



WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Supporting the next generation of STEM & health care leaders

April 15, 2014

BOARD MEETING
APRIL 15, 2014
1:00-3:00 P.M
AGENDA

MEETING CALLED TO ORDER		BRAD SMITH
WELCOME AND APPROVE MINUTES	(TAB 1)	BRAD SMITH
PROGRESS REPORTS AND UPDATES	(TAB 2)	YOLANDA WATSON SPIVA
<ul style="list-style-type: none"> ➤ PROGRAMMATIC ➤ FINANCIALS ➤ LEGISLATIVE 		ANNE FENNESSEY
GOING FORWARD	(TAB 3)	
<ul style="list-style-type: none"> ➤ SCHOLARSHIP MODELS <u>ACTION ITEM</u> - INCREASE SCHOLARSHIP VALUE ➤ MANAGEMENT STRUCTURE AND BUDGET <u>ACTION ITEM</u> - RECRUIT WSOS EXECUTIVE DIRECTOR ➤ FUNDRAISING AND MARKETING <u>ACTION ITEM</u> - LAUNCH PUBLIC FUNDRAISING CAMPAIGN ➤ ADDITIONAL WORK FOR JUNE BOARD DECISIONS <ul style="list-style-type: none"> - REQUEST DETAILED CSF PROGRAM ADMINISTRATION PROPOSAL - ASSESS OPTIMAL STUDENT AND ECONOMIC IMPACT - RECOMMEND USE OF CSF SURPLUS FROM Y1-Y3 - DETERMINE NEXT STEPS FOR THE OPPORTUNITY EXPANSION FUND 		VICKIE REKOW YOLANDA WATSON SPIVA JOAN CAINE BRAD SMITH
BOARD GOVERNANCE AND EXPANSION	(TAB 4)	BRAD SMITH
<ul style="list-style-type: none"> ➤ BOARD COMPOSITION MATRIX ➤ CURRENT & PROSPECTIVE CANDIDATES 		
EXECUTIVE SESSION		BRAD SMITH
ADJOURNMENT		



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



WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING
DECEMBER 19, 2013
MINUTES

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) met on December 19, 2013, at Microsoft headquarters in Redmond, Washington.

Board members present: Brad Smith, Terry Gillespie, Kimberly Harris, Mack Hogans, Jim Sinegal.
This constituted a quorum.

Additional attendees: Jane Broom, Sue Byers, Joan Caine, Joe Gaffney, Chase Gunnell, John Hoyt, Lisa Kagan, John McDowell, Yolanda Watson Spiva, Rebecca Swartz, Dave Stolier, Deborah Wilds.

Meeting Called to Order

Brad Smith welcomed everyone to the full board meeting at 1:35pm, and introductions were made.

Consent Agenda

Mack Hogans moved the consent agenda be approved. Jim Sinegal seconded the motion. The motion carried unanimously.

Microsoft Workplace Campaign

Jane Broom offered an overview of this year's Microsoft employee giving campaign. Brad Smith had the opportunity to speak about WSOS at the Microsoft employee meeting held at Key Arena. At the end of Smith's presentation, WSOS scholars with handmade thank you signs lined the stage to thank all the Microsoft employees who had given to WSOS. Broom discussed some of the different things that worked well with this campaign and others that didn't work as well, to be used in future workplace campaigns.

Staffing Update

Yolanda Watson Spiva reviewed the organization chart for WSOS staff within CSF. Spiva informed the board that Waldron is available to conduct the search for a WSOS, Executive Director if the board approves that position.



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Scholarship Awarding for Cohort 3

Proposed Cohort 3 awarding: \$1,000 for freshman and sophomore years; \$5,000 for junior, senior, and 5th year. CSF proposes selecting 780 scholars with the assumption that 750 will enroll on scholarship. This would be the same number of scholarships as for Cohort 2. The total scholarship expense for Cohort 3 is projected to be \$7.3 million. The recommendation is to award 450 freshmen, 150 sophomores and 150 juniors. Deborah Wilds reviewed the graduation rate. Hogans asked if we are able to track graduates to learn if they have obtained jobs in their fields. CSF will provide that data at the spring board meeting.

Investment & Finance Committee

Hogans presented the report of the Investment and Finance Committee. The committee approved a conflict of interest statement, which each member signed and submitted.

Board Action Taken

Hogans moved the minutes of the 9/10/13 meeting be approved. Sinegal seconded the motion. The motion carried unanimously.

Hogans moved Cohort 3 awarding recommendations be approved. Sinegal seconded the motion. The motion carried unanimously.

The board entered executive session at 2:25pm.

Respectfully submitted,
Rebecca Swartz

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PROGRAMMATIC



WASHINGTON STATE OPPORTUNITY SCHOLARSHIP

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WSOS SUPPORT SERVICES UPDATE SEPTEMBER 2013 – APRIL 2014

BACKGROUND

This document provides a high level overview of the progress made between September and May 2014 via four WSOS Support strategies, so as to meet the larger goals of the WSOS program.

PIPELINE SUPPORTS – MIDDLE AND HIGH SCHOOL

PROMOTE STEM AWARENESS

Attract Washington students to high-demand Washington state STEM and health care careers by contributing to pre-college outreach, communications and advocacy initiatives.

- » Conducted a STEM awareness campaign and advocated for STEM education effectiveness and opportunities resulting in outreach to over 500 partners, e.g., WA STEM, STEM Network partners, TAF, Washington State High School Counselors, College Access Providers, Youth Development Organizations, UW GEAR UP, WiSE (Women in Science and Engineering), Kent Tech Expo, Yakima Science and Engineering Festival,
- » WSOS staff presented to over 670 students who participated in technology expos, science and engineering festivals.
- » Via an array of direct and indirect modalities, CSF Scholarship Services and WSOS partners attracted more than 852 applications from Washington state high school seniors.

STEM EXPERIENTIAL LEARNING: ENHANCE STEM-FOCUSED FORMAL AND INFORMAL LEARNING EXPERIENCES STATEWIDE

Conduct explicit outreach to targeted populations in partnership with Washington STEM networks and other college access programs to ensure robust inclusion.

- » With WSOS support and collaboration, 1,022 middle and high school students participated in STEM Institutes (400), Expanding Your Horizons programming (152), STEM workshops (400), WSOS applicants and other programming occurring in Puget Sound and statewide (70). WSOS staff engaged students in hands-on experiments utilizing deductive reasoning, critical thinking, engineering principles, and construction techniques.
- » Piloted an e-mentoring program with 168 WSOS Scholars to evaluate feasibility as a high capacity, online transition support tool (evaluation data available on demand).

SCHOLARSHIPS

Provide financial supports for eligible high school seniors and WSOS Scholars studying STEM and health care subjects at two- and four- year Washington state colleges.

- » Currently 2,576 WSOS Scholars are enrolled in Washington state colleges and universities for the 2013-14 school year.
- » CSF Scholarship Services and WSOS partners attracted 1,574 applications from Washington state high school seniors, freshman and sophomore college students for 2014-15 WSOS support.

COLLEGE AND CAREER SUPPORTS

PROVIDE ACADEMIC AND CAREER SUPPORT

Provide scholar enhancement supports to facilitate and expedite the successful transition of WSOS Scholars into high-demand fields through mutually beneficial relationships with higher education and industry partners.

- » Collaborated with campuses, STEM networks and businesses to support access to assets and programs engaging 941 students including the following: Microsoft Employee Event (30), Fall College Welcomes and WSOS Orientation (325), WA STEM Summit (30), college first year and sophomore WSOS applicants (655) and other campus-based events (50) and outreach to 2,139 students to promote Campus Connections, a WSOS web-based resource guide to campus-based supports.
- » Provided access to one-on-one advising, internships and employment opportunities through online access to 1,391 students (juniors and seniors) and connected with 62 WSOS Scholars to internship opportunities.
- » Promoted Washington state employers and employment opportunities through the CSF Career Institute (58 WSOS Scholars and 41 STEM professionals attended). Strategic follow-up with attending scholars is planned to include extending appreciation for participation and seeking opportunities for employers to provide mentoring and internships for WSOS Scholars.
- » CSF's Research and Evaluation team conducted an assessment via an online survey to the 415 WSOS graduates to date regarding their employment and post-graduation job search experiences. In total, 151 graduates responded to the full version of the survey and an additional 38 responded to an abbreviated version for a grand total of 189 responses or a 46% response rate for the total WSOS graduate population. The findings included: 1) Nearly two-thirds of graduates seeking employment have found work in their field of study; 2) Most employed WSOS graduates stayed in Washington State; 3) The majority of employed WSOS graduates are working full time; and 4) Many employed WSOS graduates had previous internship or work experience with their current employer. For an understanding of WSOS Scholars' stated needs, please see the CSF Research and Evaluation report.

SUSTAIN THE PROGRAM

Sustain the availability of the WSOS scholarship program by attracting Washington state partners to the WSOS investment through a variety of communications and fundraising initiatives.

- » Conducted a STEM awareness campaign and advocated for STEM education effectiveness and opportunities resulting in outreach to over 500 partners.
- » Raised the visibility of the WSOS brand through a variety of modalities.

- CSF marketing and communications staff produced news articles during this period.
- CSF and WSOS team members increased visitation to social media platforms through increased postings and functions.
- Participated in a variety of pre-college, college and STEM business events as visible representatives of WSOS.
- » Building a repository of WSOS Scholar stories and images for future media and fundraising events.
- » Crafting future fundraising events to build visibility and sustaining funds for the program.

