

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP



BOARD MEETING | September 5, 2018

- I. Meeting Called to Order
- II. Approval of 04/16/18 Board Meeting Minutes
- III. JLARC Presentation
- IV. OEF Grant Updates
- V. Program Update
- VI. Finance and Program Administrator Update
- VII. Pathways Scholarship Discussion
- VIII. Closing

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JLARC Presentation



Joint Legislative Audit and Review Committee (JLARC)

Study of Opportunity Scholarship & Opportunity Expansion Programs

WSOS Board Meeting

Keenan Konopaski

September 2018



JLARC: The Legislature's Performance Auditors

- Legislature assigns studies to JLARC in bills and budget provisos
- Committee and Legislative Auditor position **established in statute** (RCW 44.28)



JLARC Answers the Legislature's Questions

The Legislature sets policy: JLARC evaluates how well programs deliver on it

- ✓ ***How are programs performing?***
- ✓ ***How does it compare to expectations?***
- ✓ ***Can they perform better?***



We've Been Doing This For Decades

- **1951** Legislative Budget Committee (LBC) and Legislative Auditor
- **1973** Authorized performance auditing for LBC
- **1996** Changed LBC to JLARC and adopted yellow book standards

| Similar to Congress's GAO and
| most other state legislatures

JLARC's Brand?

Accurate and Unbiased Answers

Answers prepared **independently** by non-partisan staff

Follow professional performance audit standards ("Yellow Book"):
objectivity, rigorous evidence

Committee's equal representation across parties and chambers helps
ensure independence

JLARC Members

16 Member Committee

- Established in statute
- **Equal number** of House and Senate members, Democrats and Republicans

JLARC Chair

Representative Derek Stanford



Vice Chair

Senator Lynda Wilson



Secretary


Representative Ed Orcutt



Assistant Secretary

Senator Mark Mullet





In 2011, Legislature directed
JLARC to evaluate Opportunity
Scholarship and Opportunity
Expansion Programs (ESHB 2088)

Study Questions

Presented to JLARC
April 2018

1

What was the **approach used to select students and institutions that received funds?** How many received funds?

2

What were the **sources and amounts of funding?** How much has been spent on **scholarships, expansion awards, program administration, or other costs?**

3

How many students earned degrees in high-demand fields? What are their employment outcomes?

4

How much **has the scholarship program reduced the cost** of higher education **for students?**

Tentative Timeline (subject to change)

Fieldwork & Research	Writing	Preliminary Report & Presentation	Exit Conference	Proposed Final Report & Presentation
MAY – DEC 2018 Interviews with WSOS and Washington STEM staff	JAN – APRIL 2019 Confidential technical review by WSOS staff, April 2019	MAY 2019 Report issued and presented to JLARC Committee	MAY/JUNE 2019 WSOS formal response to the audit	JULY 2019 Report issued and presented to JLARC

