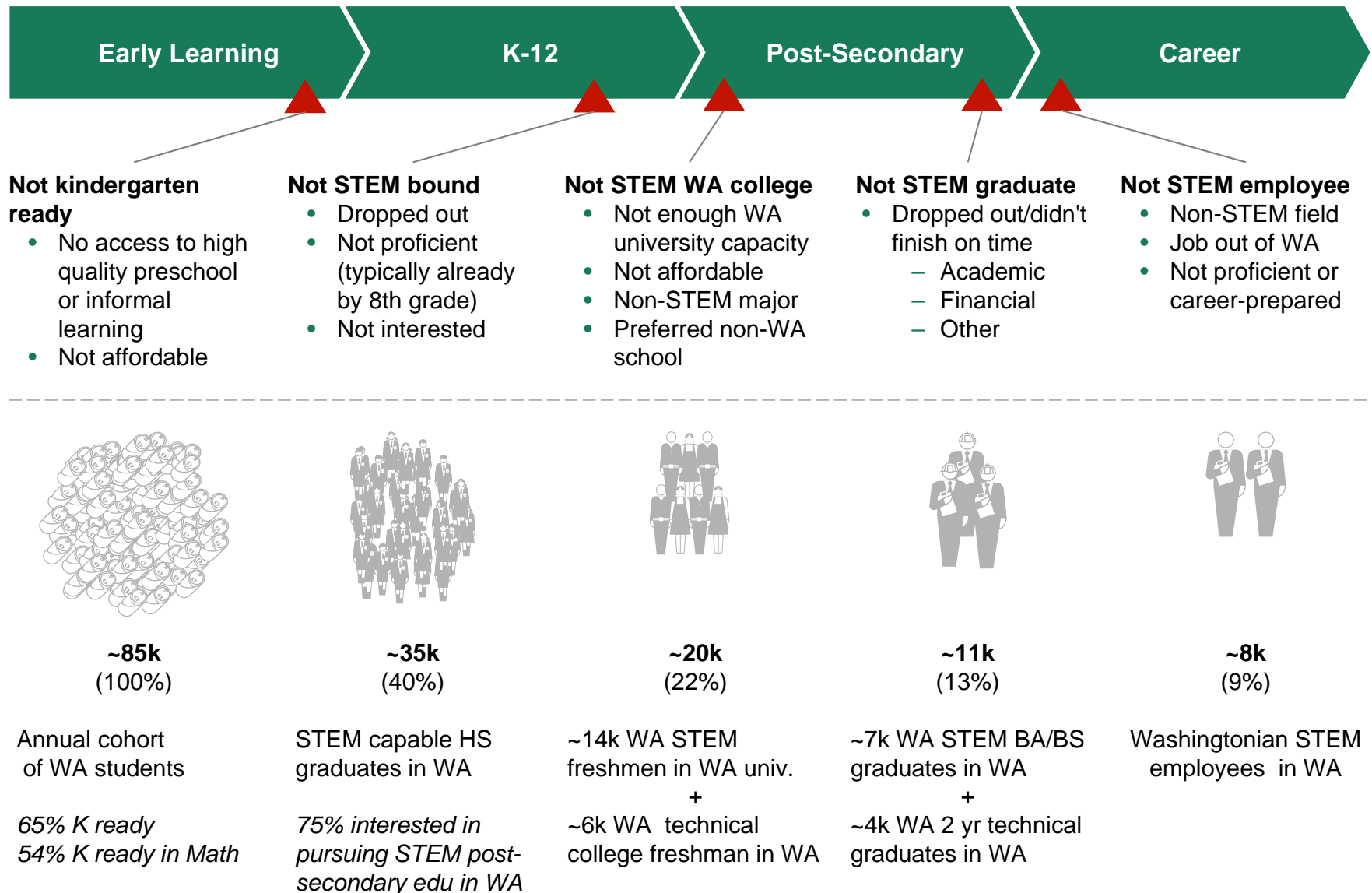
- WaKIDS and full-day kindergarten
- Common Core Standards and NGSS in K-12
- Incentives for Academic Acceleration and AP
- Performance management for early learning centers, teachers and principals, and overall of educational system

- WA Supreme Court ruled that WA state must boost funding in education, guarantee opportunities
- Estimated costs to meet McCleary requirements are \$3-3.5B in 2015-17 budget cycle, and \$4-4.5B in 2017-19
- Risk of funding being pulled from other parts of the education pipeline, e.g. Pre-K or Post Secondary