UPCOMING SPRING EVENTS

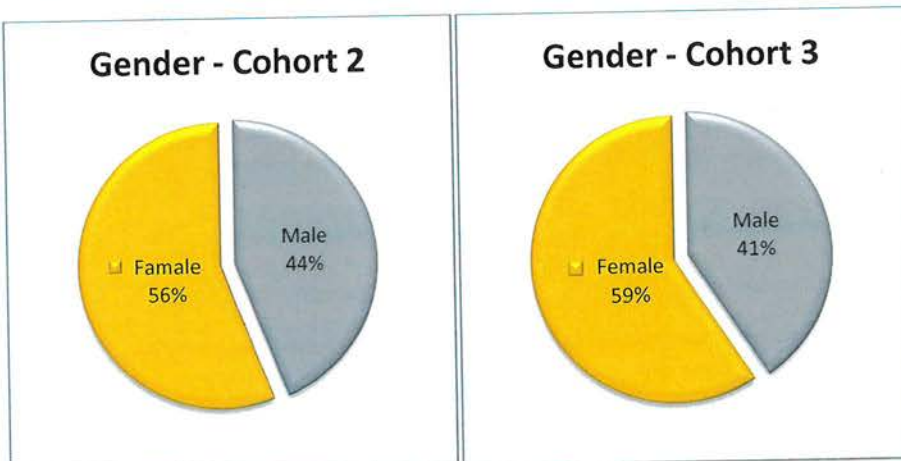
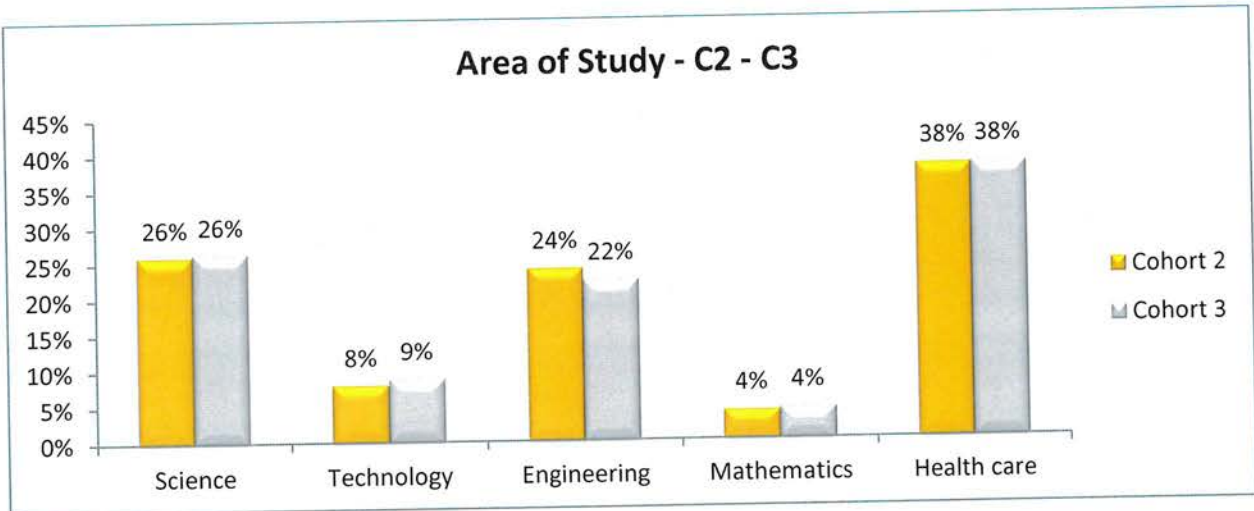
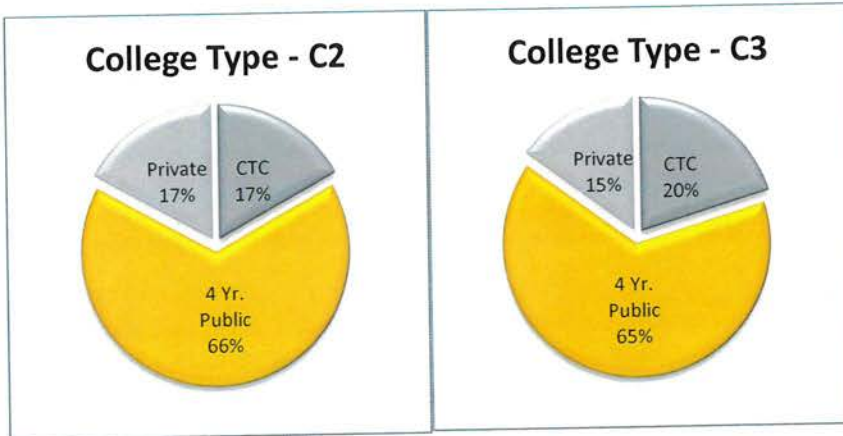
- » **Spring College Career Fairs** (April) – WSOS staff will facilitate scholar employment goals at CWU and PLU Campus internship fairs.
- » **WSOS Fundraising Events** (May-June) — WSOS and CSF staff will convene WSOS Scholars with potential stakeholders at Seattle University and UW campuses.
- » **Puget Sound App Day** (May 23, 2014) — WSOS staff is partnering with Seattle Public Schools and Microsoft to host a technology day at Rainier Beach High School for 700 students from the Greater Puget Sound region. Students and volunteers will engage in hands-on technology exploration learning how to code and program on their mobile or other devices through TouchDevelop programming.
- » **Spring Media Tour** (April-May) — WSOS will visit campuses statewide to meet with Scholars and capture their stories and images.
- » **Summer Media Tour** (July-August) — WSOS will visit scholars at employment sites statewide to support scholar employment efforts and to videotape scholars “at work.”
- » **Scholarship Support** (May-August) — WSOS will support CSF Scholarship Services award efforts including 1) announcing potential new awardees through email and direct mail (May 2014), 2) promoting the renewal portal to current scholars (June 2014) and finalizing Cohort 1-3 enrollees (August 2014).
- » **Fall College Welcome Events** (August-October 2014) — WSOS will visit campuses statewide to meet with campus partners and to welcome C3 scholars.



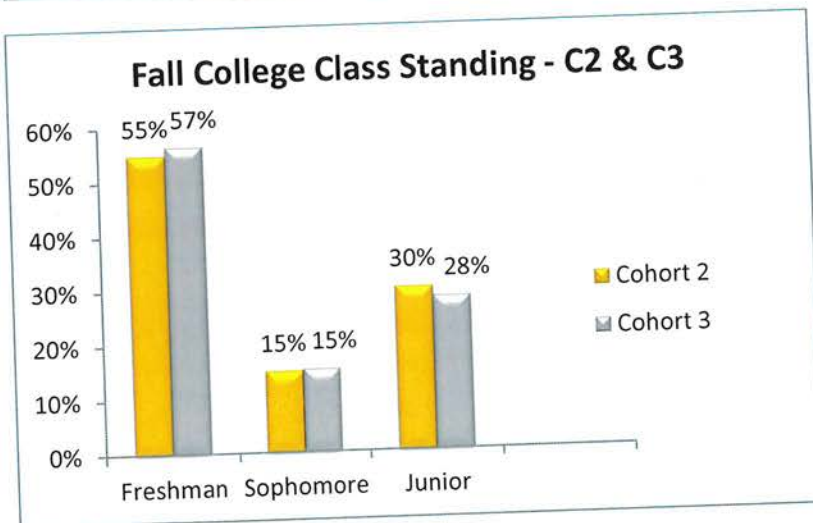
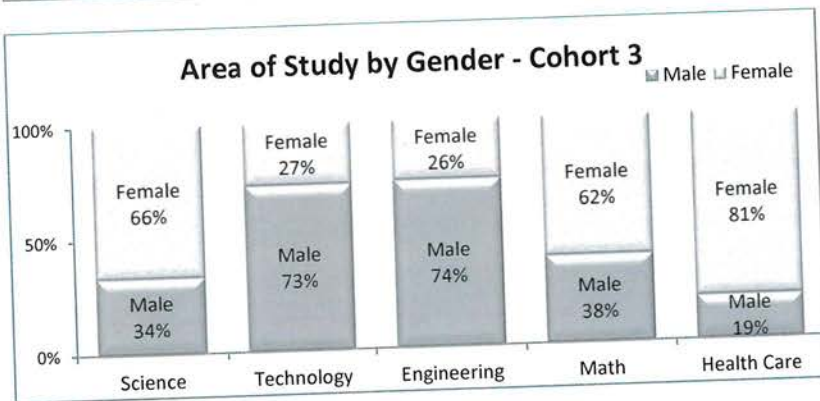
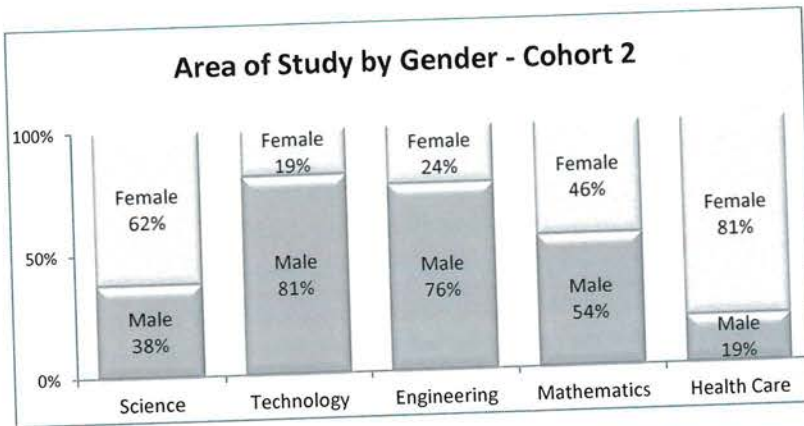
WSOS Cohorts 2 & 3 Comparison of Submitted Applications

C2: 1488 Applications Submitted
 C3: 1574 Applications Submitted*

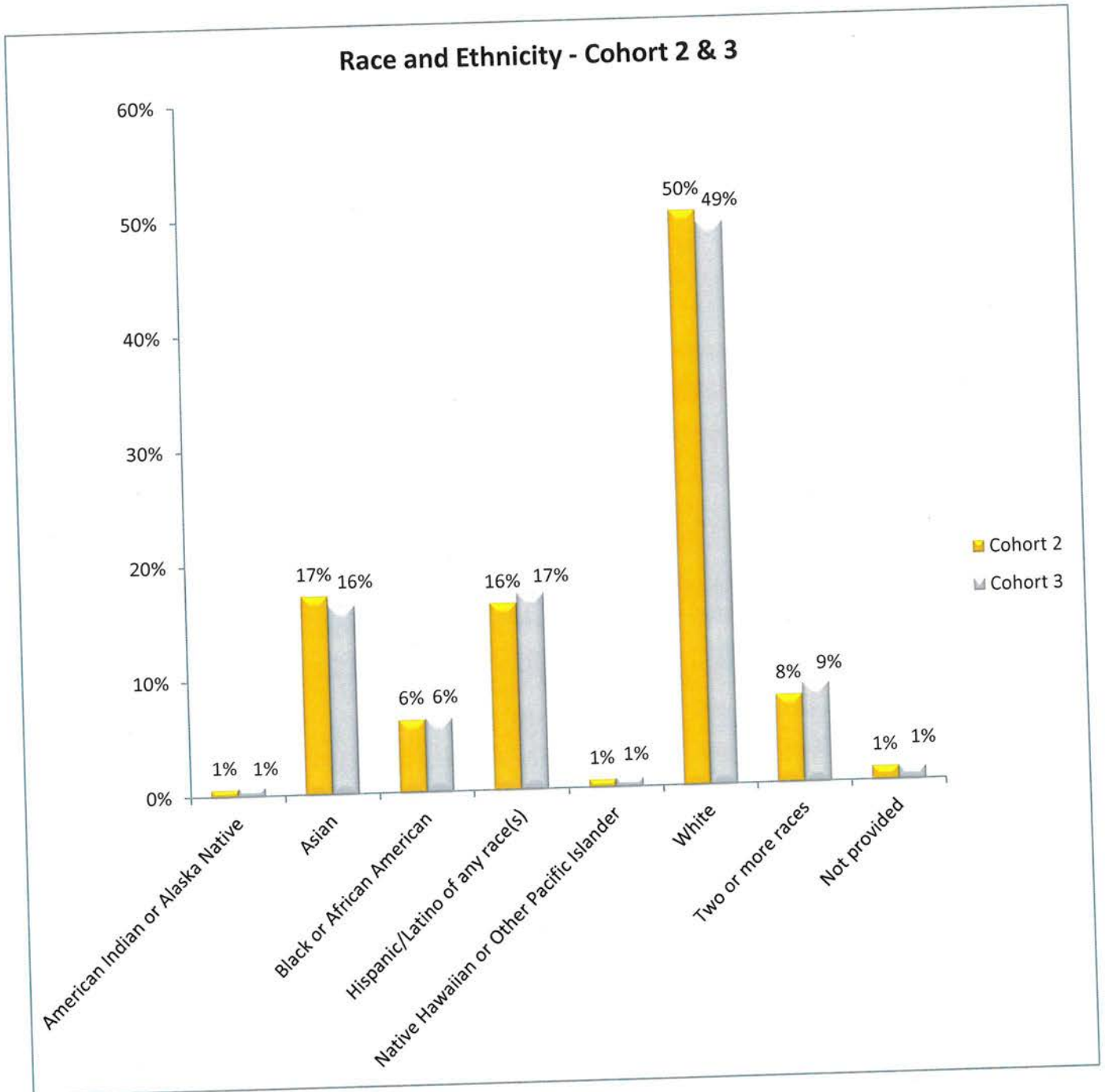
*Cohort 3 The online portal allowed students who weren't eligible to submit "blank" applications. As a result, 67 applications were submitted with no information. Totals in the graphs below are based on 1507 students who submitted complete applications.