Contact Us

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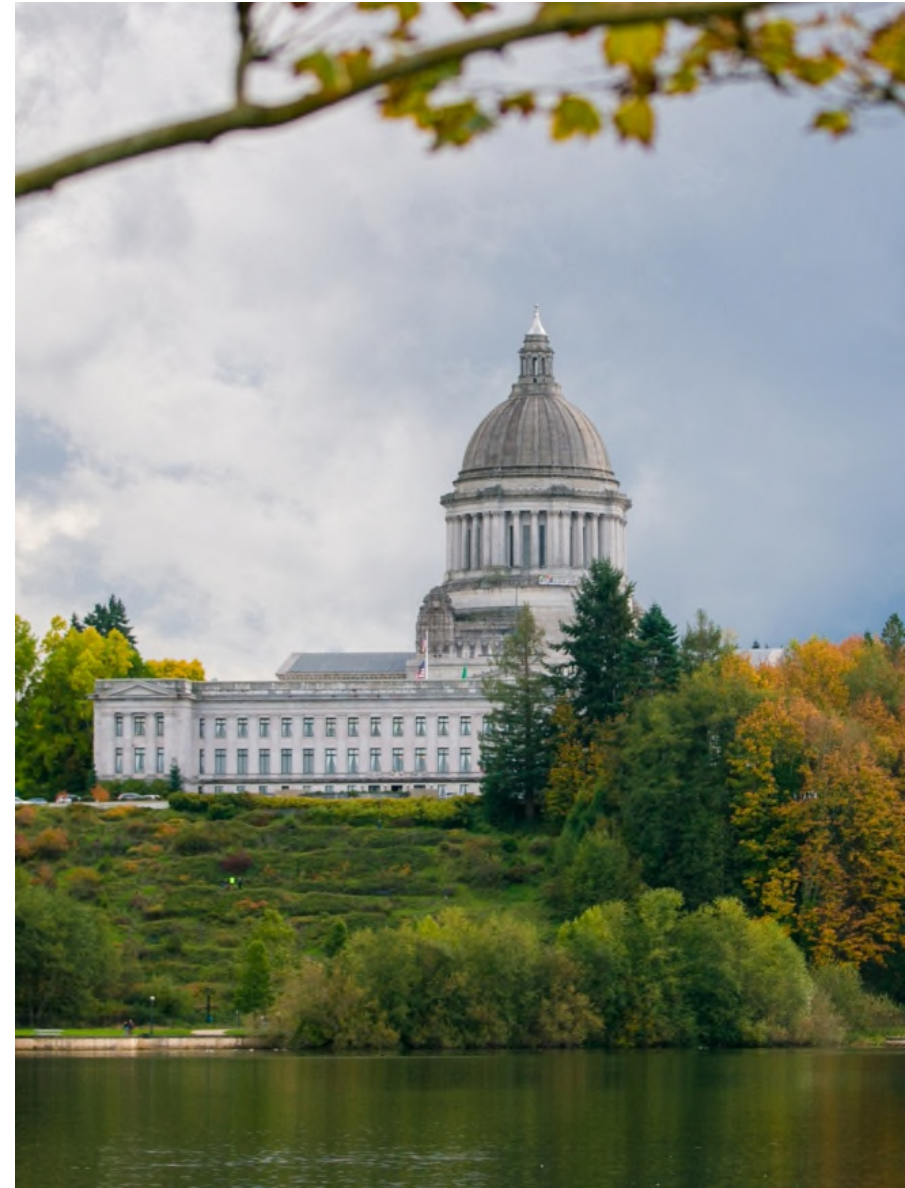
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Team Lead

For more information visit JLARC's web site:

 www.jlarc.leg.wa.gov



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Welcome!



Dean Michael Bragg
University of Washington
College of Engineering



Jennifer Dechaine-Berkas
Central Washington University



Perry Fizzano
Western Washington University

Opportunity Expansion Fund Update

WSOS Board Meeting

September 5, 2018

BE BOUNDLESS
FOR WASHINGTON

FOR THE WORLD



WSOS Opportunity Expansion Fund

- > **Worked with WSOS so 75% of STARS students now hold the scholarship**
- > **Enrolled 51 students in 2017-18 and 40 students in 2018-19 in the STARS intensive intervention**
- > **Provided academic support and advising to hundreds of WSOS-like students in CoE**

STARS Sustainability Plan

- > **Hired a 1/2 time fundraiser for STARS**
- > **Held STARS Showcases in May & August**
- > **UW has \$500K in permanent funding for STARS in its 2019-2020 request to the state legislature**
- > **19 STARS students have graduated – hired at Microsoft, Boeing, Honeywell, government, and nonprofits**

STARS Students from Cohorts I-V



COLLEGE OF ENGINEERING
UNIVERSITY of WASHINGTON

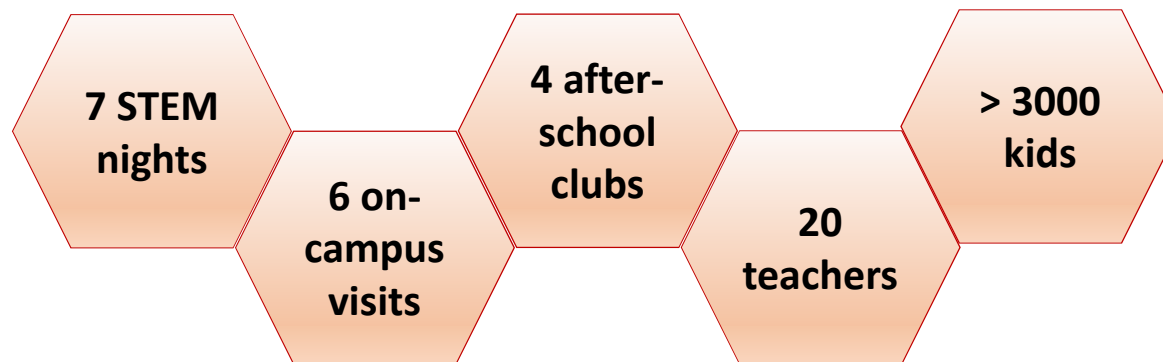


TEACHSTEM

CENTRAL WASHINGTON UNIVERSITY

CWU - First year impact

- ❖ 116 students took Teach STEM courses (25%+ increase)
 - 30 students plan to graduate in 1st cohort
 - 12 interns supported
- ❖ First in the state to be approved to offer the computer science teaching endorsement
- ❖ > 600 student teaching and volunteer hours supporting:



CWU - Outstanding activities

- ❖ First year of computer science endorsement program
- ❖ First year of student teaching and induction (first year of teaching) support
- ❖ Prepare for offering Teach STEM in Des Moines, WA starting in fall 2019
- ❖ Ongoing: final classes, internships, recruiting, fundraising, evaluation, etc.



WWU - Faculty Hiring



Qiang Hao - PhD in Education, MS in CSCI, Univ of Georgia.



Tanzima Islam - PhD in CSCI, Purdue Univ. 3 year Postdoc at Lawrence Livermore National Labs.



Wesley Deneke - PhD in CSCI, Univ of Arkansas. 3 years of experience as Software Architect, 2 years as Asst Professor.

? Another CS Education specialist being recruited currently

WWU - Capital Improvements



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Program Update - Key Activities



- Cohort 7 Kick-off
- Scholar Lead Launch
- Placement Strategy & Skills that Shine
- Welcome new WSOS Staff Members
- Upcoming: Legislative Report & Five-Year Look Back

Development Update - OTalks



Development Update – Named Scholarships



**KAISER
PERMANENTE®**

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Finance & Program Administrator Update

WSOS Balance Sheet

Comparative Balance Sheets
June 30, 2018

	Comparison to Last Reported Period			Notes	Comparison to Same Period LFY		
	4/30/18	% Change	6/30/18		6/30/17	% Change	6/30/18
Assets							
Cash	16,906,938	-82%	2,983,126	1	36,485,421	-92%	2,983,126
Investments	98,590,398	14%	112,231,254	2	77,509,090	45%	112,231,254
Accounts Receivable	30,097	28%	38,492		1,573	2347%	38,492
Pledges and Grants Receivable, net	12,438,262	0%	12,463,262	3	14,279,779	-13%	12,463,262
State match receivable, net	4,652,610	2%	4,745,530	4	-		4,745,530
Prepaid Expenses	139,618	-14%	120,621		140,714	-14%	120,621
Property and equipment, net	41,725	-4%	40,122		22,454	79%	40,122
Total Assets	132,799,648	0%	132,622,408		128,439,031		132,622,408
Liabilities and Net Assets							
Accounts Payable	111,385	-36%	71,050		75,396	-6%	71,050
Payroll Related Liabilities	68,891	-16%	57,576		1,332	4223%	57,576
Scholarship Commitments, net	23,479,533	0%	23,465,518	5	19,372,117	21%	23,465,518
Total Liabilities	23,659,809	0%	23,594,144		19,448,845	21%	23,594,144
Net Assets							
Temporarily Restricted Net Assets	84,139,839	0%	84,028,265		83,990,186	0%	84,028,265
Permanently Restricted Net Assets	25,000,000	0%	25,000,000		25,000,000	0%	25,000,000
Total Net Assets	109,139,839	0%	109,028,265		108,990,186	0%	109,028,265
Total Liabilities and Net Assets	132,799,648	0%	132,622,408		128,439,031	3%	132,622,408

WSOS Balance Sheet

Notes:

1. Decrease in cash largely due to timing, with \$13MM invested with KeyBank in first week of May. An analysis of public-private funds from inception was done in April, compared to investment accounts, and true-up finalized as of 5/3/18. All investments made within policy guidelines.
2. Investments balance as of 6/30/18 includes WSIB Scholarship \$64.2M, WSIB Endowment \$29.2M and KeyBank Capital \$18.8M. \$13M invested in KeyBank on 5/3/18.
3. WSOS received a new pledge of \$25K from Sinegal Family Foundation in June.
4. Increase in state match receivable of \$93K for Q2 2018 based on private receipts. State match is accrued quarterly and recorded in final month of quarter. WSAC is still reviewing resubmitted documentation of \$2.8M for 10.1.12-1.31.17 and \$2.1M for 10.1.17-3.31.18.
5. Scholarship disbursements of \$14K were made in May and June, yielding a resulting balance of \$23.5M as of 6/30/18. The Fall disbursement of ~\$5.5M will be made in August. Scholarship liability will be adjusted in Q3 with implementation of Cohort 7 data.