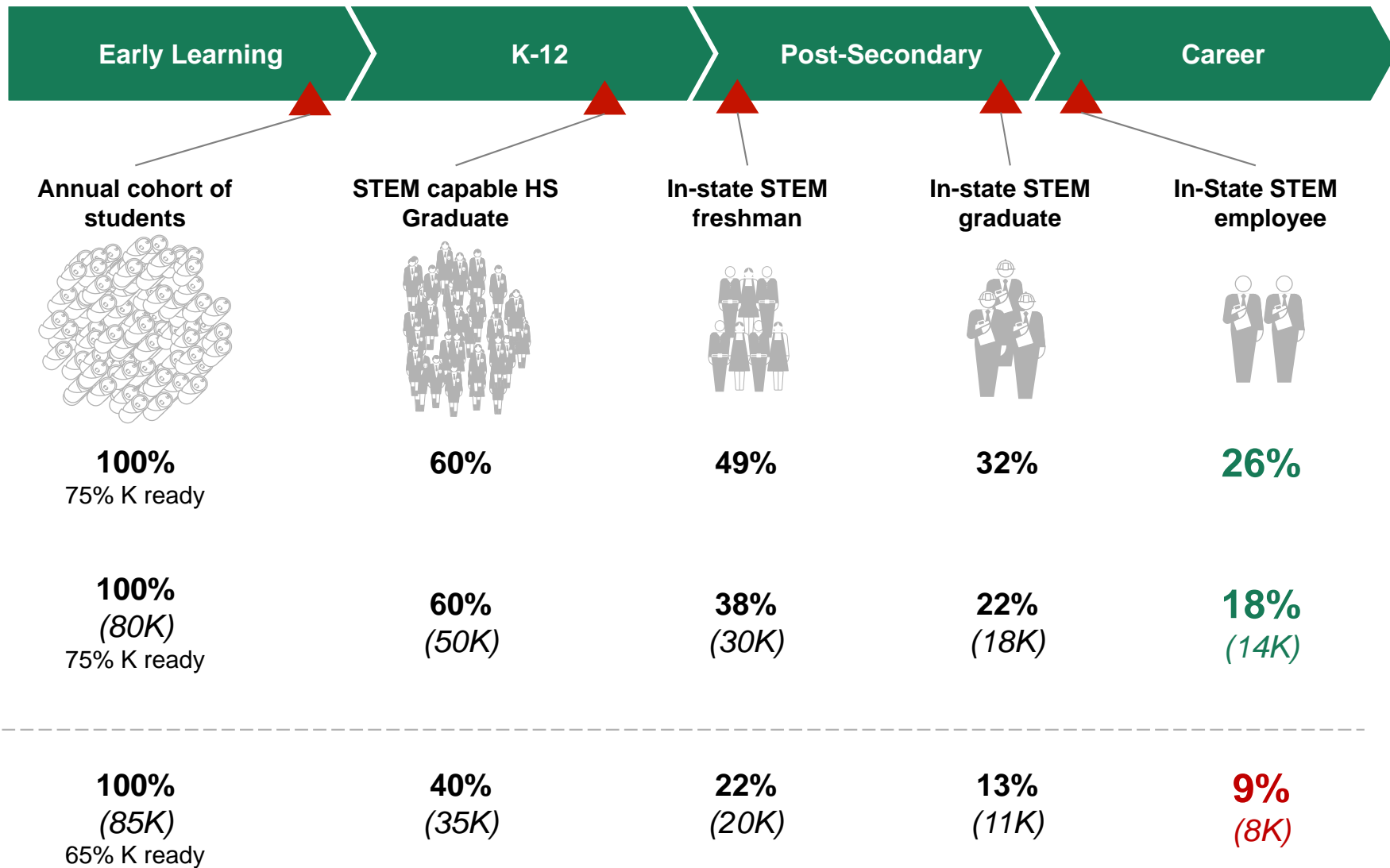
- Business community trying to address skills gap
 - Microsoft
 - Boeing
 - Bezos Family Foundation
 - Gates Foundation
- Well-funded and structured non-profit orgs
 - Thrive by Five
 - WA STEM
 - WA Opportunity Scholarship
 - Trio, joining forces

- Opportunity to advocate for significant investments and inform how the new funding should be used...
- ...leveraging organizations that are already on the ground implementing practical solutions, with the support of leading WA businesses

Opportunity to help thousands of WA students, by addressing chokepoints in STEM education pipeline



Washington State needs to double pipeline throughput to compete with "best-in-class" states



Even greater opportunity to help low-income students struggle more through STEM pipeline