WSOS Cohorts 2 & 3 Comparison of Submitted Applications



WSOS Cohorts 2 & 3 Comparison of Submitted Applications



POST-GRADUATE EMPLOYMENT FINDINGS

2014 WSOS POST-GRADUATION EMPLOYMENT SURVEY FINDINGS

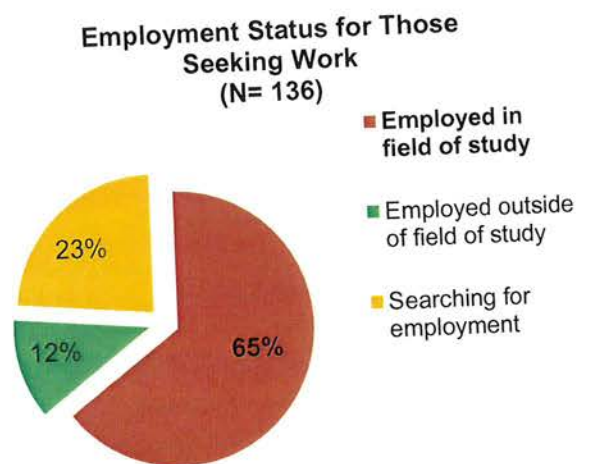
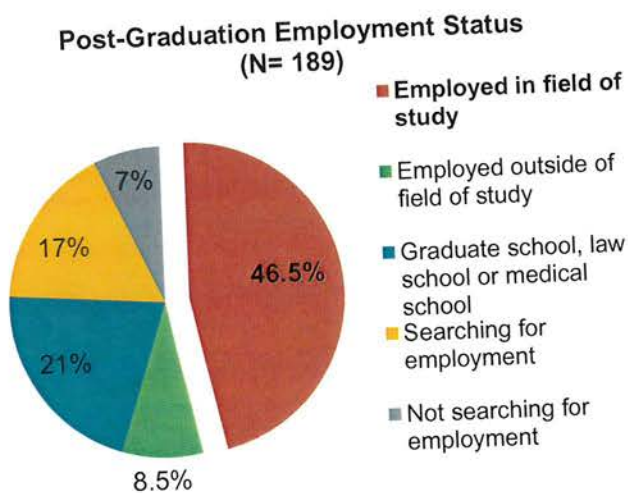
April 2014

INTRODUCTION

In mid-February, the College Success Foundation's Research and Evaluation team administered an online survey to the 415 Washington State Opportunity Scholarship (WSOS) graduates, to date, regarding their employment and post-graduation job search experiences. In total, 151 graduates (36 percent) responded to the full version of the survey and an additional 38 graduates (10 percent) responded to an abbreviated version¹ for a grand total of 189 responses or a 46 percent response rate for the total WSOS graduate population. As displayed in Appendix A, survey respondents are representative of the overall WSOS graduate sample based on key demographics (gender, ethnicity & area of study). Results are therefore seen as generalizable.

NEARLY TWO-THIRDS OF GRADUATES SEEKING EMPLOYMENT HAVE FOUND WORK IN THEIR FIELD OF STUDY

Among the 189 respondents, 55 percent have secured post-graduation employment (46.5 percent within their field of study and 8.5 percent outside of their field of study). Another 17 percent are still actively looking for post-graduation employment, while 21 percent have enrolled in graduate school, law school or medical school. A small percentage of graduates (7 percent) have not started looking for post-graduation employment. Overall, 65 percent of graduates (88 out of 136) seeking employment have found work in their field of study.

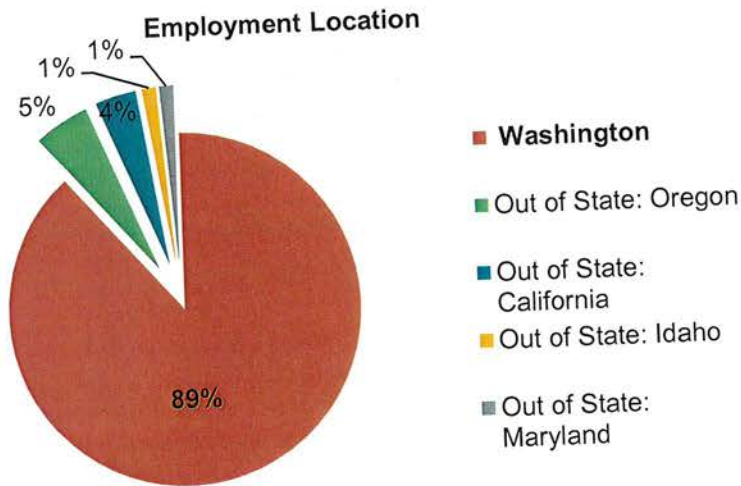


¹The abbreviated survey only included key demographics, job search status and employment status details.

Many graduates who accepted job offers outside of their field of study reported doing so for financial reasons (e.g., needed a full-time job to pay their bills). Given this dynamic, remaining analyses focus on the subset of respondents who indicated that they were employed in their field of study (n=88; 46.5 percent of the sample).

MOST EMPLOYED WSOS GRADUATES STAYED IN WASHINGTON STATE

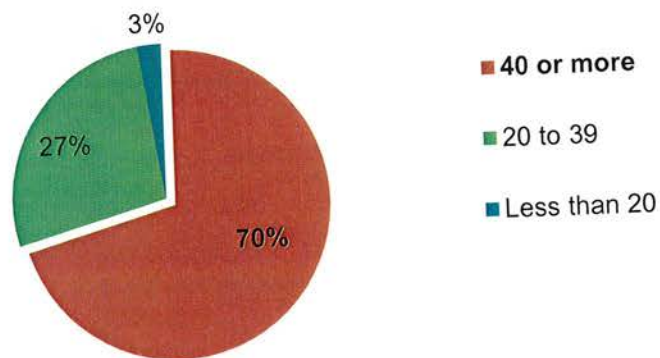
Among graduates securing post-graduation employment in their field of study, 89 percent are working in Washington state. Graduates report being employed at 56 diverse companies and organizations (see Appendix B for a full list of companies where WSOS graduates are employed by field of study.)



THE MAJORITY OF EMPLOYED WSOS GRADUATES ARE WORKING FULL TIME

Among graduates employed in their field of study, 70 percent are employed full time.

Employment Status- Hours Per Week



MANY EMPLOYED WSOS GRADUATES HAD PREVIOUS INTERNSHIP OR WORK EXPERIENCE WITH THEIR CURRENT EMPLOYER

Among graduates employed in their field of study, 32 percent previously interned or worked for their current employer in another role.



APPENDIX A: DEMOGRAPHICS OF WSOS GRADUATES

The WSOS Employment Survey respondents are representative of the gender distribution of all WSOS graduates within 2 percent. Gender data were not provided by two survey respondents.

TABLE 1: GENDER

GENDER DISTRIBUTION	WSOS GRADUATES		EMPLOYMENT SURVEY	
	#	%	#	%
FEMALE	203	49	96	51
MALE	212	51	91	49
TOTAL	415	100	187	100

The WSOS Employment Survey respondents are representative of the race/ethnicity distribution of all WSOS graduates within 1 to 2 percent. Three respondents did not provide race/ethnicity information.

TABLE 2: RACE/ETHNICITY

RACE/ETHNICITY DISTRIBUTION	WSOS GRADUATES		EMPLOYMENT SURVEY	
	#	%	#	%
AMERICAN INDIAN OR ALASKA NATIVE	6	1	4	2
ASIAN	100	25	51	27
BLACK OR AFRICAN AMERICAN	16	4	6	3
HISPANIC/LATINO OF ANY RACE(S)	22	5	12	6
NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER	2	0	0	0
TWO OR MORE RACES	26	6	11	6
WHITE	231	57	104	55
TOTAL	403	100	188	100

Overall, the WSOS Employment Survey respondents are closely representative of the fields of study of all graduates.² Survey respondents represent slightly higher proportions of engineering technologies and engineering-related fields and engineering fields combined (27.5 vs. 23.5 percent, respectively) and biological and biomedical sciences (27.5 vs. 21.2 percent, respectively). Survey respondents represent slightly lower proportions of health professions and related programs (14.3 vs. 16.7 percent, respectively) and mathematics and statistics (6.3 vs. 9.1 percent, respectively).

APPENDIX B: COMPANIES OR ORGANIZATIONS WHERE WSOS GRADUATES ARE

² National Student Clearinghouse (NSC) data captured 376 out of 415 (91 percent) WSOS bachelor's degree graduates. Of those, 376 graduates, 24 did not have a Classification of Instructional Program (CIP) code, which represents the degree major and major family in the NSC file. Therefore, the field of study proportions are based on 353 graduates instead of 415.

