

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

**BOARD MEETING**  
**OCTOBER 29, 2019**

# AGENDA

- Welcome
- Approval of Minutes from June 19, 2019 Board Meeting
- Mission Moment: Opportunity Scholar Story
- 2019 Career & Technical Scholarship Selection
- Baccalaureate Renewal & Program Update
- JLARC Preliminary Report Overview
- WSOS Next Steps
- Finance and Program Administrator Update
- OpportunityTalks Overview
- Closing

# MISSION MOMENT: Scholar Spotlight

**Taejah Jones**  
Public Health  
University of Washington Seattle



**SCHOLAR LEAD**

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# BACCALAUREATE RENEWAL & PROGRAM UPDATE

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# BACCALAUREATE UPDATE

- Top-level highlights
- Scholar persistence (Y1 to Y2 and Y2 to Y3)
- Program impact / satisfaction survey

# HIGHLIGHTS

## 2018-19

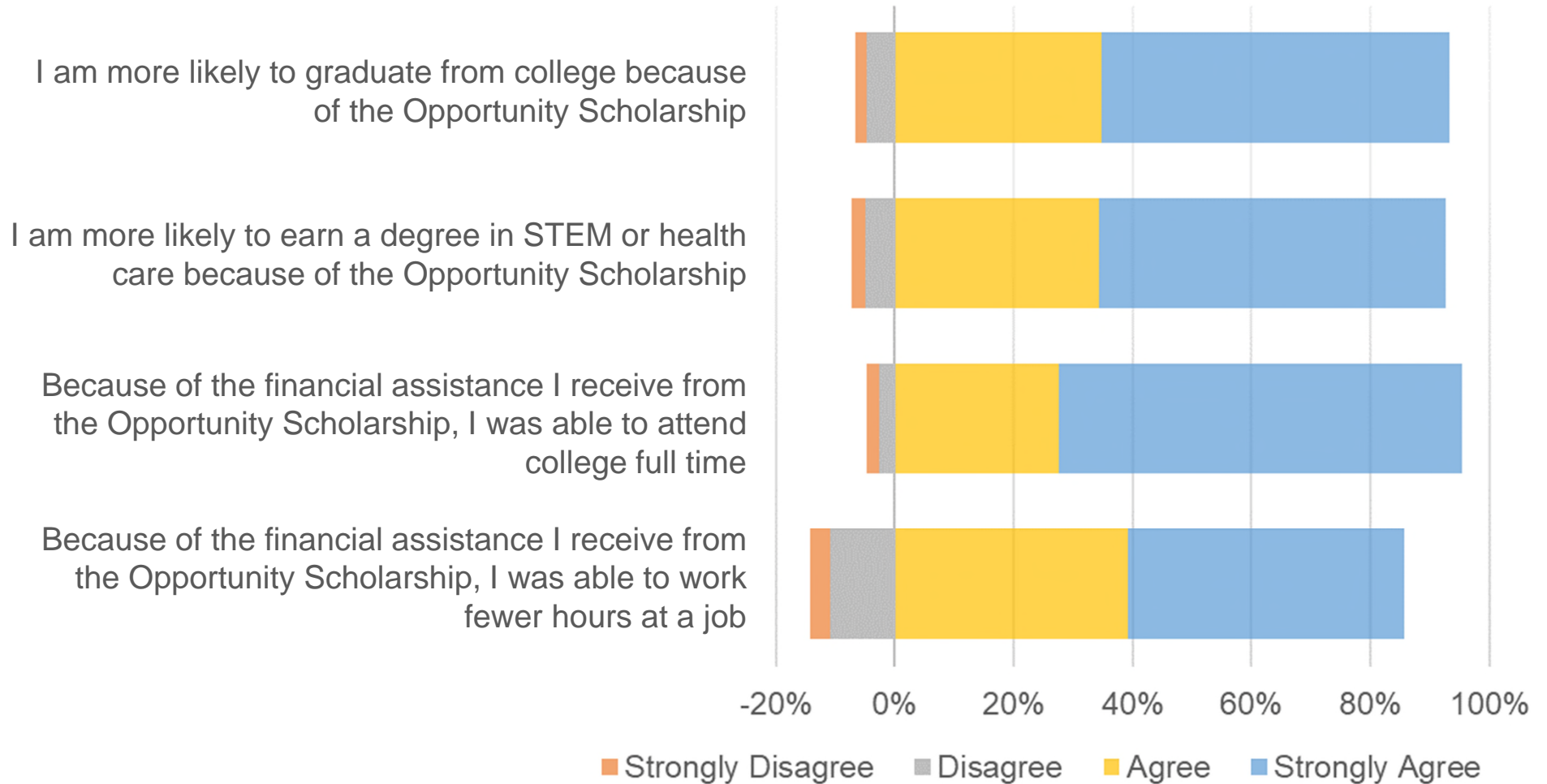
- 4,507 scholars
- \$14.6M disbursed

## 2019-20

- 4,897 scholars
- \$6.3M disbursed to date, with another \$10M scheduled

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# IMPACT & SATISFACTION SURVEY



# SIGNATURE PROGRAM: Scholar Lead Near-Peer Mentoring

The **goal** of the Scholar Lead program is **to leverage near-peer mentoring to improve persistence outcomes**, ensuring academic and social success for first- and second-year Scholars.