Chokepoints

Not kindergarten ready

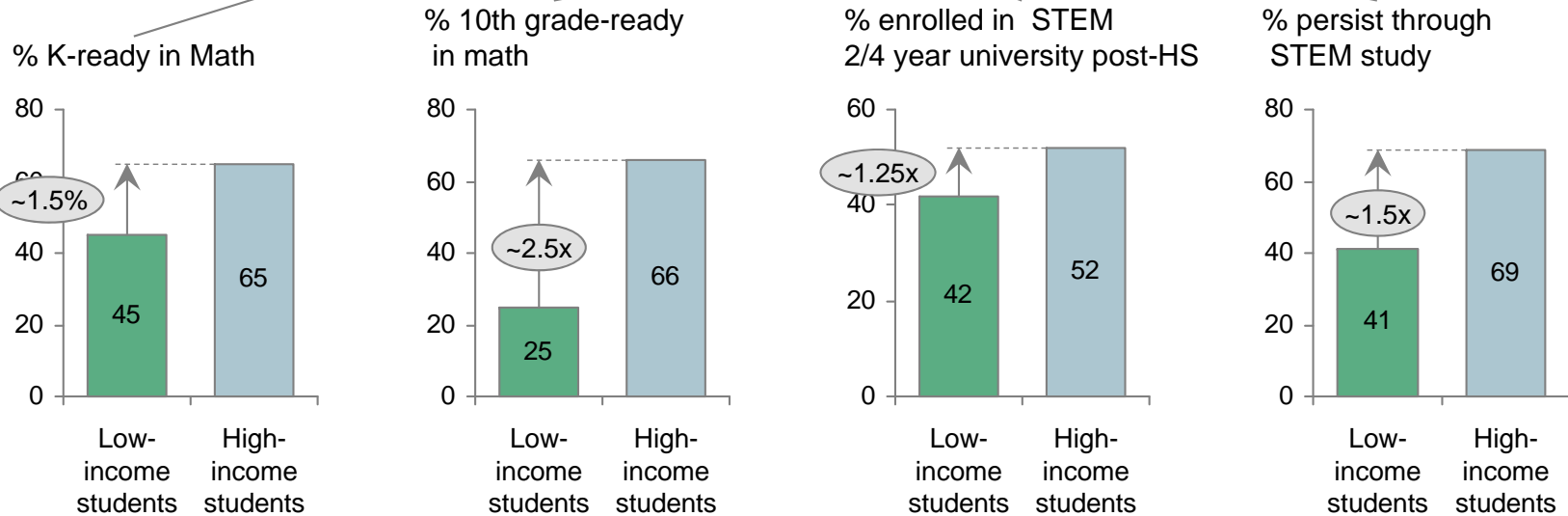
Not STEM bound

Not STEM WA college

Not STEM graduate

Not STEM employed

Performance differences between low income and high income



Current outcome

~35k (100%) Cohort of low-income students (55% not K-ready Math)	~9k (25%) STEM capable	~4k (12%) WA STEM freshmen in WA universities	~2k (6%) WA STEM BA/BS graduates in WA
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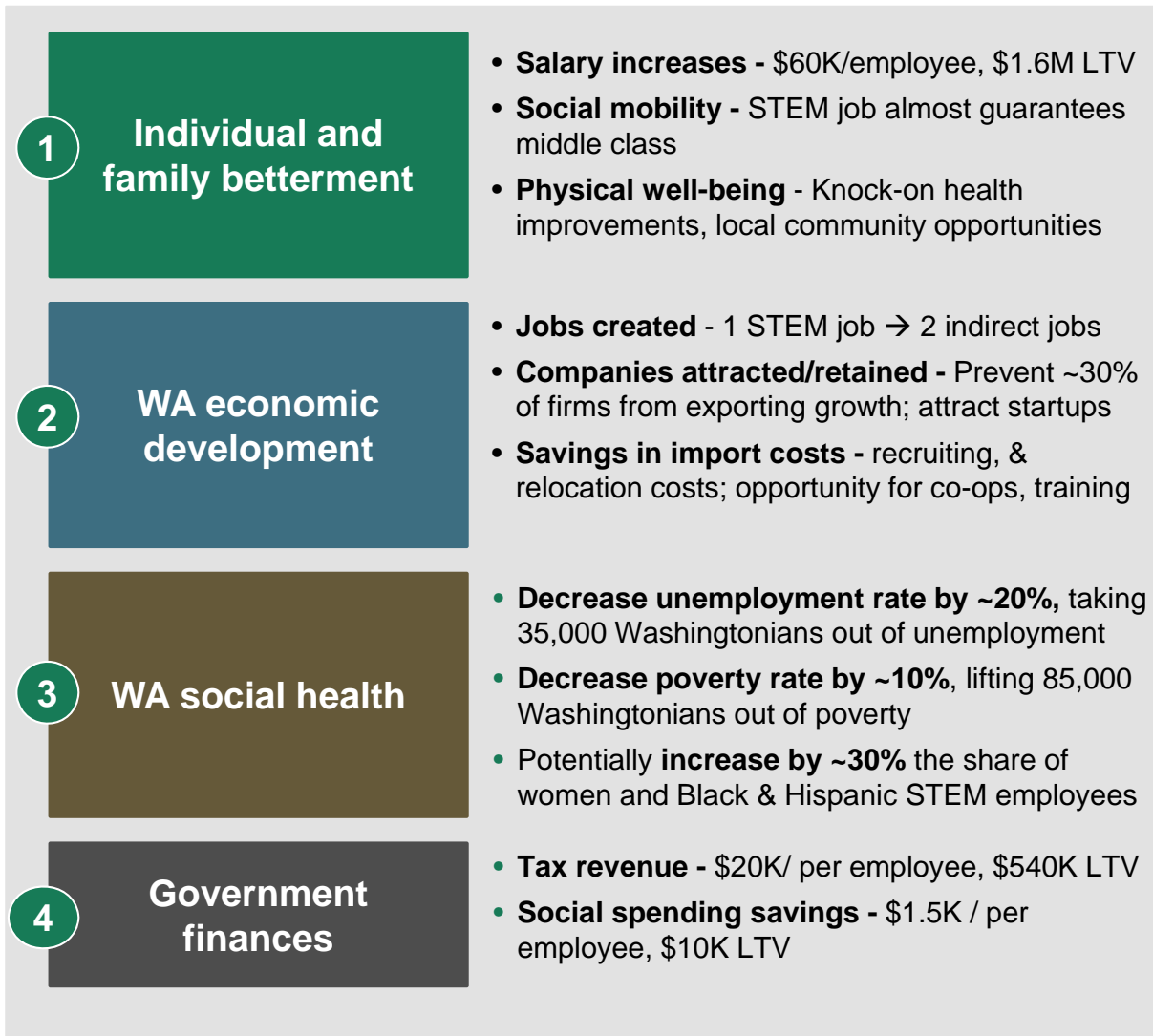
Potential outcome

~35k (100%) Cohort of low-income students (35% not K-ready Math)	~23k (65%) STEM capable	~10k (29%) WA STEM freshmen in WA universities	~7k (20%) WA STEM BA/BS graduates in WA
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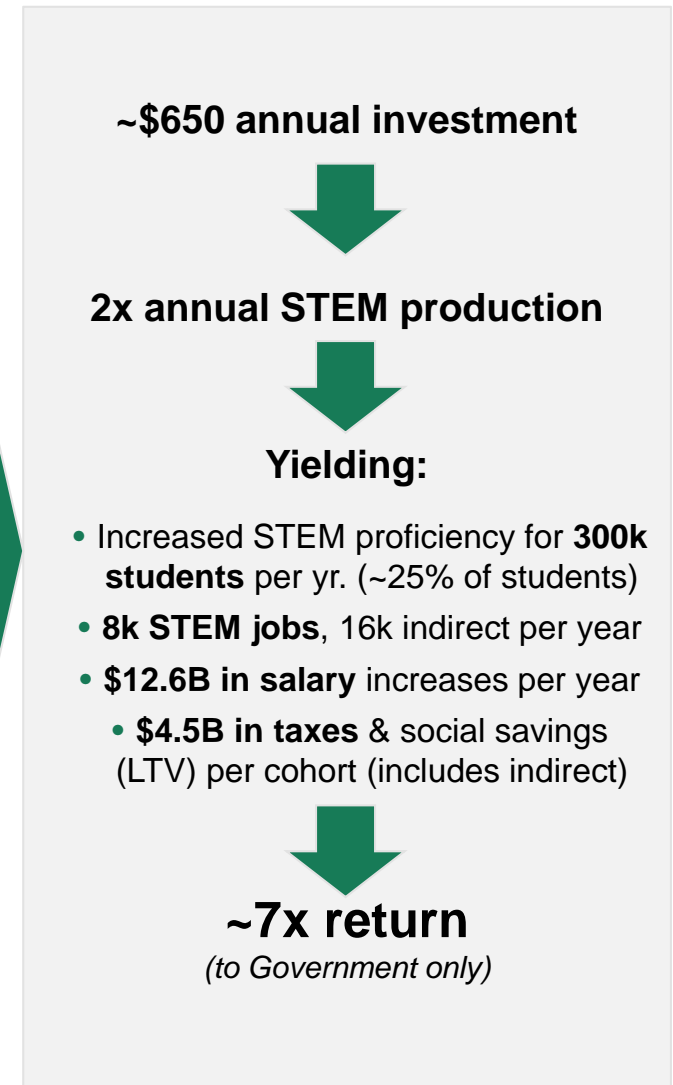
Investment in STEM employees drives value for all Washington stakeholders



Impact of Increased STEM Pipeline Production



Estimated ROI



Appendix – Supporting analysis



STEM employees drive value for all WA stakeholders

1

Individual and family betterment

Financial / physical well-being

- Salary increase
- Health improvements

Opportunity

- Educational attainment
- Social mobility
- Opportunity in local communities

2

WA economic development

Incremental business

- More companies created, attracted and retained
- Jobs created

Savings in employment costs

- Recruiting, relocation and sponsorships
- On the job training

3

WA social health

Social justice / equity

- Unemployment reduction
- Income gap / Poverty reduction
- Workforce diversity
- Community stability