CURRENTLY EMPLOYED

Biological and Biomedical Sciences

- » Allen Institute for Brain Science
- » Confluence health
- » CTA Lab
- » Harborview Medical Center
- » IEH Laboratories & Consulting
- » Proliance Surgeons
- » Puget Sound Blood Center
- » Seattle Children's Research Institute
- » University of Washington
- » Washington State University

Computer and Information Sciences and Support Services

- » Amazon
- » Atomic Infotech
- » Avanade
- » Bungie
- » Harris Corporation
- » Rentrak
- » Say Media, Inc

Engineering

- » Accenture
- » ADP Dealer Services
- » Altair Engineering
- » Astronics
- » Boeing
- » Fluke Networks
- » Hewlett Packard
- » Keyport – NBK
- » Micron Laser Technology
- » Microsoft
- » National Institutes of Health
- » Puget Sound Naval Shipyard
- » Randstad
- » TECT Aerospace
- » Trail Tech, Inc.
- » US Navy, NAVSEA
- » WaferTech
- » WSDOT Materials Lab

Health Professions and Related Programs

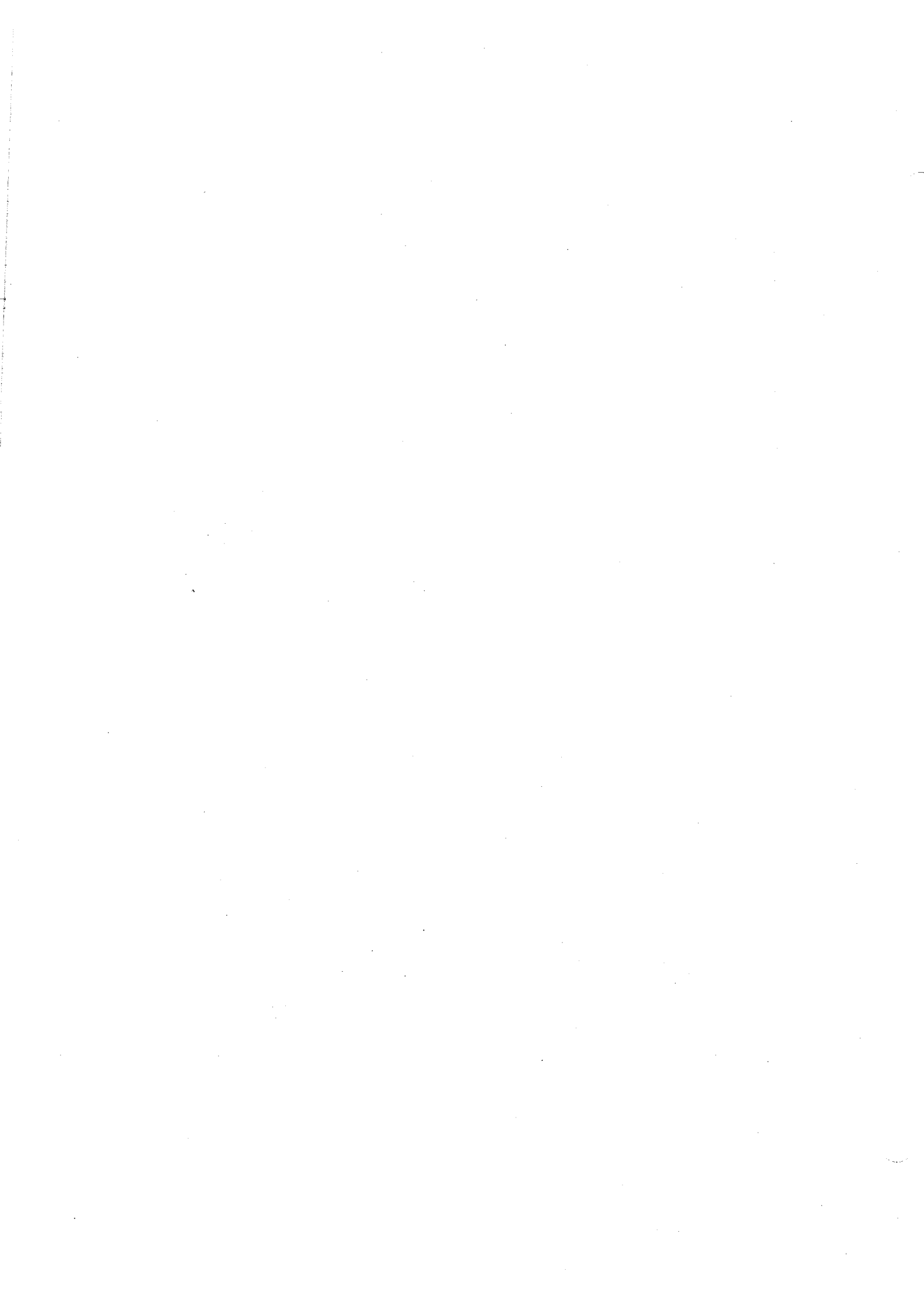
- » Catholic Health Initiatives: St. Francis Hospital
- » Dr. Harrison, DDS
- » Ferry County Public Hospital
- » MultiCare
- » MultiCare Tacoma General Hospital
- » Panorama Convalescent and Rehabilitation Center
- » Passionate Nutrition
- » Sacred Heart Medical Center
- » Saint Joseph Medical Center
- » San Joaquine Community Hospital
- » Saint Luke's Children's Regional Medical Center
- » Saint Joseph Medical Center
- » Swedish Medical Center - Edmonds
- » Thomas Cuisine Management
- » Valley Medical Center

Mathematics and Statistics

- » Logos Research Systems

Natural Resources and Conservation

- » Asplundh Tree Experts Co.
- » City of Lacey Water Resources Dept.
- » Maul Foster & Alongi, Inc.



FINANCIALS

Washington State Opportunity Scholarship
Comparative Balance Sheets

June 30, 2013 and February 28, 2014

	<u>As of</u>	
	<u>6/30/13</u>	<u>2/28/2014</u>
<u>Assets</u>		
Cash	3,408,717	2,044,151
Investments	22,164,520	22,804,135
Pledges Receivable	24,713,676	20,148,867
Total Assets	<u>50,286,913</u>	<u>44,997,154</u>
<u>Liabilities and Net Assets</u>		
Accounts Payable	210,105	344,427
Scholarship Commitments	19,047,802	16,376,615
Total Liabilities	<u>19,257,907</u>	<u>16,721,043</u>
Total Net Assets	<u>31,029,006</u>	<u>28,276,111</u>
Total Liabilities and Net Assets	<u>50,286,913</u>	<u>44,997,154</u>

Washington State Opportunity Scholarship

Income Statements

Income and Expense - Detail
Actual vs Budget

	Eight Months ended February 28, 2013			Eight Months ended February 28, 2014		
	Actual	Budget	Variance Fav (Unfav)	Actual	Budget	Variance Fav (Unfav)
Salaries & Benefits	\$ 458,102	\$ 484,606	\$ 26,504	\$ 449,797	\$ 690,315	\$ 240,518
Program Other Direct	55,164	89,629	34,464	174,980	181,332	6,352
Prof Fees Pyramid	101,690	136,000	34,310	142,279	144,667	2,388
Prof Fees CoFen	5,608	56,333	50,726	64,931	56,333	(8,597)
Allocated Indirect Overhead	87,121	114,985	27,864	124,744	160,888	36,144
Total WSOS Admin Exp	\$ 707,685	\$ 881,553	\$ 173,868	\$ 956,731	\$ 1,233,535	\$ 276,804

LEGISLATIVE



Supporting the next generation of STEM & health care leaders

LEGISLATIVE UPDATE

LEGISLATURE PASSES AND GOVERNOR SIGNS \$25 MILLION FOR WSOS IN 2014 SUPPLEMENTAL BUDGET

On Friday, April 4, 2014, Governor Jay Inslee signed the state's 2014 supplemental operating budget, which included a \$25 million public contribution for the Washington State Opportunity Scholarship (WSOS). WSOS Board member Mack Hogans, College Success Foundation President and CEO Dr. Yolanda Watson Spiva and WSOS scholars were in attendance at the bill signing.

Sen. Andy Hill, R-Woodinville, chairman of the Senate Ways and Means Committee, championed the proposal to appropriate \$25 million for the program, which was then supported in the final budget with strong bipartisan support in the House and Senate.

Additionally, with the projected outline of the 2015-2017 operating budget, WSOS is tentatively anticipating a \$20 million state contribution for the next biennium, subject to the final approval of the Legislature and the governor. We will be monitoring conversations regarding this additional state contribution prior to and during the 2015 legislative session, while advocating for its inclusion in the next biennial budget.

The state's total investment in the WSOS program to date is now \$30 million and matches the private contribution to the program. We are hopeful this will be helpful to our fundraising efforts by demonstrating to private donors that the state is serious about its commitment to WSOS.

2014 LEGISLATIVE REQUEST PASSED AND SIGNED INTO LAW BY GOVERNOR

Governor Inslee signed House Bill 2612 into law on Thursday, April 3, 2014. This legislation, for which the WSOS Board, CSF and WSOS consultants advocated during the 2014 legislative session, will:

- » Expand the WSOS Board from seven to 11 members.
- » Revise WSOS fund disbursement dates from beginning no later than May 1 annually to beginning no later than October 1 annually, to better align with college and university academic calendars and other scholarship programs.

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- » Update and modernize obsolete references to the Higher Education Coordinating (HEC) Board in the WSOS statute, replacing them with references to the Washington Student Achievement Council (WSAC).
- » Allow the Washington State Investment Board as an option for the management of WSOS funds; the WSOS Board and Investment Committee will make the final investment manager selection.

WSOS board member Mack Hogans and Dr. Yolanda Watson Spiva were instrumental in advocating for the bill this session, building on the work accomplished over the last two sessions.

2014-15 GOVERNMENT AFFAIRS STRATEGY

The CSF-Cocker Fennessy government relations team is beginning work on the rest of the year's plan for WSOS's legislative and government advocacy and to prepare for the 2015 legislative session, including identifying outreach priorities, creating statewide and legislative district-focused materials, preparing talking points and possible media op-eds and having initial conversations with legislative supporters.

- » Identify priority legislators and legislative districts based on our champions, sponsors and supporters during the last session.
- » Coordinate meetings with scholars and legislators to ensure we have their continued support.
- » Arrange meetings with legislative skeptics and opponents to educate and try to gain their support.
- » Produce new statewide maps that identify scholars by legislative districts.
- » Create additional legislative district-focused materials around scholars.
- » Outreach to legislators as alumni of various Washington state colleges and universities for relevant events.

2015 LEGISLATIVE REQUEST

We will continue to press for the additional \$20 million for WSOS in the next budget as our top priority for 2015. We also need to identify our goals for the 2015 session as soon as possible, and how we can best marshal our allies to support them.

Our goal is to have any requests identified, researched and approved by the WSOS Board by August. This would allow us to begin working with legislators as soon as possible to start the session on a strong foundation.

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Lastly, we are planning to produce a thank you letter from the board to sponsoring legislators for their support of the WSOS legislation during the past session. We plan to distribute this letter in June once legislators have regrouped from the past session.

SEATTLE UNIVERSITY EVENT ON MAY 7, 2014

Working with the College Success Foundation and Pyramid Communications, Cocker Fennessy will be coordinating legislative outreach, attendance and participation for the WSOS event at Seattle University planned for Wednesday, May 7, 2014. The outreach to legislators invites them to attend this intimate gathering to mingle and to hear from WSOS scholars about the impact the program has had on their lives during a conversation facilitated by Father Sundborg and Jim Sinegal.

As this event approaches and we receive RSVPs, we would be pleased to provide another update on the status of legislator participation.

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Summary of SHB 2612 changes to statute

Signed by Governor Inslee April 3rd, effective date June 12th.

- Increases the membership of the Opportunity Scholarship Board to 11 members and the quorum to seven members, and changes the membership composition. Six members to be appointed by the governor (instead of three) from a list provided by the president of the senate and the speaker of the house, and five (instead of four) appointed by the governor from business or philanthropy.
- Requires the Washington Student Achievement Council to enter into an agreement with the Program Administrator to demonstrate exchange of consideration for the matching funds. In practice, this means that the Council and Program Administrator will enter a contract requiring the Program Administrator to award some number of scholarships before the Council will place a certain amount of money in the Match Transfer Account.
- Allow the Washington State Investment Board as an option for the management of WSOS funds; the WSOS Board and Investment Committee will make the final investment manager selection.
- Revise WSOS fund disbursement dates from beginning no later than May 1 annually to beginning no later than October 1 annually, to better align with college and university academic calendars and other scholarship programs.
- Update and modernize obsolete references to the Higher Education Coordinating (HEC) Board in the WSOS statute, replacing them with references to the Washington Student Achievement Council (WSAC).
- Changes the definition of "Board" and adds a definition for "Council."