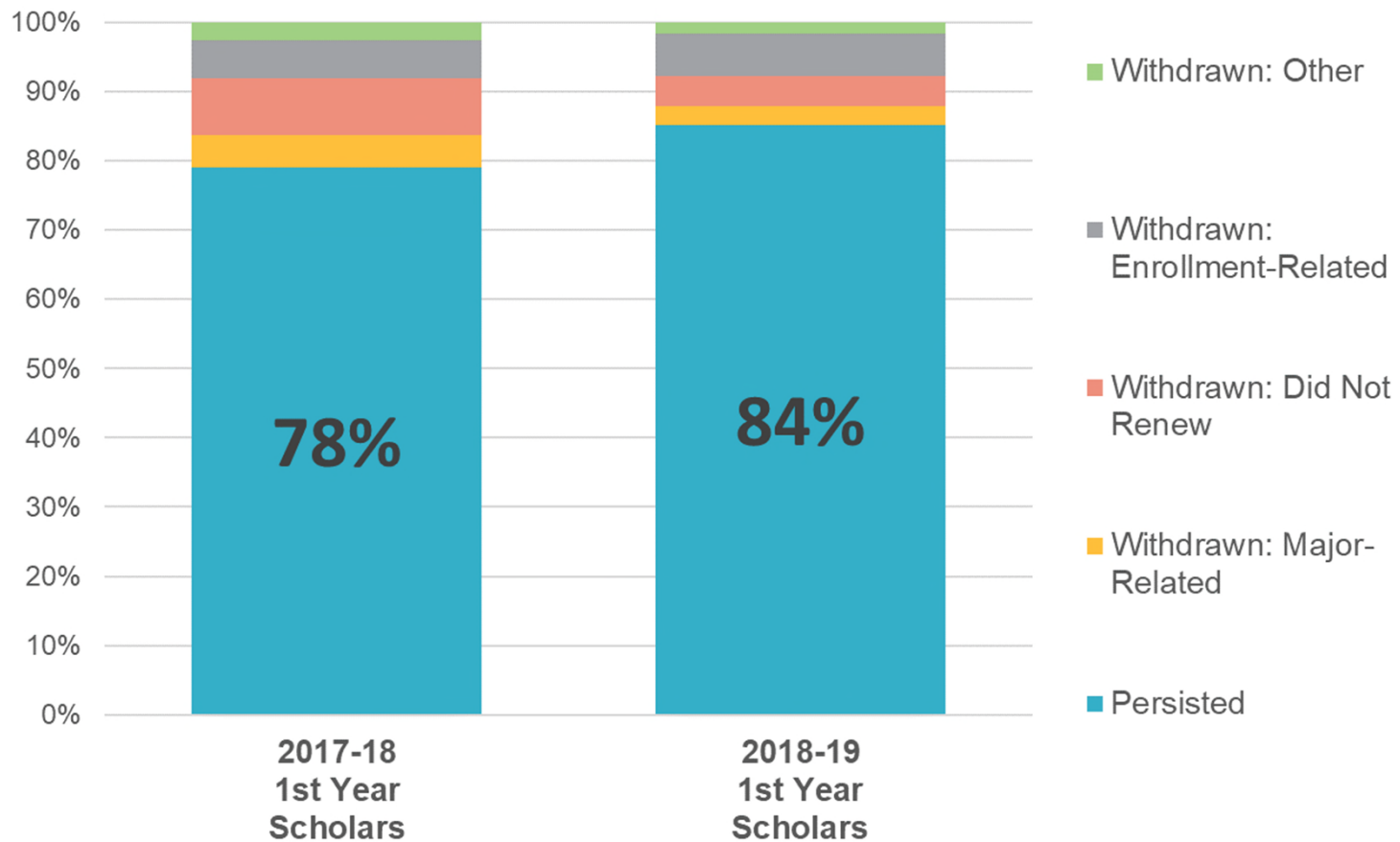


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