4

Government finances

Tax revenue

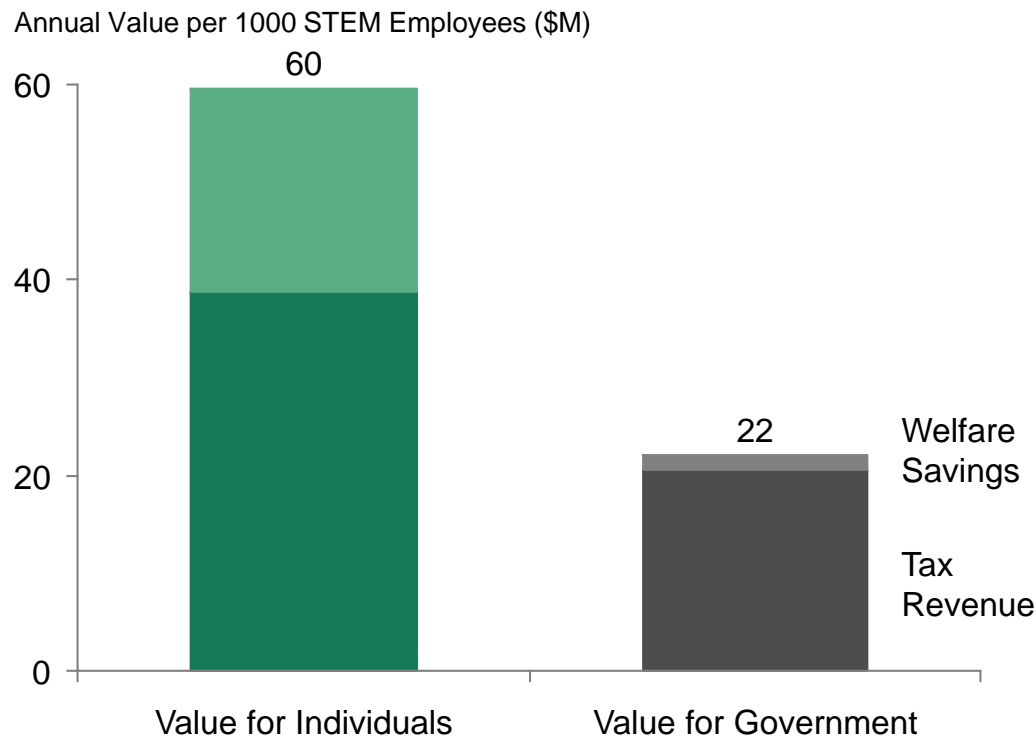
Savings in social spending

- Unemployment
- Welfare / Medicaid / Food stamps

Over \$80M per year and \$2B of LTV created per 1,000 new STEM employees



Annual value created per 1000 new STEM employees



Economic Development and Social Health

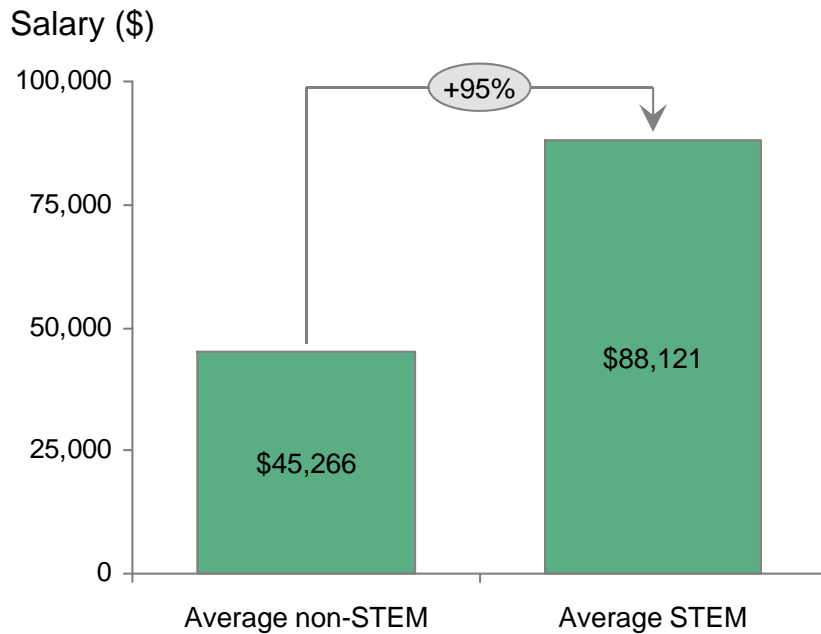
If WA were to double annual STEM grads, then we could:

- **Create 24K** new jobs per year
- **Increase by 30%** share of women and Black and Hispanic employees
- **Decrease by 20%** unemployment rate
- **Decrease by 10%** poverty rate
- Attract, build, and retain **great companies in state**

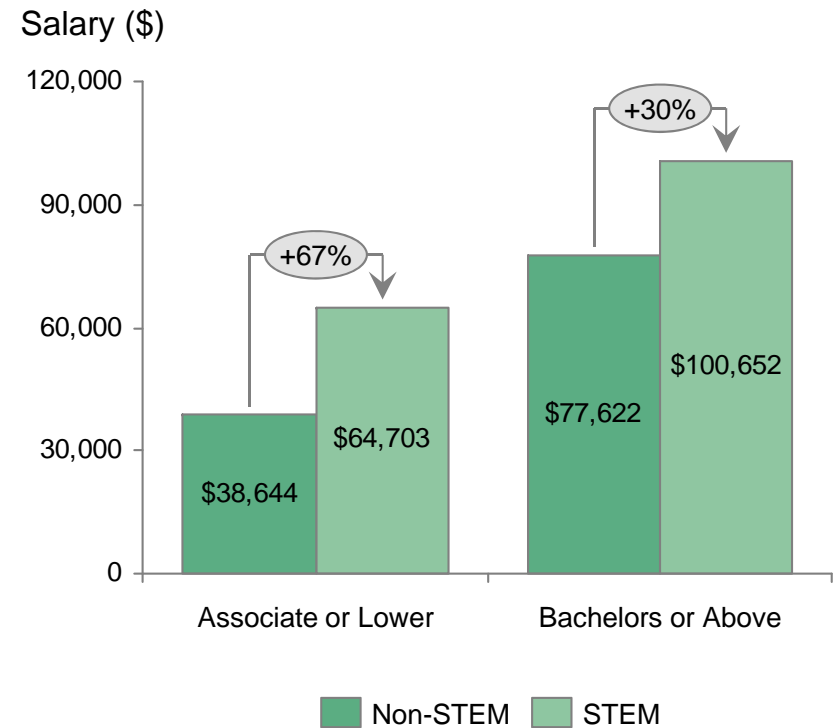


1 STEM graduates create better lives for themselves and their families

STEM worker in WA State estimated to make over \$1M more in life-time salary



Controlling for Ed-level, STEM job still powerful lever for social mobility in WA