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2612

Chapter 208, Laws of 2014

63rd Legislature
2014 Regular Session

OPPORTUNITY SCHOLARSHIP PROGRAM

EFFECTIVE DATE: 06/12/14

Passed by the House March 10, 2014
Yeas 62 Nays 36

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 7, 2014
Yeas 45 Nays 4

BRAD OWEN

President of the Senate

Approved April 3, 2014, 11:13 a.m.

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2612** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

April 4, 2014

Secretary of State
State of Washington

SUBSTITUTE HOUSE BILL 2612

AS AMENDED BY THE SENATE

Passed Legislature - 2014 Regular Session

State of Washington

63rd Legislature

2014 Regular Session

By House Appropriations Subcommittee on Education (originally sponsored by Representatives Hansen, Haler, Zeiger, and Seaquist)

READ FIRST TIME 02/11/14.

1 AN ACT Relating to the opportunity scholarship program; amending
2 RCW 28B.145.010, 28B.145.020, 28B.145.030, 28B.145.050, 28B.145.060,
3 and 28B.145.070; and adding a new section to chapter 28B.145 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 28B.145.010 and 2013 c 39 s 13 are each amended to
6 read as follows:

7 The definitions in this section apply throughout this chapter
8 unless the context clearly requires otherwise.

9 (1) "Board" means the ~~((higher education coordinating board or its
10 successor))~~ opportunity scholarship board.

11 (2) "Council" means the student achievement council.

12 (3) "Eligible education programs" means high employer demand and
13 other programs of study as determined by the ~~((opportunity
14 scholarship))~~ board.

15 ~~((3))~~ (4) "Eligible expenses" means reasonable expenses
16 associated with the costs of acquiring an education such as tuition,
17 books, equipment, fees, room and board, and other expenses as
18 determined by the program administrator in consultation with the

1 ((board)) council and the state board for community and technical
2 colleges.

3 ((4)) (5) "Eligible student" means a resident student who
4 received his or her high school diploma or high school equivalency
5 certificate as provided in RCW 28B.50.536 in Washington and who:

6 (a)(i) Has been accepted at a four-year institution of higher
7 education into an eligible education program leading to a baccalaureate
8 degree; or

9 (ii) Will attend a two-year institution of higher education and
10 intends to transfer to an eligible education program at a four-year
11 institution of higher education;

12 (b) Declares an intention to obtain a baccalaureate degree; and

13 (c) Has a family income at or below one hundred twenty-five percent
14 of the state median family income at the time the student applies for
15 an opportunity scholarship.

16 ((5)) (6) "High employer demand program of study" has the same
17 meaning as provided in RCW 28B.50.030.

18 ((6)) (7) "Participant" means an eligible student who has
19 received a scholarship under the opportunity scholarship program.

20 ((7)) (8) "Program administrator" means a college scholarship
21 organization that is a private nonprofit corporation registered under
22 Title 24 RCW and qualified as a tax-exempt entity under section
23 501(c)(3) of the federal internal revenue code, with expertise in
24 managing scholarships and college advising.

25 ((8)) (9) "Resident student" has the same meaning as provided in
26 RCW 28B.15.012.

27 **Sec. 2.** RCW 28B.145.020 and 2011 1st sp.s. c 13 s 3 are each
28 amended to read as follows:

29 (1) The opportunity scholarship board is created. The
30 ((opportunity scholarship)) board consists of ((seven)) eleven members:

31 (a) ((Three)) Six members appointed by the governor. For ((two))
32 three of the ((three)) six appointments, the governor shall consider
33 names from a list provided by the president of the senate and the
34 speaker of the house of representatives; and

35 (b) ((Four)) Five foundation or business and industry
36 representatives appointed by the governor from among the state's most
37 productive industries such as aerospace, manufacturing, health

1 ((~~sciences~~)) care, information technology, engineering, agriculture,
2 and others, as well as philanthropy. The foundation or business and
3 industry representatives shall be selected from among nominations
4 provided by the private sector donors to the opportunity scholarship
5 and opportunity expansion programs. However, the governor may request,
6 and the private sector donors shall provide, an additional list or
7 lists from which the governor shall select these representatives.

8 (2) Board members shall hold their offices for a term of four years
9 from the first day of September and until their successors are
10 appointed. No more than the terms of two members may expire
11 simultaneously on the last day of August in any one year.

12 (3) The members of the ((~~opportunity scholarship~~)) board shall
13 elect one of the business and industry representatives to serve as
14 chair.

15 (4) ((~~Five~~)) Seven members of the board constitute a quorum for the
16 transaction of business. In case of a vacancy, or when an appointment
17 is made after the date of expiration of the term, the governor or the
18 president of the senate or the speaker of the house of representatives,
19 depending upon which made the initial appointment to that position,
20 shall fill the vacancy for the remainder of the term of the board
21 member whose office has become vacant or expired.

22 (5) The ((~~opportunity scholarship~~)) board shall be staffed by the
23 program administrator.

24 (6) The purpose of the ((~~opportunity scholarship~~)) board is to
25 provide oversight and guidance for the opportunity expansion and the
26 opportunity scholarship programs in light of established legislative
27 priorities and to fulfill the duties and responsibilities under this
28 chapter, including but not limited to determining eligible education
29 programs for purposes of the opportunity scholarship program. Duties,
30 exercised jointly with the program administrator, include soliciting
31 funds and setting annual fund-raising goals.

32 (7) The ((~~opportunity scholarship~~)) board may report to the
33 governor and the appropriate committees of the legislature with
34 recommendations as to:

35 (a) Whether some or all of the scholarships should be changed to
36 conditional scholarships that must be repaid in the event the
37 participant does not complete the eligible education program; and

1 (b) A source or sources of funds for the opportunity expansion
2 program in addition to the voluntary contributions of the high
3 technology research and development tax credit under RCW 82.32.800.

4 **Sec. 3.** RCW 28B.145.030 and 2011 1st sp.s. c 13 s 4 are each
5 amended to read as follows:

6 (1) The program administrator, under contract with the ((board))
7 council, shall staff the ((~~opportunity scholarship~~)) board and shall
8 have the duties and responsibilities provided in this chapter,
9 including but not limited to publicizing the program, selecting
10 participants for the opportunity scholarship award, distributing
11 opportunity scholarship awards, and achieving the maximum possible rate
12 of return on investment of the accounts in subsection (2) of this
13 section, while ensuring transparency in the investment decisions and
14 processes. Duties, exercised jointly with the ((~~opportunity~~
15 ~~scholarship~~)) board, include soliciting funds and setting annual fund-
16 raising goals. The program administrator shall be paid an
17 administrative fee as determined by the ((~~opportunity scholarship~~))
18 board.

19 (2) With respect to the opportunity scholarship program, the
20 program administrator shall:

21 (a) Establish and manage two separate accounts into which to
22 receive grants and contributions from private sources as well as state
23 matching funds, and from which to disburse scholarship funds to
24 participants;

25 (b) Solicit and accept grants and contributions from private
26 sources, via direct payment, pledge agreement, or escrow account, of
27 private sources for deposit into one or both of the two accounts
28 created in this subsection (2)(b) in accordance with this subsection

29 (2)(b):

30 (i) The "scholarship account," whose principal may be invaded, and
31 from which scholarships must be disbursed beginning no later than
32 December 1, 2011, if, by that date, state matching funds in the amount
33 of five million dollars or more have been received. Thereafter,
34 scholarships shall be disbursed on an annual basis beginning no later
35 than May 1, 2012, and every ((~~May~~)) October 1st thereafter;

36 (ii) The "endowment account," from which scholarship moneys may be
37 disbursed from earnings only in years when:

1 (A) The state match has been made into both the scholarship and the
2 endowment account;

3 (B) The state appropriations for the state need grant under RCW
4 28B.92.010 meet or exceed state appropriations for the state need grant
5 made in the 2011-2013 biennium, adjusted for inflation, and eligibility
6 for state need grant recipients is at least seventy percent of state
7 median family income; and

8 (C) The state has demonstrated progress toward the goal of total
9 per-student funding levels, from state appropriations plus tuition and
10 fees, of at least the sixtieth percentile of total per-student funding
11 at similar public institutions of higher education in the global
12 challenge states, as defined, measured, and reported in RCW 28B.15.068.
13 In any year in which the office of financial management reports that
14 the state has not made progress toward this goal, no new scholarships
15 may be awarded. In any year in which the office of financial
16 management reports that the percentile of total per-student funding is
17 less than the sixtieth percentile and at least five percent less than
18 the prior year, pledges of future grants and contributions may, at the
19 request of the donor, be released and grants and contributions already
20 received refunded to the extent that opportunity scholarship awards
21 already made can be fulfilled from the funds remaining in the endowment
22 account. In fulfilling the requirements of this subsection, the office
23 of financial management shall use resources that facilitate measurement
24 and comparisons of the most recently completed academic year. These
25 resources may include, but are not limited to, the data provided in a
26 uniform dashboard format under RCW 28B.77.090 as the statewide public
27 four-year dashboard and academic year reports prepared by the state
28 board for community and technical colleges; ((and))

29 (iii) An amount equal to at least fifty percent of all grants and
30 contributions must be deposited into the scholarship account until such
31 time as twenty million dollars have been deposited into the account,
32 after which time the private donors may designate whether their
33 contributions must be deposited to the scholarship or the endowment
34 account. The ((~~opportunity scholarship~~)) board and the program
35 administrator must work to maximize private sector contributions to
36 both the scholarship account and the endowment account, to maintain a
37 robust scholarship program while simultaneously building the endowment,
38 and to determine the division between the two accounts in the case of

1 undesignated grants and contributions, taking into account the need for
2 a long-term funding mechanism and the short-term needs of families and
3 students in Washington. The first five million dollars in state match,
4 as provided in RCW 28B.145.040, shall be deposited into the scholarship
5 account and thereafter the state match shall be deposited into the two
6 accounts in equal proportion to the private funds deposited in each
7 account; and

8 (iv) Once moneys in the opportunity scholarship match transfer
9 account are subject to an agreement under RCW 28B.145.050(5) and are
10 deposited in the scholarship account or endowment account under this
11 section, the state acts in a fiduciary rather than ownership capacity
12 with regard to those assets. Assets in the scholarship account and
13 endowment account are not considered state money, common cash, or
14 revenue to the state;

15 (c) Provide proof of receipt of grants and contributions from
16 private sources to the ((board)) council, identifying the amounts
17 received by name of private source and date, and whether the amounts
18 received were deposited into the scholarship or the endowment account;

19 (d) In consultation with the ((higher-education-coordinating
20 board)) council and the state board for community and technical
21 colleges, make an assessment of the reasonable annual eligible expenses
22 associated with eligible education programs identified by the
23 ((opportunity scholarship)) board;

24 (e) Determine the dollar difference between tuition fees charged by
25 institutions of higher education in the 2008-09 academic year and the
26 academic year for which an opportunity scholarship is being
27 distributed;

28 (f) Develop and implement an application, selection, and
29 notification process for awarding opportunity scholarships;

30 (g) Determine the annual amount of the opportunity scholarship for
31 each selected participant. The annual amount shall be at least one
32 thousand dollars or the amount determined under (e) of this subsection,
33 but may be increased on an income-based, sliding scale basis up to the
34 amount necessary to cover all reasonable annual eligible expenses as
35 assessed pursuant to (d) of this subsection, or to encourage
36 participation in baccalaureate degree programs identified by the
37 ((opportunity scholarship)) board;

1 (h) Distribute scholarship funds to selected participants. Once
2 awarded, and to the extent funds are available for distribution, an
3 opportunity scholarship shall be automatically renewed until the
4 participant withdraws from or is no longer attending the program,
5 completes the program, or has taken the credit or clock hour equivalent
6 of one hundred twenty-five percent of the published length of time of
7 the participant's program, whichever occurs first, and as long as the
8 participant annually submits documentation of filing both a free
9 application for federal student aid and for available federal education
10 tax credits, including but not limited to the American opportunity tax
11 credit; and

12 (i) Notify institutions of scholarship recipients who will attend
13 their institutions and inform them of the terms of the students'
14 eligibility.