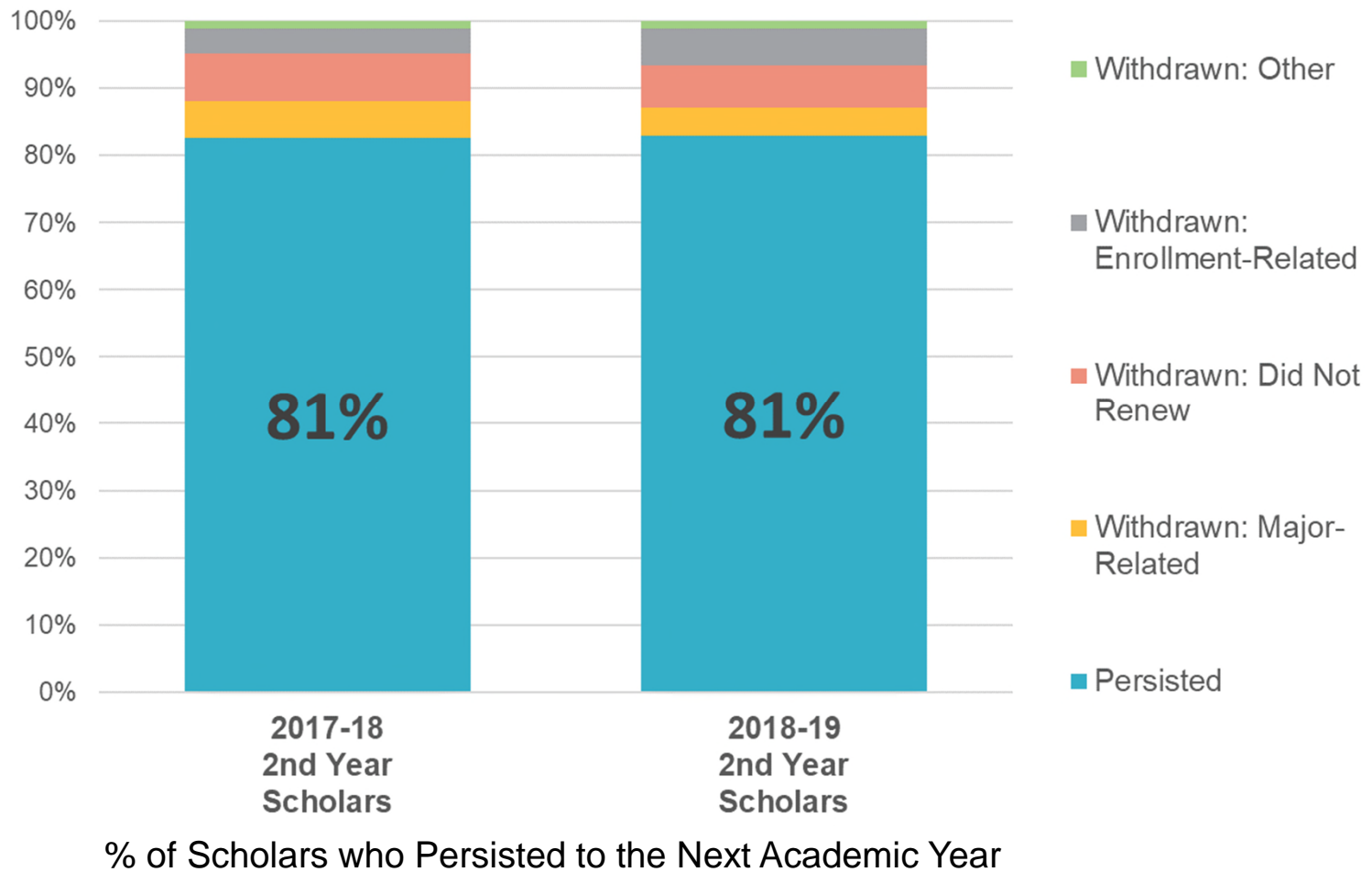