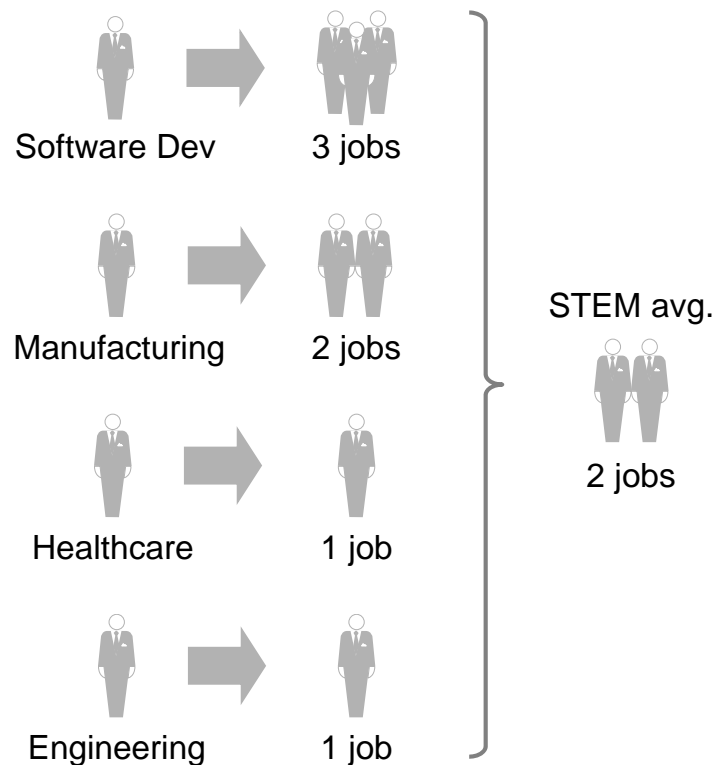
Total salary differential impact of \$60k per STEM employee per year (\$1.6M LTV), considering mix of backgrounds and indirect job creation

Note: STEM jobs include BLS classification of "STEM-Related" in order to include Medical professionals and STEM related business and management jobs
Source: 2013 Bureau of Labor Statistics Data http://www.bls.gov/oes/current/oes_wa.htm#15-0000, Bureau of Labor Statistics Classifications: <http://www.bls.gov/opub/ooq/2014/spring/art01.pdf>



2 Increasing quality of STEM workforce in WA state will spur economic development in Washington

Every STEM job created creates an average of 2 additional indirect jobs



A talent-rich STEM workforce helps create, attract, and retain companies in WA

■ Avoiding job losses

~30% of WA companies surveyed have moved new positions out of Washington due to skills gap

" People [certified welders, electricians, forklift drivers etc.] are retiring and there are no people to take their place. Manufacturing is not completely gone, but it will be gone if we can't get people trained to fill the positions"

– WA Roundtable member

+ Attracting new jobs

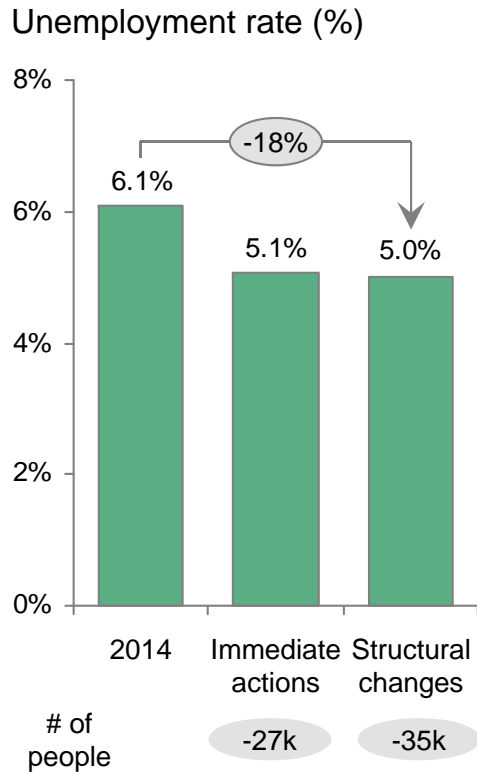
Moses Lake, historically an agriculture-based economy, **thriving by attracting STEM companies:** silicon, carbon fiber, jets, biomass,...

Paul Thelen graduated from University of Washington in 1989 and in 2002 **founded** online gaming company Big Fish Games, which currently employs 500+ people, most of them in Seattle

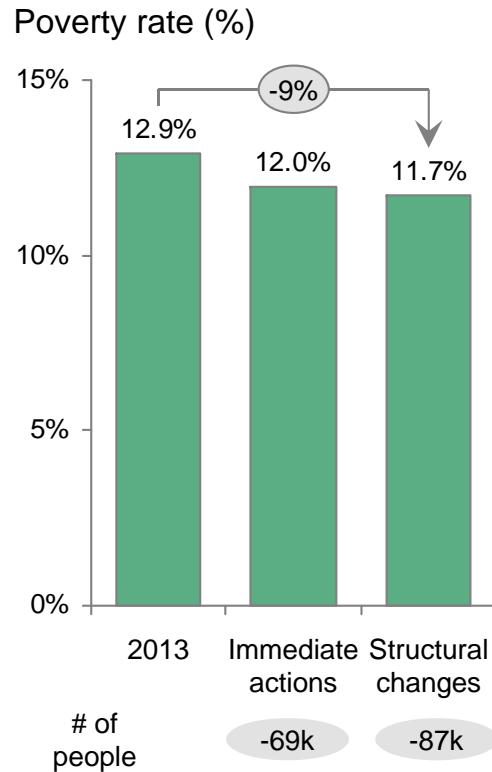


STEM jobs will also improve Washington's social health

Unemployment rate could be reduced by ~20%

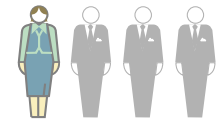


And poverty rate by ~10%



More opportunities would be created for underrepresented communities

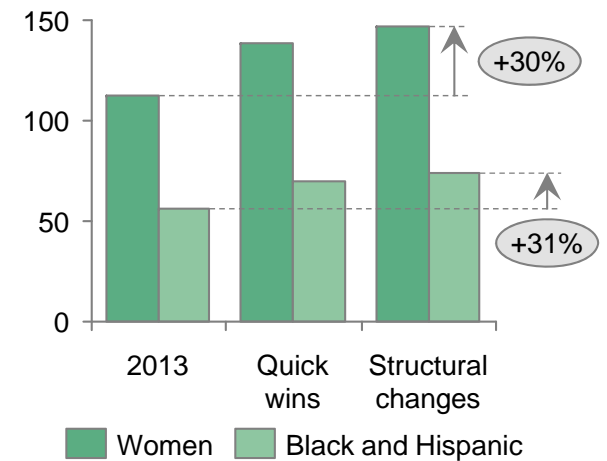
Today only 1 in 4 STEM employees are women ...