15 (3) With respect to the opportunity expansion program, the program
16 administrator shall:

17 (a) Assist the ((~~opportunity scholarship~~)) board in developing and
18 implementing an application, selection, and notification process for
19 making opportunity expansion awards; and

20 (b) Solicit and accept grants and contributions from private
21 sources for opportunity expansion awards.

22 NEW SECTION. **Sec. 4.** A new section is added to chapter 28B.145
23 RCW to read as follows:

24 (1) The board may elect to have the state investment board invest
25 the funds in the scholarship account and endowment account described
26 under RCW 28B.145.030(2)(b). If the board so elects, the state
27 investment board has the full power to invest, reinvest, manage,
28 contract, sell, or exchange investment money in the two accounts. All
29 investment and operating costs associated with the investment of money
30 shall be paid under RCW 43.33A.160 and 43.84.160. With the exception
31 of these expenses, the earnings from the investment of the money shall
32 be retained by the accounts.

33 (2) All investments made by the state investment board shall be
34 made with the exercise of that degree of judgment and care under RCW
35 43.33A.140 and the investment policy established by the state
36 investment board.

1 (3) As deemed appropriate by the state investment board, money in
2 the scholarship and endowment accounts may be commingled for investment
3 with other funds subject to investment by the state investment board.

4 (4) Members of the state investment board shall not be considered
5 an insurer of the funds or assets and are not liable for any action or
6 inaction.

7 (5) Members of the state investment board are not liable to the
8 state, to the fund, or to any other person as a result of their
9 activities as members, whether ministerial or discretionary, except for
10 willful dishonesty or intentional violations of law. The state
11 investment board in its discretion may purchase liability insurance for
12 members.

13 (6) The authority to establish all policies relating to the
14 scholarship account and the endowment account, other than the
15 investment policies as provided in subsections (1) through (3) of this
16 section, resides with the board and program administrator acting in
17 accordance with the principles set forth in this chapter. With the
18 exception of expenses of the state investment board in subsection (1)
19 of this section, disbursements from the scholarship account and
20 endowment account shall be made only on the authorization of the
21 opportunity scholarship board or its designee, and moneys in the
22 accounts may be spent only for the purposes specified in this chapter.

23 (7) The state investment board shall routinely consult and
24 communicate with the board on the investment policy, earnings of the
25 accounts, and related needs of the program.

26 **Sec. 5.** RCW 28B.145.050 and 2011 1st sp.s. c 13 s 6 are each
27 amended to read as follows:

28 (1) The opportunity scholarship match transfer account is created
29 in the custody of the state treasurer as a nonappropriated account to
30 be used solely and exclusively for the opportunity scholarship program
31 created in RCW 28B.145.040. The purpose of the account is to provide
32 matching funds for the opportunity scholarship program.

33 (2) Revenues to the account shall consist of appropriations by the
34 legislature into the account and any gifts, grants, or donations
35 received by the executive director of the (~~board~~) council for this
36 purpose.

1 (3) No expenditures from the account may be made except upon
2 receipt of proof, by the executive director of the ((~~board~~)) council
3 from the program administrator, of private contributions to the
4 opportunity scholarship program. Expenditures, in the form of matching
5 funds, may not exceed the total amount of private contributions.

6 (4) Only the executive director of the ((~~board~~)) council or the
7 executive director's designee may authorize expenditures from the
8 opportunity scholarship match transfer account. Such authorization
9 must be made as soon as practicable following receipt of proof as
10 required under subsection (3) of this section.

11 (5) The council shall enter into an appropriate agreement with the
12 program administrator to demonstrate exchange of consideration for the
13 matching funds.

14 **Sec. 6.** RCW 28B.145.060 and 2013 c 39 s 14 are each amended to
15 read as follows:

16 (1) The opportunity expansion program is established.

17 (2) The ((~~opportunity scholarship~~)) board shall select institutions
18 of higher education to receive opportunity expansion awards. In so
19 doing, the ((~~opportunity scholarship~~)) board must:

20 (a) Solicit, receive, and evaluate proposals from institutions of
21 higher education that are designed to directly increase the number of
22 baccalaureate degrees produced in high employer demand and other
23 programs of study, and that include annual numerical targets for the
24 number of such degrees, with a strong emphasis on serving students who
25 received their high school diploma or high school equivalency
26 certificate as provided in RCW 28B.50.536 in Washington or are adult
27 Washington residents who are returning to school to gain a
28 baccalaureate degree;

29 (b) Develop criteria for evaluating proposals and awarding funds to
30 the proposals deemed most likely to increase the number of
31 baccalaureate degrees and degrees produced in high employer demand and
32 other programs of study;

33 (c) Give priority to proposals that include a partnership between
34 public and private partnership entities that leverage additional
35 private funds;

36 (d) Give priority to proposals that are innovative, efficient, and

1 cost-effective, given the nature and cost of the particular program of
2 study;

3 (e) Consult and operate in consultation with existing higher
4 education stakeholders, including but not limited to: Faculty, labor,
5 student organizations, and relevant higher education agencies; and

6 (f) Determine which proposals to improve and accelerate the
7 production of baccalaureate degrees in high employer demand and other
8 programs of study will receive opportunity expansion awards for the
9 following state fiscal year, notify the state treasurer, and announce
10 the awards.

11 (3) The state treasurer, at the direction of the ((~~opportunity~~
12 ~~scholarship~~)) board, must distribute the funds that have been awarded
13 to the institutions of higher education from the opportunity expansion
14 account.

15 (4) Institutions of higher education receiving awards under this
16 section may not supplant existing general fund state revenues with
17 opportunity expansion awards.

18 (5) Annually, the office of financial management shall report to
19 the ((~~opportunity scholarship~~)) board, the governor, and the relevant
20 committees of the legislature regarding the percentage of Washington
21 households with incomes in the middle-income bracket or higher. For
22 purposes of this section, "middle-income bracket" means household
23 incomes between two hundred and five hundred percent of the 2010
24 federal poverty level, as determined by the United States department of
25 health and human services for a family of four, adjusted annually for
26 inflation.

27 (6) Annually, the ((~~student achievement~~)) council must report to
28 the ((~~opportunity scholarship~~)) board, the governor, and the relevant
29 committees of the legislature regarding the increase in the number of
30 degrees in high employer demand and other programs of study awarded by
31 institutions of higher education over the average of the preceding ten
32 academic years.

33 (7) In its comprehensive plan, the workforce training and education
34 coordinating board shall include specific strategies to reach the goal
35 of increasing the percentage of Washington households living in the
36 middle-income bracket or higher, as calculated by the office of
37 financial management and developed by the agency or education
38 institution that will lead the strategy.

1 **Sec. 7.** RCW 28B.145.070 and 2011 1st sp.s. c 13 s 8 are each
2 amended to read as follows:

3 (1) (~~By December 1, 2012, and~~) Annually each December 1st
4 (~~thereafter~~), the (~~opportunity scholarship~~) board, together with
5 the program administrator, shall report to the (~~board~~) council, the
6 governor, and the appropriate committees of the legislature regarding
7 the opportunity scholarship and opportunity expansion programs,
8 including but not limited to:

9 (a) Which education programs the (~~opportunity scholarship~~) board
10 determined were eligible for purposes of the opportunity scholarship;

11 (b) The number of applicants for the opportunity scholarship,
12 disaggregated, to the extent possible, by race, ethnicity, gender,
13 county of origin, age, and median family income;

14 (c) The number of participants in the opportunity scholarship
15 program, disaggregated, to the extent possible, by race, ethnicity,
16 gender, county of origin, age, and median family income;

17 (d) The number and amount of the scholarships actually awarded, and
18 whether the scholarships were paid from the scholarship account or the
19 endowment account;

20 (e) The institutions and eligible education programs in which
21 opportunity scholarship participants enrolled, together with data
22 regarding participants' completion and graduation;

23 (f) The total amount of private contributions and state match
24 moneys received for the opportunity scholarship program, how the funds
25 were distributed between the scholarship and endowment accounts, the
26 interest or other earnings on the accounts, and the amount of any
27 administrative fee paid to the program administrator; and

28 (g) Identification of the programs the (~~opportunity scholarship~~)
29 board selected to receive opportunity expansion awards and the amount
30 of such awards.

31 (2) In the next succeeding legislative session following receipt of
32 a report required under subsection (1) of this section, the appropriate
33 committees of the legislature shall review the report and consider
34 whether any legislative action is necessary with respect to either the
35 opportunity scholarship program or the opportunity expansion program,
36 including but not limited to consideration of whether any legislative

1 action is necessary with respect to the nature and level of focus on
2 high employer demand fields and the number and amount of scholarships.

Passed by the House March 10, 2014.

Passed by the Senate March 7, 2014.

Approved by the Governor April 3, 2014.

Filed in Office of Secretary of State April 4, 2014.

April 14, 2014

**Board Memorandum on Plans for FY15 and Beyond
for the Washington Opportunity Scholarship Program:**

**Proposals for Revision to FY15 Scholarship Model and Program Management and
Development of Next Steps for Scholarships, Student Services, and Program Management**

Purpose of Proposal

At the December 2013 meeting, the WSOS Board of Directors expressed support for a model for the 2011-2021 time period aimed at increasing the number of Washington students who can obtain the skills needed to fill high-demand jobs, based on raising and spending during this time \$100 million from the private sector and \$100 million from the public sector.

Since December, we've done additional work to develop this proposal. In addition, the state legislature appropriated an additional \$25 million from the current biennial budget to support the WSOS program. This step provides the type of additional financial resources that can help build confidence and attract additional private donations.

To move forward, this memo proposes that the Board approve three steps at the April Board meeting and additional steps that would be developed for review and potential approval by the Board before the completion of the current fiscal year on June 30.

Specifically, the memo proposes that the Board act now to approve:

1. An increase in the number and value of scholarships that will be awarded for the 2014-15 academic year;
2. The recruitment of an Executive Director for WSOS who will have direct line responsibility to the WSOS board of directors; and
3. The public launch of a broadened fundraising effort.