WSOS Income Statement

Actual vs. Budget

Six Months Ending June 30, 2018

	Six Months Ended June 30, 2018			Notes	December 31, 2018
	Actual	Budget	Variance Fav (Unfav)		Annual Budget
Revenue					
Private	189,154	600,000	(410,846)	1	1,200,000
Public	1,798,845	-	1,798,845	2	-
Investment Income	(86,224)	1,380,000	(1,466,224)	3	2,760,000
Total Revenue	1,901,774	1,980,000	(78,226)		3,960,000
Program Expense					
Salaries and Benefits	725,548	951,187	225,638	4	1,922,266
Professional Fees - Program Admin fees	205,219	196,788	(8,431)		418,788
Professional Fees - Contractors & Lobbying	162,565	96,750	(65,815)	5	190,700
Conferences, Conventions & Meetings	42,424	64,499	22,075		286,858
Operating Expenses	84,117	144,970	60,853	6	263,029
	1,219,874	1,454,194	234,320		3,081,641
Income (Loss) before Scholarship Exp	681,901	525,806	156,094		878,359
Scholarship Expense	(399,538)	24,197,050	24,596,588	7	24,071,050
Net Income (Loss)	1,081,438	(23,671,244)	24,752,682		(23,192,691)

WSOS Income Statement

Notes:

1. Revenue Private: Jan-June 2018 contribution revenue includes Hanson-\$50K, Castners-\$50K, Seattle Foundation-\$25K, Battelle grant-\$25K and Sinegal Family Foundation-\$25K.
2. Revenue Public: Includes accrual of \$1.7M of state match revenues based on private receipts received in Q1 2018 and \$93K in Q2. State match revenues were not budgeted.
3. Investment income: Actual YTD includes unrealized/realized loss of \$331K, interest & dividend income of \$280K and investment expense of \$36K. February, March & June incurred losses.
4. Salaries and benefits: ~\$60K of variance relates to year-end payroll accruals (will catch-up in Dec '18). Rest of variance is related to true hiring savings.
5. Professional Fees – Actual expense over budget in part to financial-based consultant time (\$21K), lobbying (\$18K) and I.T. (\$17K) related needs.
6. Operating Expenses – Actual expense includes non-recurring and unbudgeted <\$54K> in net credit to bad debt expense. \$60K pledge payment that was 100% reserved in 2017 was received. \$6K was written off as bad debt due to uncollectable accounts from Opportunity Talks event.
7. Scholarship expense for CY 2018 will be recorded in August after incorporating Cohort 7 and the latest assumptions (Budgeted in June). \$400K in scholarship refunds received so far.

WSOS Cash Flow

Cash Flow Summary

Inception-To-Date

June 30, 2018

CASH FLOW

Cash Inflow:

Boeing	12,600,000	12,500,000		25,100,000
Microsoft	32,500,000	-	1	32,500,000
Other Private	27,122,242	-	2	27,122,242
State	67,274,913	12,500,000	3	79,774,913
Investment Income*	8,107,299	4,168,690	4	12,275,989
Total Cash Inflows	147,604,454	29,168,690		176,773,144

Cash Outflow:

Scholarships	(49,228,979)	-	5	(49,228,979)
Program Expenses	(12,323,972)	(5,812)		(12,329,784)
Total Cash Outflows	(61,552,951)	(5,812)		(61,558,763)

Net Cash Flow Inception-To-Date

86,051,502 **29,162,878** **115,214,380**

Composition of Net Cash Flow

KeyBank Checking Account	2,983,126	-	6	2,983,126
Investment Accounts at WSIB and KeyBank	83,068,376	29,162,878		112,231,254
Total	86,051,502	29,162,878		115,214,380

WSOS Cash Flow

Notes:

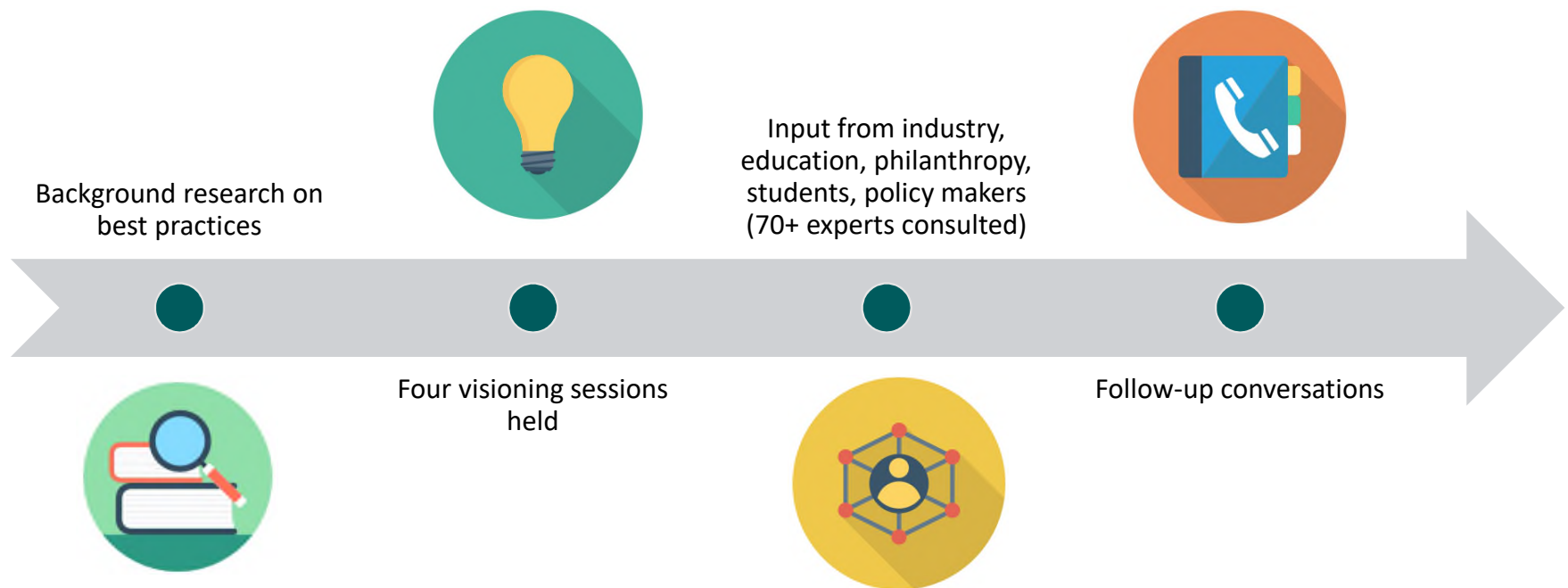
1. Cash Inflow: Microsoft– Received \$1.375M pledge payment in February 2018.
2. Cash Inflow: Other Private – Receipts include Aven Foundation pledge payment-\$200K and Kim Harris pledge payment of \$60K. Others include Hanson/Castners at \$50K each. \$4.2K cash donations received May/June.
3. State – Have not collected any state match receivables from WSAC in first six months of 2018. We have reached out multiple times and appears to be a staffing issue at WSAC. The current receivable balance is just over \$5M (excluding 10% allowance on resubmission amount).
4. Investment Income – Includes net unrealized gains from inception of \$8.53M (Scholarship: \$5.88M and Endowment: \$2.65M).
5. Scholarship disbursements were \$3.3M during the first four months of 2018 and scholarship refunds totaled \$399K.
6. WSOS Cash in KeyBank – Cash projections continuously monitored to fund operations while maximizing investment balance in accordance with ST investment policy. \$13M invested in KeyBank in early May. Requested expectations from WSAC on timing of State Match payments.

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Pathways Scholarship Discussion