... and only 1 in 5 is black or Hispanic



WA STEM employees (K)

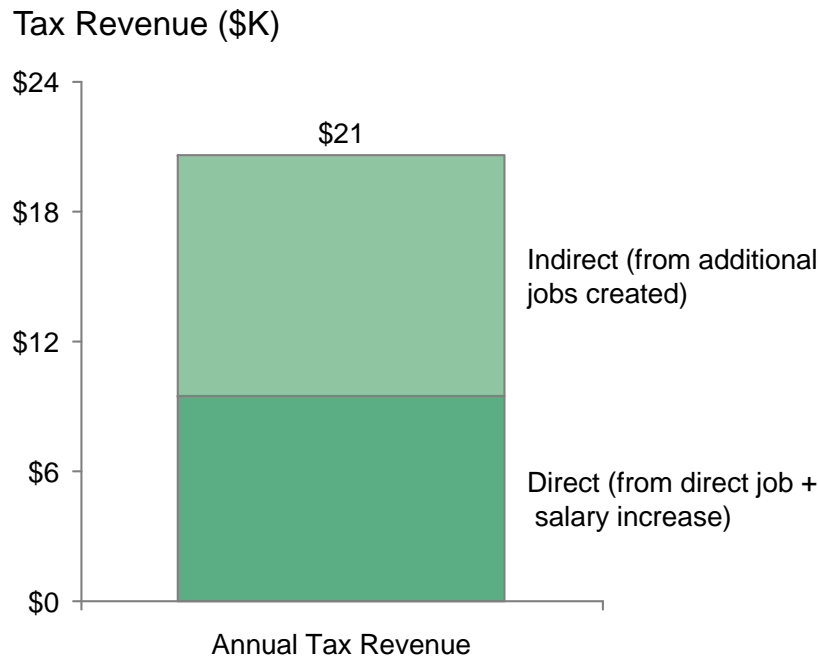


Source: Unemployment Data: BCG Analysis and Bureau of Labor Statistics (<http://www.bls.gov/cps/>); Poverty Data: BCG Analysis and US Census: <http://quickfacts.census.gov/qfd/states/53000.html>; Diversity Data: BCG Analysis, WA State Student report card: <http://reportcard.ospi.k12.wa.us/summary.aspx?year=2012-13>, Census: <http://www.census.gov/prod/2013pubs/acs-24.pdf>



4 STEM grads create tremendous value for Washington State in terms of direct impact and indirect jobs they create

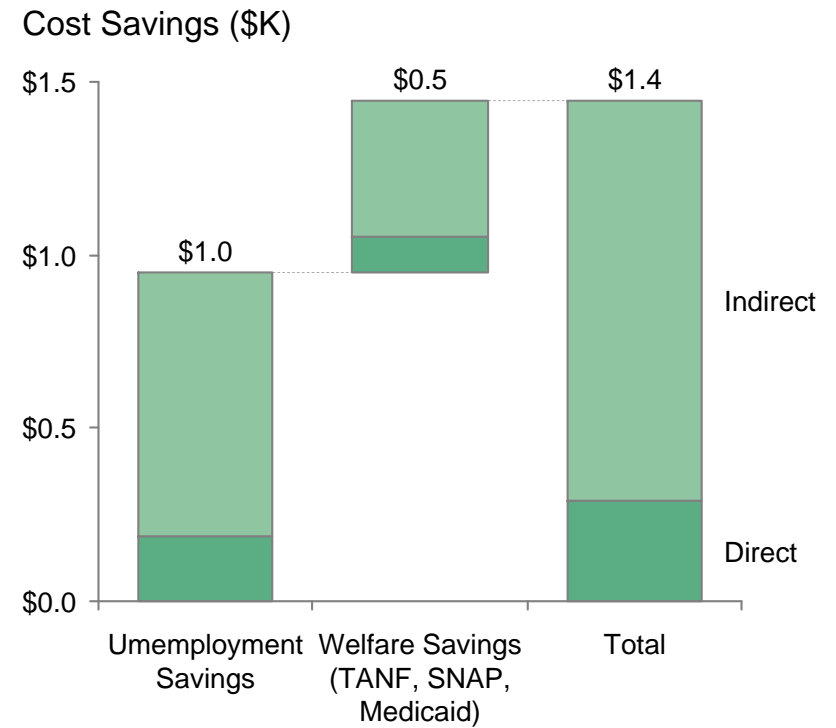
STEM graduate generates annual tax revenue of \$21K and over \$500K of lifetime value ...



LTV (\$)¹

\$540K

... and saves WA State ~\$1.5K annually (\$10K LTV) from unemployment and welfare



LTV (\$M)

\$3K

\$7K

\$10K

1. Assume 30-year career and discount rate of 5%
 Source: Tax Revenue: Salary Data: 2013 Bureau of Labor Statistics Data http://www.bls.gov/oes/current/oes_wa.htm#15-0000, Bureau of Labor Statistics Classifications: <http://www.bls.gov/opub/ooq/2014/spring/art01.pdf>; Effective Tax Rate: 10.8% ; triangulation from: Washington State Institute for Public Policy (<http://www.wsipp.wa.gov/TechnicalManual/WsippBenefitCostTechnicalManual.pdf>), Institute on Tax and Economic Policy (<http://www.itep.org/pdf/wa.pdf>), Tax Foundation (<http://taxfoundation.org/state-tax-climate/washington>). Cost Savings: State and Federal Government data and BCG Analysis.