In addition, the memo proposes that between now and the end of June, the Board pursue the following steps:

4. Request that the College Success Foundation (CSF) staff prepare a two-year detailed proposal for FY15-16 to provide scholarship recruiting, disbursement, and wrap-around services, as well as co-location administrative support;
5. Explore the possibility of soliciting on a pro bono basis the work of the Boston Consulting Group or a similar organization to model the potential student and economic impact of additional potential growth in the number and/or value of scholarships between FY16 and FY21;
6. Assess options for recovering from CSF and applying to future years the surplus from funds paid by WSOS in the initial years of the program; and

7. Develop options for the proposed disbursement of funds in FY15 for the Opportunity Expansion Fund.

Steps Requiring Board Decisions in April

1. Increase in Scholarship Number and Value for FY15

Based on the Board's prior actions, the WSOS program this academic year is providing scholarships of \$1,000 for each of the first two years of college and \$5,000 per year for up to three additional years. Given the additional influx of state resources, this memo proposes that for FY15 the Board increase the scholarship value to provide \$2,500 each year for the first two years of college and increase the amount for the fourth year to \$7,500. These proposed changes are shown below.

Scholarship Award Levels		
	Current	Proposed
Year 1	\$1,000	\$2,500
Year 2	\$1,000	\$2,500
Year 3	\$5,000	\$5,000
Year 4	\$5,000	\$7,500
Year 5	\$5,000	\$5,000
TOTAL	\$17,000	\$22,500

The increase for Year 4 would be designed to help students complete their college education in four years, if possible, by enabling them to study more and work less in their senior year.

In addition, this memo proposes that the number of new scholarships awarded grow from 720 to 750. While more precise modeling would be needed to refine the exact award distribution, a likely award distribution after typical annual attrition is shown below, with a comparison to the total scholarship awards and costs for the first three years of the WSOS program.

	Year 1	Year 2	Year 3
	FY12	FY13	FY14
Freshman	756	470	500
Sophomore	770	741	517
Junior	794	641	715
Senior	577	612	590
5th Year	-	140	220
Total Scholarships	2897	2604	2542
Total Annual Scholarships	\$2,893,813	5,694,917	\$11,640,050
Cumulative	\$2,893,813	8,588,730	\$20,228,780

To facilitate this direction, Microsoft would shift its current allocation of \$7.5M in the endowment account over to the scholarship account and would direct all of its remaining pledges into the scholarship account. In addition, this memo proposes that the Board explore with Boeing the possibility that it too would shift its existing contribution and its outstanding pledges into the scholarship account.

2. Recruitment of an Executive Director for WSOS

To help accelerate the work of WSOS, including fundraising, this memo proposes that the Board authorize the recruiting and hiring of an Executive Director. It recommends that the WSOS Board secure the services of a search firm, such as Waldron and Associates, to facilitate the process. The WSOS Executive Director will have direct line reporting to the WSOS Board, and will have a dotted line connection to the CSF CEO. A copy of the proposed job description for this position is attached as Appendix A to this memo.

3. Launch of Broadened Public Fundraising Campaign

In addition, this memo proposes that in June of this year the Board hold a public event to announce that it is increasing the number and value of scholarships and launching a broadened public fundraising campaign. The goal of the campaign would be to raise all of the additional private funds by the end of 2017.

Steps Requiring Additional Work and Board Decisions by June

4. WSOS Detailed Program Management

To support the proposed WSOS scholarship expansion, this memo proposes that the Board work with and obtain from CSF staff a refined proposal for program management that could result in a two-year contract with CSF for FY15-16. Overall, this memo recommends that WSOS explore confining costs other than scholarship awards to roughly \$2 million per year. Most of these costs would be fixed, meaning that they would not rise if the amount spent on scholarships rises further between FY15 and FY21.

Based on initial discussions with CSF since December, it appears to make sense to focus on the following elements:

- This memo recommends that a high priority should be wrap-around services that would be provided by CSF to help scholarship students succeed in a STEM or health care field in college and obtain a job

successfully upon graduation. CSF would develop a detailed proposal for such services between now and June, with potential costs for this portion in the range of \$750K up to \$1 million per year.

- The remaining programmatic costs would be confined to between \$1 million and \$1.25 million per year. Overall, this memo recommends that the Board ensure that non-scholarship costs are managed in line with industry standards for similar scholarship programs. To ensure this, it's proposed that the Board develop a budget for FY15 based on the following elements:
 - Costs for overall WSOS leadership, fundraising, and public advocacy, which would be provided by WSOS staff, including the WSOS Executive Director and a small number of WSOS employees who would report to the Executive Director.
 - Costs to recruit scholarship applicants and disburse scholarship awards, which would be administered directly by CSF. This would build on CSF's existing work with middle- and high-schools as well as its robust relationships with colleges, universities, and community partners. CSF staff would manage the selection and awarding of scholarships; and
 - Costs to house and provide infrastructure and administrative support for the WSOS staff, which would be provided by CSF based on a model it has utilized for other work previously. The WSOS staff would be co-located with CSF, and CSF would provide finance and accounting functions, all IT functions, and administrative assistance.

This memo proposes that the detailed work to refine this proposal would be completed and submitted for Board review and approval by early June.

5. Additional Work to Assess Optimal Student and Economic Impact

It's vital that the Board make the optimal use of public and private funds by targeting scholarship and wrap-around awards in the most effective manner possible. This is also likely to play a vital role in raising additional funds, including from private donors.

This memo proposes that the Board explore the possibility of soliciting on a pro bono basis the work of the Boston Consulting Group (BCG) or a similar organization to model the potential student and economic impact of additional potential growth in the number and/or value of scholarships between FY16 and FY21. As the Board is aware, BCG last year did similar work on a pro bono basis for the Washington Roundtable that estimated the skills gap in Washington State. Continued work to refine that initial study would provide the Board with additional data and insights on the optimal allocation of scholarship funds in the future, including the degrees that are most likely to be in demand, the number of open jobs the State is likely to need to fill, and the number and size of scholarship awards that may have the largest potential impact.

6. Recommended Use of CSF Surplus from Initial Years of Operation

CSF has determined that the WSOS program is likely to finish the current fiscal year with a projected operating surplus of up to \$680,000 allocated to it from FY12-FY14. CSF is recommending that this surplus be applied as credit to the FY15-18 operating budgets, at \$170K per year. An alternative approach would be to apply the full amount of this total to FY15-16, which would correspond with a two-year contract with CSF that would be awarded this June. This memo proposes that the Board assess its options with respect to these funds and make a decision by June on the best path forward.

7. Next Steps for the Opportunity Expansion Fund

Finally, the legislature's decision this year to end the B&O tax credit means that, effective January 1, 2015, companies will no longer have the ability to contribute their credits to the Opportunity Expansion Fund. This makes it timely for the Board to develop and consider options for the proposed disbursement of existing funds in this account in FY15. This memo proposes that the Board undertake this work, with an initial report for its consideration by the end of June.

Appendix A:

Job Description for WSOS Executive Director

Position Title: Executive Director, Washington State Opportunity Scholarship

Target Salary: \$115-125K salary plus benefits

Reports to: Chair, WSOS Board of Directors

Summary: The Washington State Opportunity Scholarship (WSOS) is a unique public-private partnership helping to build the next generation of scientists, engineers, mathematicians, health care professionals and other professionals in Washington state's high-demand employment fields.

The Executive Director is responsible for the leadership and management of the program, effective program design and implementation, fundraising and program advocacy as directed by the WSOS Chair and its Directors. This position reports to the WSOS Chair and Board. The Executive Director works closely with the WSOS Board and the College Success Foundation (CSF) President & CEO to establish and meet program and staff accountabilities including: scholarship selection, scholarship supports, marketing, fundraising, government relations, fiscal management and administrative support. The Executive Director will directly manage staff dedicated to supporting the WSOS program (including fundraising, advocacy, executive & board support) and will manage service level agreements with CSF for shared services (scholarship selection, processing, program administration, wrap-around services, etc.). The Executive Director serves as a spokesperson and represents WSOS with policymakers, press, funders, educators and community groups. The position leads development initiatives (public and private), cultivates relationships with individuals, policymakers and foundations and engages in direct solicitation of major donors inviting them to support this important state-wide partnership and scholarship mission. The position manages and directs staff towards implementing and meeting primary objectives established and agreed upon by the WSOS Board of Directors.

Responsibilities:

- Develop and document the long-term strategic plan for the organization, based on the vision and direction of the WSOS Board of Directors. Manage and direct staff towards implementing these objectives.
- Develop and manage service level agreements with CSF for shared services, including scholarship recruiting, disbursement, and wrap-around services.
- Support the work of the WSOS Board of Directors to raise private funds and secure public funds as outlined in the state legislation. Act as the WSOS primary fundraiser and oversee fundraising team. Steward existing donors and cultivate new prospects to develop additional resources for the organization.
- Communicate a compelling and inspired vision for the WSOS scholarship program along with a value proposition of the same for donors and prospective donors, legislators and key stakeholders.
- Create high demand for the WSOS scholarship amongst Washington State's students and ensure application goals are met (in conjunction with CSF).

- Evaluate the effectiveness of the program towards its goal of increasing the diverse pool of qualified and talented Washington State students obtaining STEM degrees.

Qualifications:

- Strong professional leadership and management skills that includes experience supporting a nonprofit board of directors, a proven ability to directly engage and motivate staff and ideally, experience with public-private partnerships.
- Strategic thinking and ability to translate high-level goals into tactical action plans.
- Demonstrated ability relevant to organization and implementation of fundraising activities, such as major gifts, annual gifts, corporate and foundation giving, as well as planned giving.
- Demonstrated aptitudes for strategic planning, meeting facilitation and fund development with individual and institutional donors, as well as strategic marketing and communications.
- Political acumen and familiarity with political processes.
- Experience with the philanthropic sector with respect to education, STEM, college access, and/or youth development work is preferred.
- A commitment to diversity and equal opportunity.
- Demonstrate a commitment to fiscal responsibility.

Attributes:

- Strong interpersonal skills and collaboration skills.
- Ability to multi-task & work well under pressure.
- Ability to interact with multiple constituencies and quickly synthesize key messages.
- Ability to analyze complex problems and interpret operational needs.
- Exceptionally self-directed, have a high energy level, be highly organized and able to handle a variety of tasks and projects on an ongoing basis.

Requirements:

- Bachelor's degree from an accredited College or University.
- Minimum of ten years related experience in the areas of leadership, development (fundraising), management and budget experience.