Pathways Scholarship Design Process



Discussion Topics at Visioning Sessions

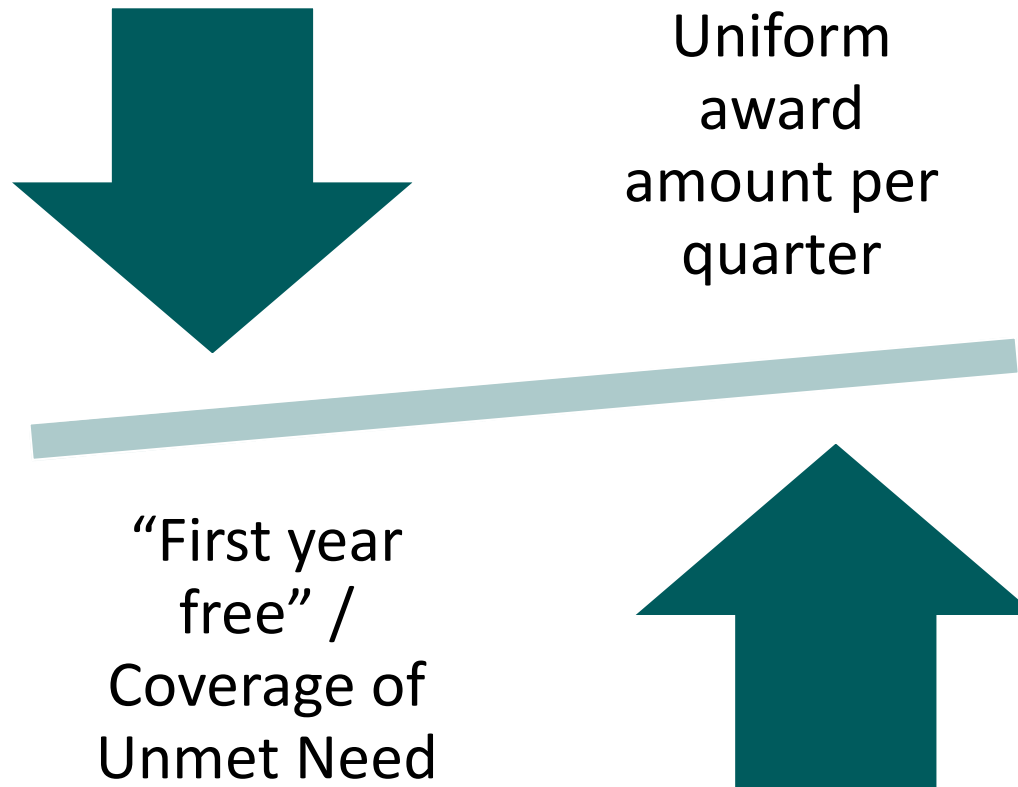


Visioning Session Discussion Summary: Pathways Scholars differ from Opportunity Scholars

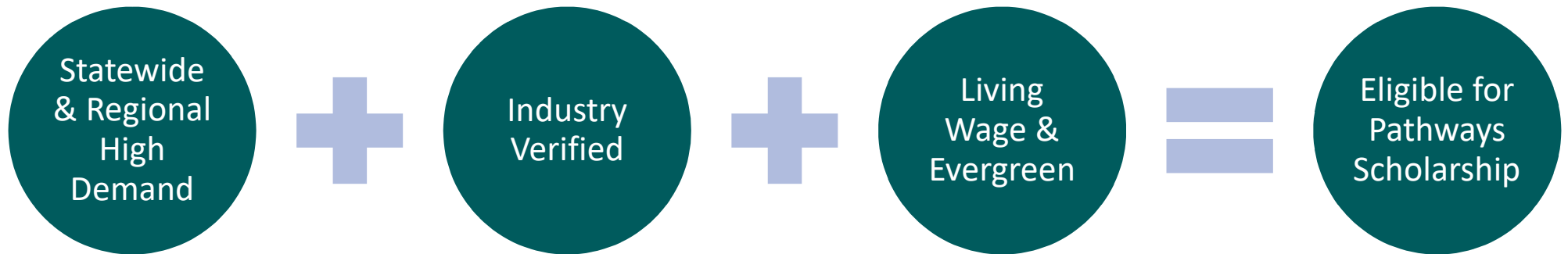


- Average age is older = 26
- Degree completion rates are substantially lower
 - » 25 and younger = 16-24% within 2 years
 - » 25+ = 24% within 2 years
- Less full-time attendance
 - » Only 38% full-time (52% for state funded students)
- Tuition burden is less and tuition is often covered entirely by state and federal aid
 - » \$1,132 per quarter/\$3,936 per year
 - » 52% receive need-based financial aid (for a majority of these students, financial aid pays for 100% of tuition and fees)