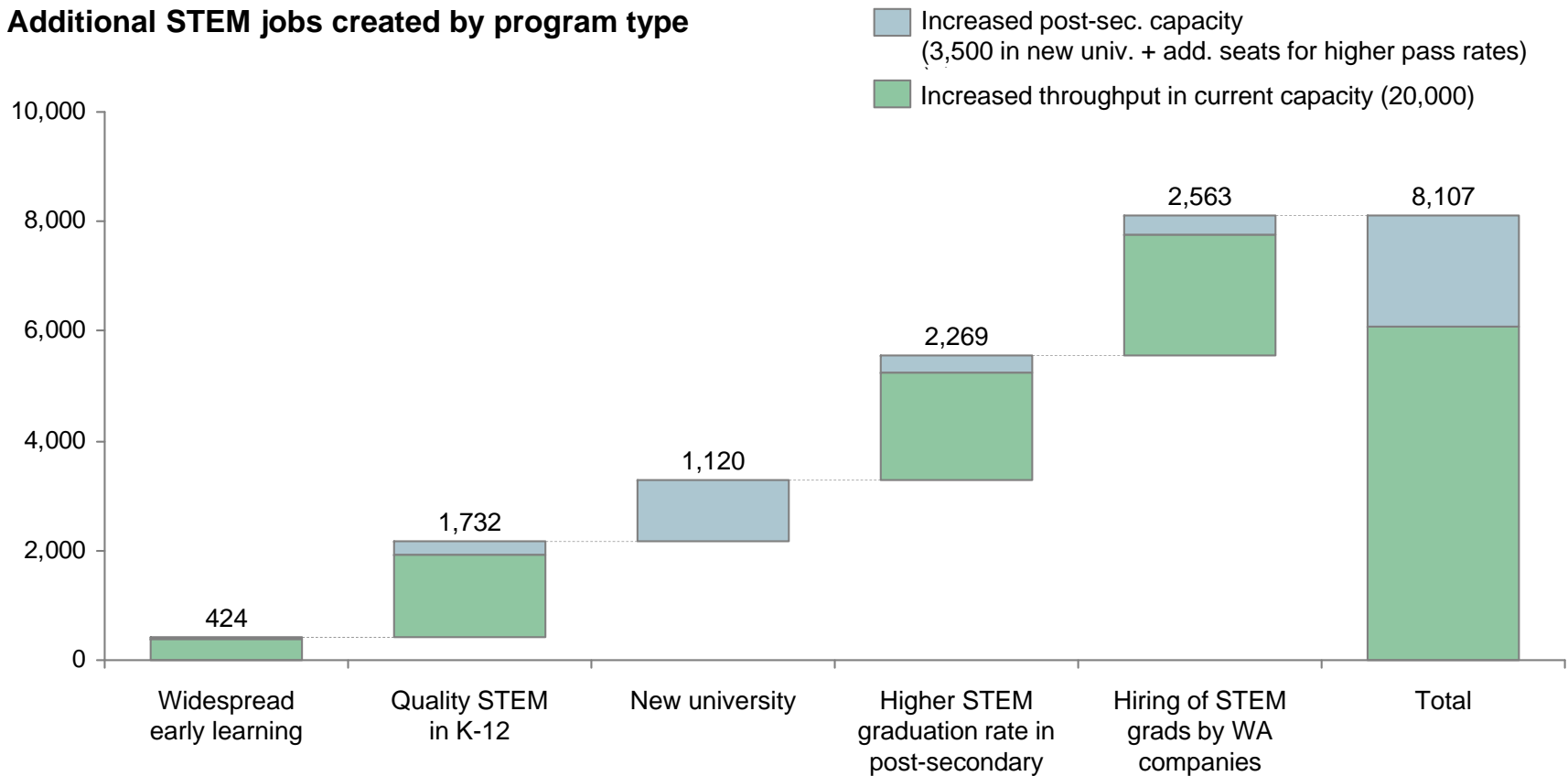
"Creating" STEM employees would have enormous economic impact in Washington state

		Annual benefit	Lifetime value
1 Individual and family betterment	A Salary increase	• \$60k per STEM employee	• \$1.6M per STEM employee
	B Social mobility	• STEM jobs almost guarantee middle-class salaries	
2 WA economic development	A Jobs created	• Average STEM job creates 2 addition indirect jobs	
	B Companies created, attracted, retained	• Prevent ~30% WA STEM companies from moving new facilities out of state or closing down; support new facilities and startups	
3 WA social health	A Unemployment rate	• Decrease unemployment rate by ~20% , taking 35,000 Washingtonians out of unemployment	
	B Income gap	• Decrease poverty rate by ~10% , lifting 85,000 Washingtonians out of poverty	
	C Diversity	• Potentially increase by ~30% the share of women and Black and Hispanic STEM employees	
4 Government finances	A Tax revenue	• \$20k per STEM employee	• \$540k per STEM employee
	B Social spending savings	• \$1.5k per STEM employee	• \$10K per STEM employee

Note: All analyses assume that STEM Graduate is a composite of 3 archetypes (70% converted from non-STEM jobs, 20% STEM employee retained to WA, 10% raised from unemployment). Indirect jobs are assumed to be 20% raised from unemployment.

Backup: 8,000 additional STEM jobs per cohort to be achieved with structural changes (2x current throughput)