# SCHOLAR PERSISTENCE (1<sup>st</sup> to 2<sup>nd</sup> YEAR)



% of Scholars who Persisted to the Next Academic Year

# SCHOLAR PERSISTENCE (2<sup>nd</sup> to 3<sup>rd</sup> YEAR)



# SIGNATURE PROGRAM: Skills that Shine Industry Mentoring

The **goal** of the Skills that Shine program is to **leverage industry mentoring to enhance Scholars' career readiness skills and network**, ensuring a smoother transition from college to career.



**SKILLS THAT SHINE**

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# IMPACT & SATISFACTION SURVEY

I feel more prepared to seek relevant work experience in my field of study

Skills that Shine Participants

4<sup>th</sup> and 5<sup>th</sup> Year Scholars

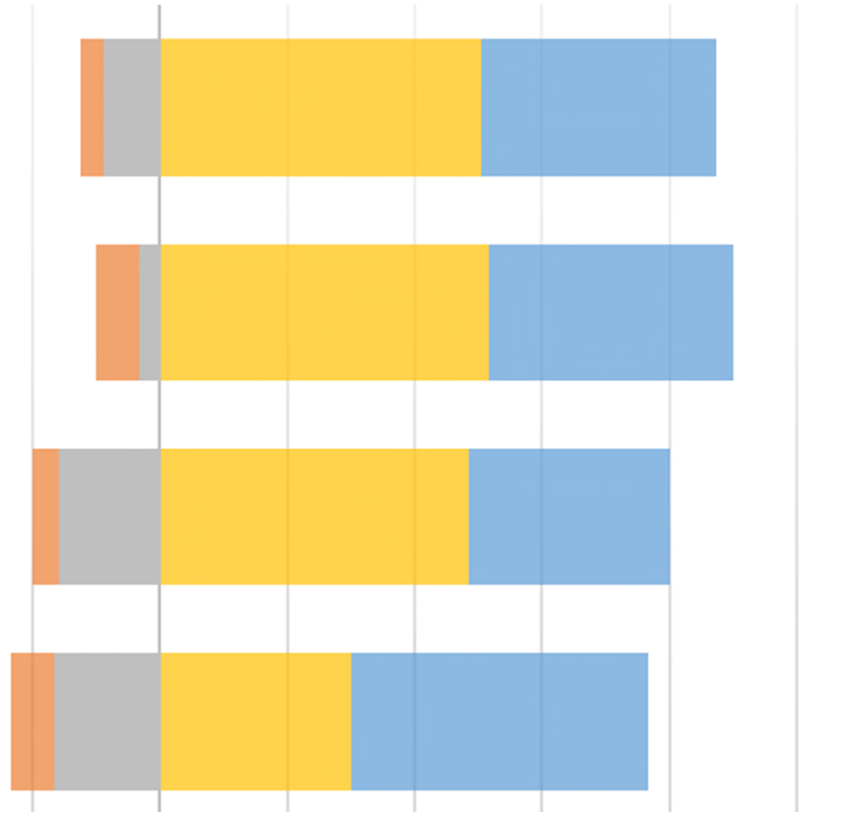
Overall, I was connected with career-related opportunities that I would not have found