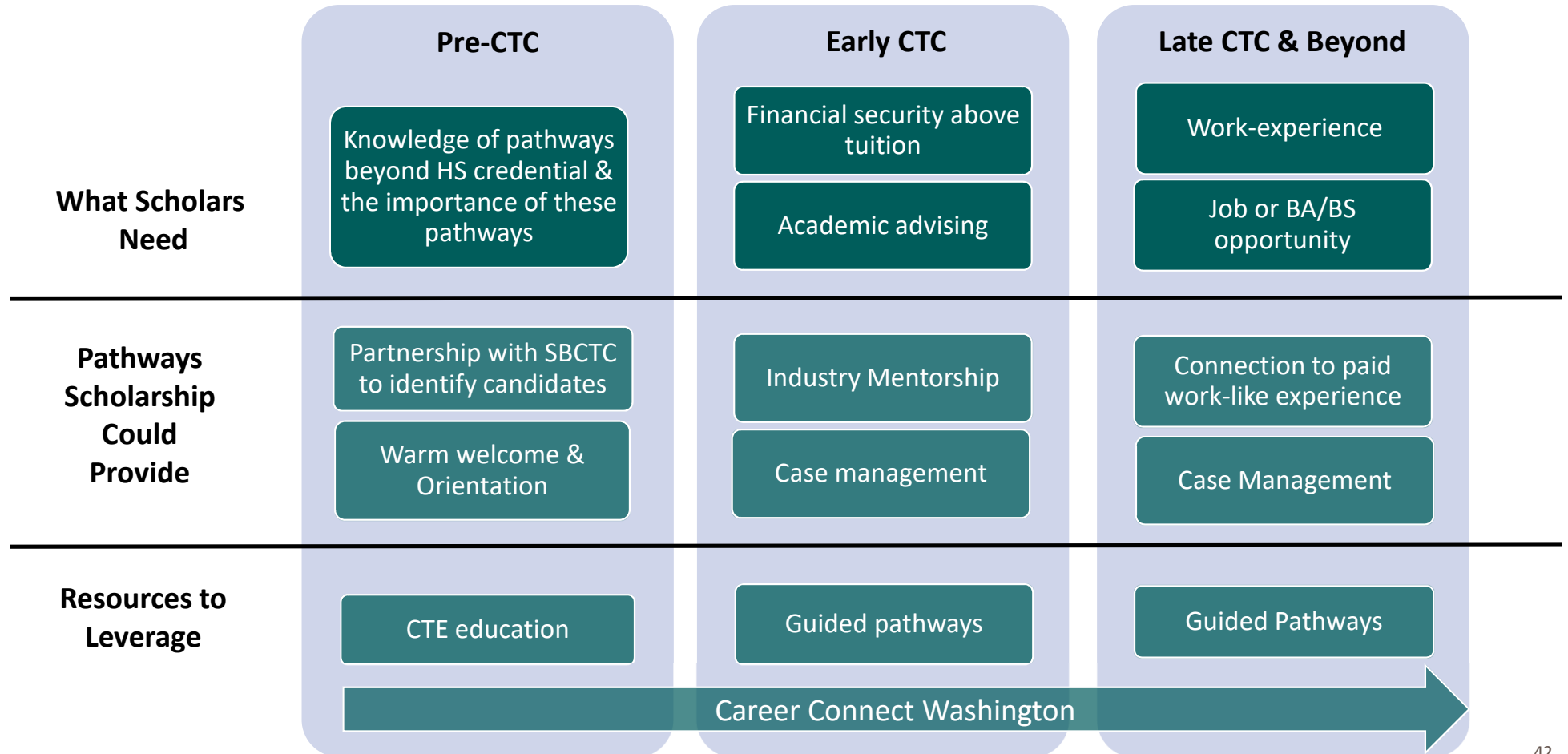
Visioning Session Discussion Summary: Award amount of Pathways Scholarship can vary



Visioning Session Discussion Summary: Eligibility similar to Opportunity Scholarship with key differences



Visioning Session Discussion Summary: Support services critical to this populations



Guiding Principles for Pathways Scholarship

Encourage immediate, successful hand-off from K-12 to CTC

Incentivize enrolled students toward degree completion

Student supports and counseling are essential

Funding should be flexible to cover living expenses

High-demand should include regional specificity

Design Proposal: Pathways Scholarship

WHO: Low- & middle-income **recent high school graduates** WA state with demonstrated interest in high-demand fields

WHAT: Scholarships **PLUS** Differentiated Student Supports



IMPACT

Earn a high-demand, **professional or technical degree or certification** in a **STEM or health care related-field** in **two years** or less

IMPACT

Gain employment in a **living wage, "evergreen" career pathway** in WA State **within 12 months** of graduation