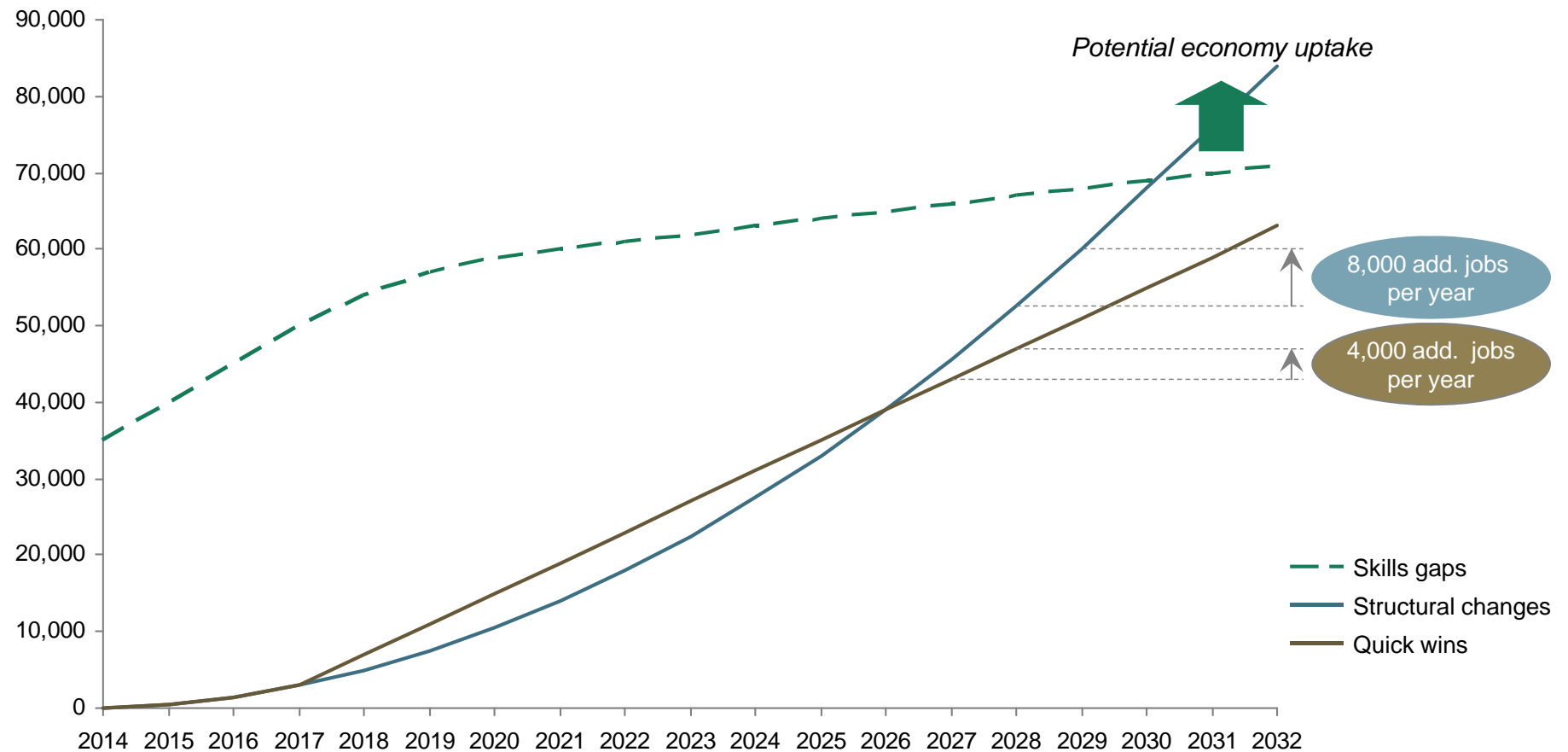
Additional STEM jobs created by program type



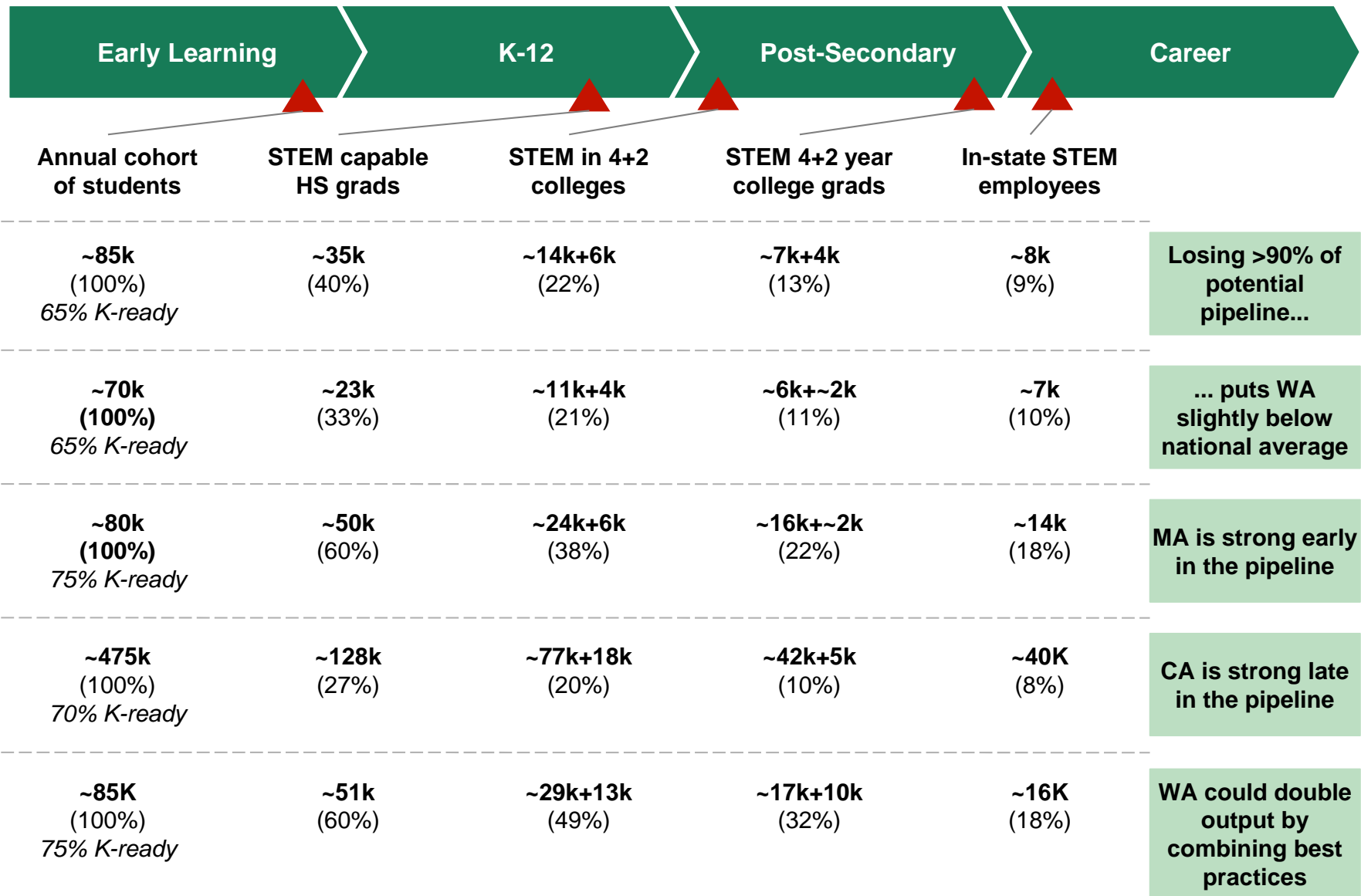
# of students in pipeline	85,000	85,000	35,000	20,000	11,000	8,000
# of students in a program	30,000	20,000	3,500	8,000	5,000	
STEM job conversion	1.4%	8.7%	32%	28%	51%	

Backup: How significant education investments will close the skills gap

WA STEM skills gap vs. additional employees created by education investments



Backup: Benchmarks for pipeline chokepoints





Thank you

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