Skills that Shine Participants

4<sup>th</sup> and 5<sup>th</sup> Year Scholars

-40% -20% 0% 20% 40% 60% 80% 100%

Strongly Disagree Disagree Agree Strongly Agree



# 2019-20 CAREER & TECHNICAL SCHOLARSHIP SELECTION

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# GOALS

- Review Fall 2020 results
- Preview Winter 2020 applicants
- Vote on Winter and Spring 2020 selection criteria

# CAREER AND TECHNICAL SCHOLARSHIP



\$1,500 per quarter, plus support services



Certificates, associate degrees and apprenticeships



High-demand STEM, trade and health care jobs

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# APPLICATION CYCLE

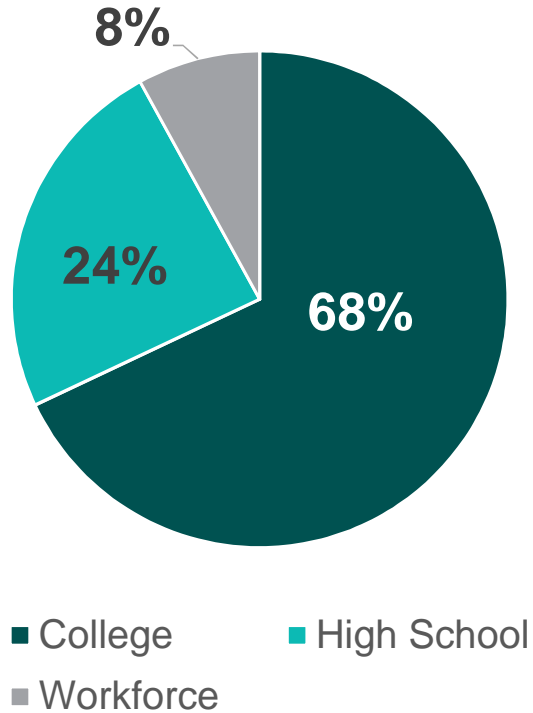
- Selecting 550 scholars for the 2019-20 academic year
- Application open three times per year
  - Fall: 275 selects (closed)
  - Winter: 165 selects (under review)
  - Spring: 110 selects (opens January 13)

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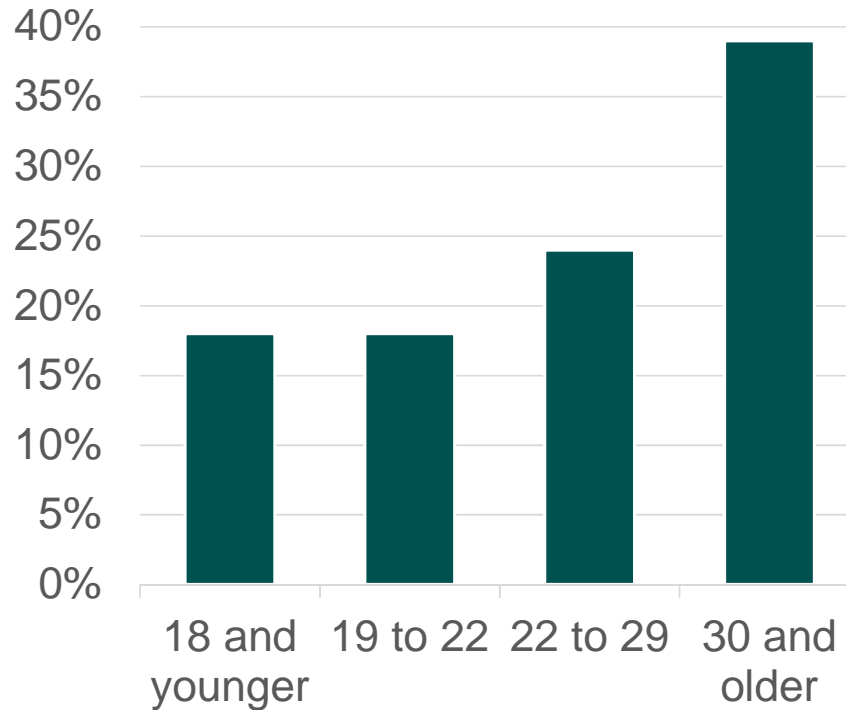