K-12/CCW, etc

Pathways Scholarship

Employment

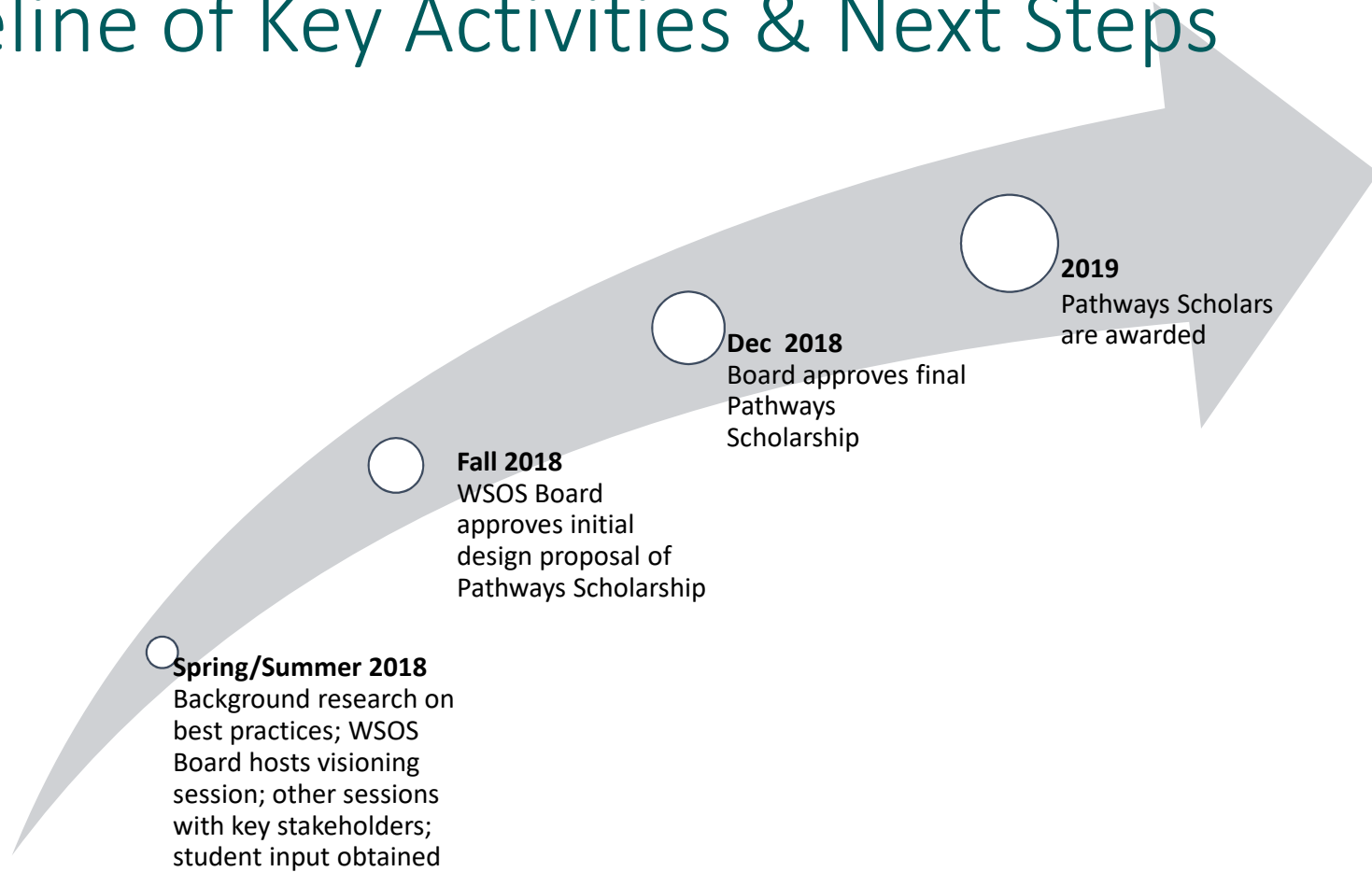
Design Proposal: Pathways Scholarship - Detail

	Design Proposal
Scholarship Award Amount	\$1,500 per quarter (~32% of non-tuition student budget per quarter)
Targeted Awardees	Recent high school graduates Demonstrated interest in prof/tech career pathway (n < 4,562 per year)
Degree Programs	Regional high-demand degrees, differentiated by institution (verified by industry) Living wage and evergreen
Support Services	Industry mentorship Case management support Assistance with securing paid work-like experiences Post-completion career placement counseling and navigation
Approx. # of students funded with \$25M	5,000 total/500 per year (Avg. per student award of \$4,500 and \$500 of support services)
Target completion rate in 2 years or less	66% (current SBCTC completion rate for 25 and younger is 16-24%)

Initial Pathways Scholarship Design Proposal | Board Discussion

- Are we on the right track?
- What other questions do we need to answer?
- Who else needs to be at the table for the conversation?

Timeline of Key Activities & Next Steps



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