SCHOLARSHIP MODELS

Number of applicant	900	Input
Scholarship award %	83%	Input
Number of scholarships awarded	750	calc
Scholarship		
Year 1	\$ 2,500	
Year 2	\$ 2,500	
Year 3	\$ 5,000	
Year 4	\$ 7,500	
4 Year Total	\$ 17,500	
5th Year	\$ 5,000	
5th Year %	12%	

	Academic Year -- FALL START													
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Freshman	756	470	500	450	450	450	450	450	450	450	-	-	-	-
Sophomore	770	741	517	540	501	501	501	501	501	501	351	-	-	-
Junior	794	641	715	579	598	566	566	566	566	566	416	292	-	-
Senior	577	612	590	658	532	550	521	521	521	521	521	383	286	-
5th Year	-	140	220	212	237	192	198	187	187	187	187	187	46	94
Total Scholarships	2,897	2,604	2,542	2,439	2,318	2,259	2,236	2,225	2,225	2,225	1,475	862	332	34

Total Annual Scholarship	\$ 2,893,813	\$ 5,694,917	\$ 11,640,050	\$ 11,365,283	\$ 10,544,999	\$ 10,292,014	\$ 10,103,182	\$ 10,050,221	\$ 10,050,221	\$ 10,050,221	\$ 7,799,921	\$ 5,264,999	\$ 2,700,371	\$ 482,764
Cummulative	\$ 2,893,813	\$ 8,588,730	\$ 20,228,780	\$ 31,592,063	\$ 42,137,062	\$ 52,429,076	\$ 62,532,258	\$ 72,582,479	\$ 82,632,700	\$ 92,682,921	\$ 100,482,842	\$ 105,747,841	\$ 108,448,212	\$ 108,930,976

MANAGEMENT STRUCTURE AND BUDGET

WSOS Proposed FYE15 Plan

	Draft FYE15
Scholarships & services:	
Scholarships	\$ 11,363,283
Wrap-around support - Programs	\$140,000
Wrap-around support - People	\$285,413
Total awards & services	11,788,696
Operating costs:	
Recruitment & selection	
	\$241,069
Programs	-
Total recruit & selection	241,069
Scholarship Administration	
People	\$517,614
Programs	\$80,000
Total scholarship admin.	597,614
Fundraising	
People	\$283,800
Programs	\$108,500
Total fundraising	392,300
Overhead	\$220,182
Total operating costs	\$ 1,451,165
Operating costs % of ttl awards & services	12%
Operating costs per scholarship	\$595
Wrap-around support per scholarship	\$174

FUNDRAISING AND MARKETING



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FUNDRAISING UPDATE

WSOS BOARD MEETING

04.15.2014

Ameen Kabitaby

University of Washington | Bioengineering



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“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.”

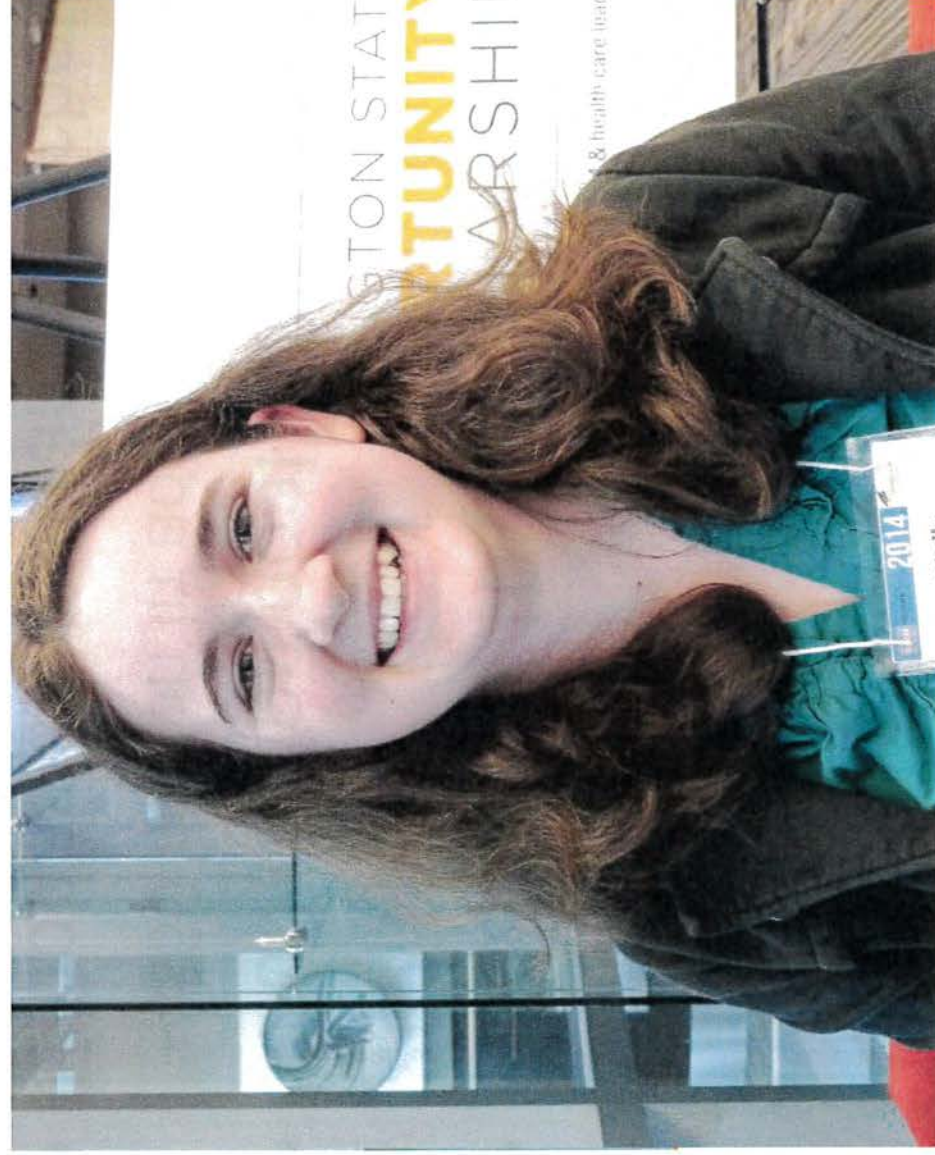
Molly Gilman

The Evergreen State College | Health Sciences (Pre-Med)



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“[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.”

December 2013 board decisions



Supporting the next generation of STEM & health care leaders

- Focus on a 10-year, high impact **Phase I (2011-2021)**
- \$200 million goal (50/50 private/public)
 - \$50 million in additional private funds over five years
- Emphasis on awarding scholarships in **Phase I**
- Minimize investment in endowment during **Phase I**

Issues we explored

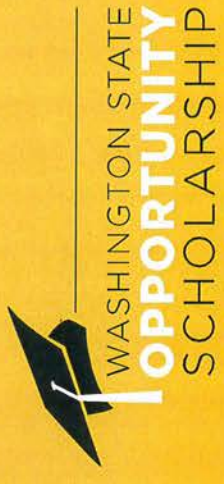


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Supporting the next generation of STEM & health care leaders

- Defining what success looks like
 - Greater impact through more scholarships
 - Greater impact through larger scholarship amounts
- Navigating issues related to endowment as described in the legislation
- Making WSOS as attractive as possible to donors
- Getting stronger through coordination with Washington STEM

What makes WSOS attractive to donors?



Supporting the next generation of STEM & health care leaders

- For every scholarship underwritten by private dollars, a second scholarship is funded by the State
- If administrative costs are covered, 100% of donor funding goes directly to scholarships
- Upperclassmen with declared majors are a more solid investment
- Include a volunteer service requirement for scholars

Endowment—what we know



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- Private donors can designate their funds directly to the scholarship account
- Undesignated funds are to be allocated by the board to either the scholarship account or the endowment
- The intent of the legislation is to build a meaningful endowment over time, but there is not a specific amount or formula for contributing as of yet

Endowment considerations



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- During Phase I (2011-2021), funds raised can be directed toward the scholarship account
- Phase I will focus on funding the maximum number of scholarships in order to demonstrate the value and impact of the program
- Phase II of the program can focus more on building the endowment

Dedicating funds to cover costs



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- Microsoft, Boeing, and State funding cover administration expenses for Phase I
- Microsoft, Boeing, and State funding cover first-year and sophomore year and donor funds cover junior, senior, and 5th year scholarships for Phase I

Leveraging opportunities



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- Create a fundraising model that leverages and serves WSOS and Washington STEM
- Align messaging between WSOS and Washington STEM
- Develop joint employer outreach plan
- Tap Washington STEM's school networks for WSOS volunteer service requirement
- Build a STEM movement in Washington state

Create a STEM education cycle



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Supporting the next generation of STEM & health care leaders

- All Washington children introduced to STEM
- STEM curricula prepare students for high school and college
- Scholarships and enhancements support WSOS scholars pursuing STEM degrees
- WSOS scholars connect to industry opportunities
- WSOS graduates secure high-demand STEM jobs in Washington
- WSOS graduates volunteer with next generation



Statewide Employer Outreach



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Supporting the next generation of STEM & health care leaders

Phase One: Research, Analysis & Initial Outreach
(February—June 2014)

Phase Two: Strategic Outreach & Awareness Building
(June—August 2014)

**Phase Three: Launch Employer Campaign (September
2014—June 2015)**

**Phase Four: Create Washington State Opportunity
Network (WSON) (TBA)**

Seattle University event



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Supporting the next generation of STEM & health care leaders

- **Wednesday, May 7 from 10:30 a.m.-noon**
- **Hosted by Jim Sinegal and Father Sundborg**
- **Please RSVP to CSF by April 23**



WSOS Board Composition Matrix

Category	Target	Current Board Members
Female	X	2
Male		4
20-35	X	all
36-55		
56+		
ETHNICITY:		
African American	X	1
Caucasian		5
Native American	X	
Latino	X	
Asian-American/Pacific Islander	X	
Other	X	
GEOGRAPHIC:		
Puget Sound		all
Eastern Washington	X	
Central Washington	X	
National/Other	X	
CONSTITUENCY:		
Business/Corporate		all
Government	X	
Higher Education	X	
K-12 Education	X	
Philanthropy		3
SKILLS/EXPERTISE:		
Fundraising	X	
Planning	X	1
Personnel	X	
Legal		2
Investments		2
Higher Education		2
K-12 Education	X	

Pending Board Appointments

Kris Felrath, Vice President, Business Operations &

Executive Member, Commercial Airplanes Division--Boeing

Section 2 Excerpt from SHB2612 Re: WSOS Board Composition

Note: Text in ((double parentheses)) indicated deleted text.

Sec. 2. RCW 28B.145.020 and 2011 1st sp.s. c 13 s 3 are each amended to read as follows:

(1) The opportunity scholarship board is created. The ((opportunity scholarship)) board consists of ((seven)) eleven members:

(a) ((Three)) Six members appointed by the governor. For ((two))three of the ((three)) six appointments, the governor shall consider names from a list provided by the president of the senate and the speaker of the house of representatives; and

(b) ((Four)) Five foundation or business and industry representatives appointed by the governor from among the state's most productive industries such as aerospace, manufacturing, health ((sciences)) care, information technology, engineering, agriculture, and others, as well as philanthropy. The foundation or business and industry representatives shall be selected from among nominations provided by the private sector donors to the opportunity scholarship and opportunity expansion programs.

However, the governor may request, and the private sector donors shall provide, an additional list or lists from which the governor shall select these representatives.

(2) Board members shall hold their offices for a term of four years from the first day of September and until their successors are appointed. No more than the terms of two members may expire simultaneously on the last day of August in any one year.

(3) The members of the ((opportunity scholarship)) board shall elect one of the business and industry representatives to serve as chair.

(4) ((Five)) Seven members of the board constitute a quorum for the transaction of business. In case of a vacancy, or when an appointment is made after the date of expiration of the term, the governor or the president of the senate or the speaker of the house of representatives, depending upon which made the initial appointment to that position, shall fill the vacancy for the remainder of the term of the board member whose office has become vacant or expired.

CURRENT AND PROSPECTIVE CANDIDATES