# CTS RECIPIENT PROFILE

## Education Status



## Age



## Geography

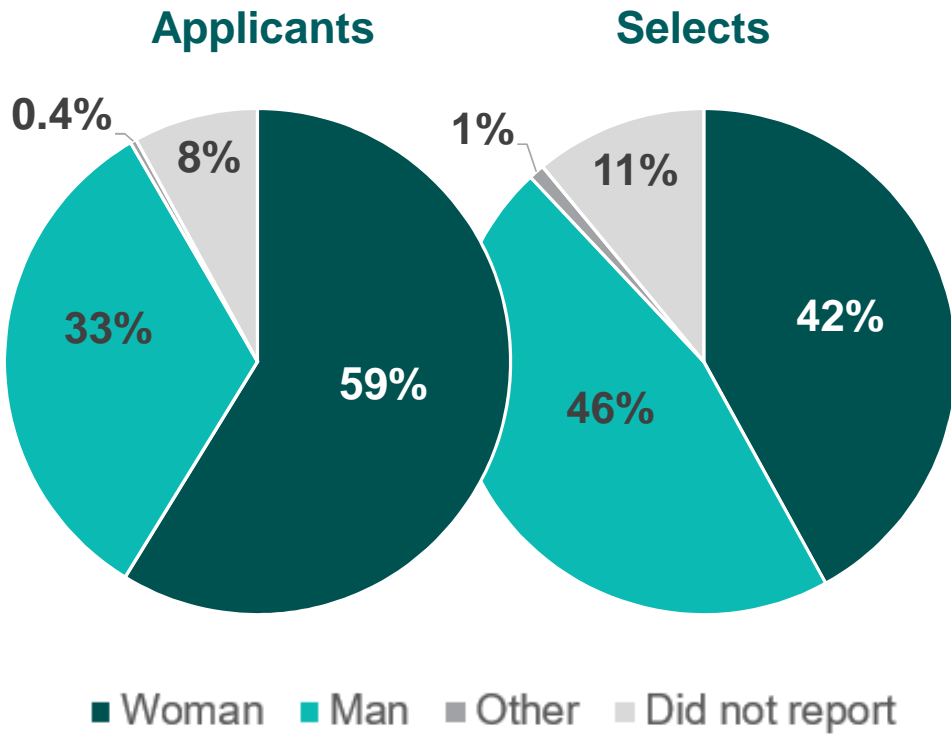
**34 / 34**  
CTCs

**22 / 39**  
counties

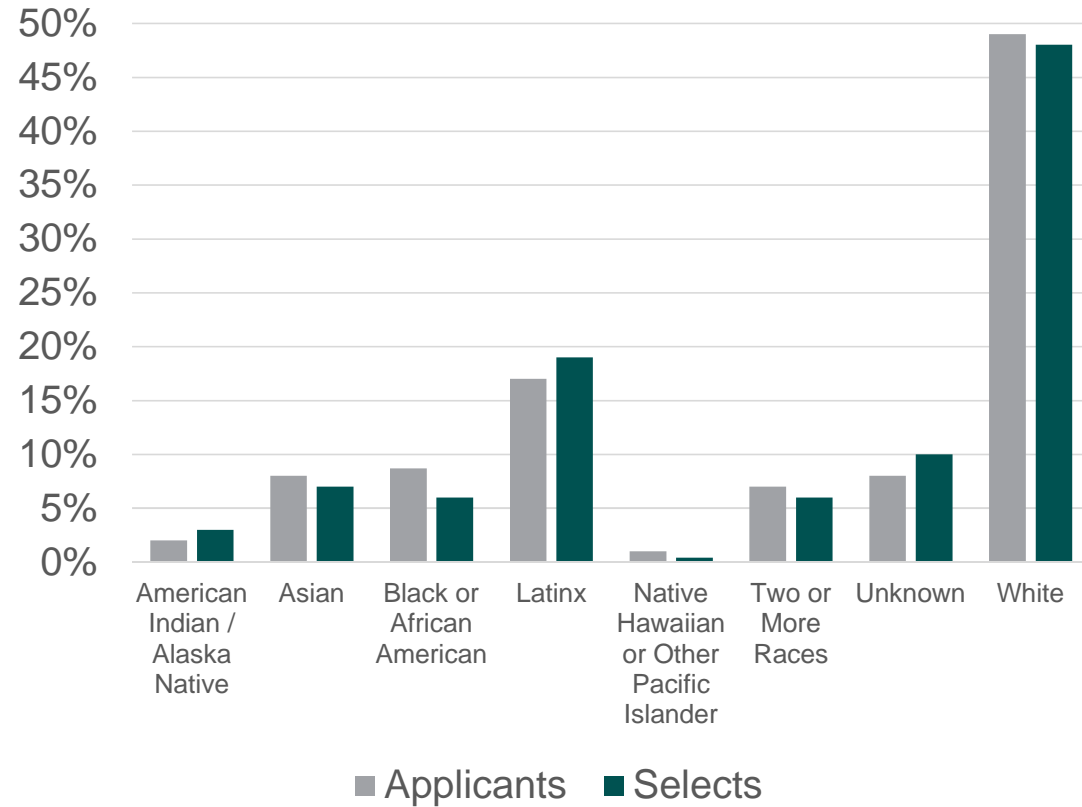
**45 / 49**  
legislative  
districts

# CTS APPLICANTS VS. SELECTS

## Gender



## Race / Ethnicity



# CTS INDUSTRY REPRESENTATION

Intended Program	Percent of Applicants	Percent of Selects	Percent of Job Openings
Information Technology	12%	22%	22%
Engineering / Manufacturing	10%	15%	15%
Trades	14%	25%	42%
Health Care	62%	35%	16%

# CTS SELECTION CRITERIA

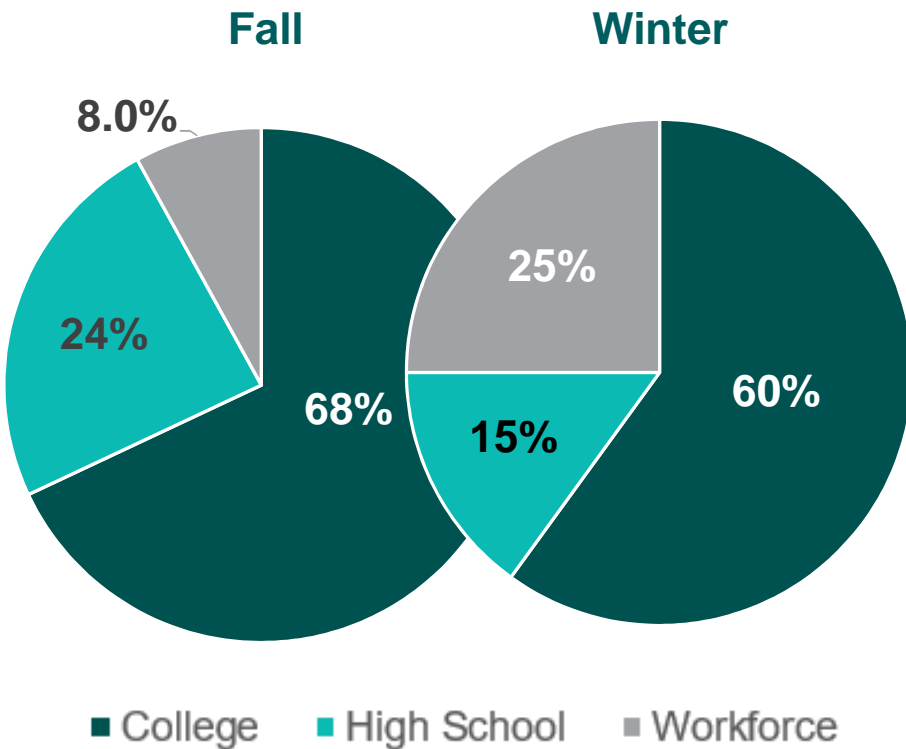
Category	Criteria	Fall 2020	Board Vote
Economic Impact	Intended Program	35%	45%
	Community Impact	10%	
Likelihood of Completion	GPA	12.5%	25%
	Resilience	12.5%	
Indicator of Need	Family Income	20%	20%
	First Generation	10%	10%

# PROGRAM CRITERIA

- **Weight:** 35%
- **Components:** Demand and ROI
  - **Demand (20%):** More job openings, more points (elevates highest demand jobs)
  - **ROI (15%):** Projected wages divided by program length (elevates highest value jobs)
  - **Program length:** Did not use, but would allow us to serve more scholars faster (boosts impact)
- **Industry cap:** 2.25x
  - Limited representation of any one industry to 2.25x demand
- **Source:**  $\frac{3}{4}$  from regional data,  $\frac{1}{4}$  from statewide data

# CTS FALL VS. WINTER APPLICANTS

## Education Status

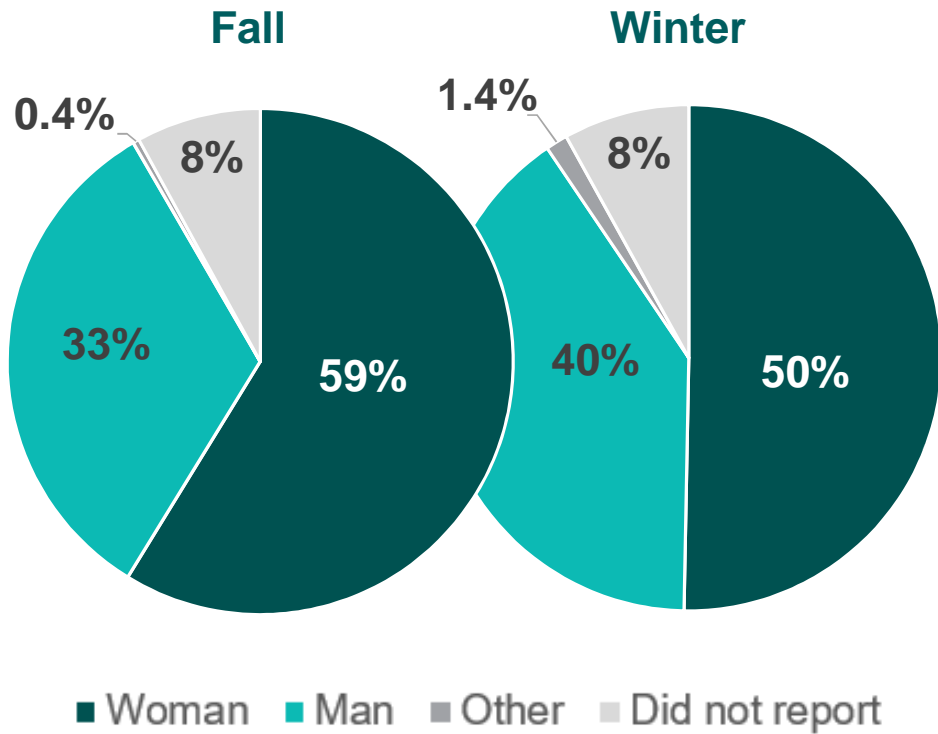


## Industry Representation

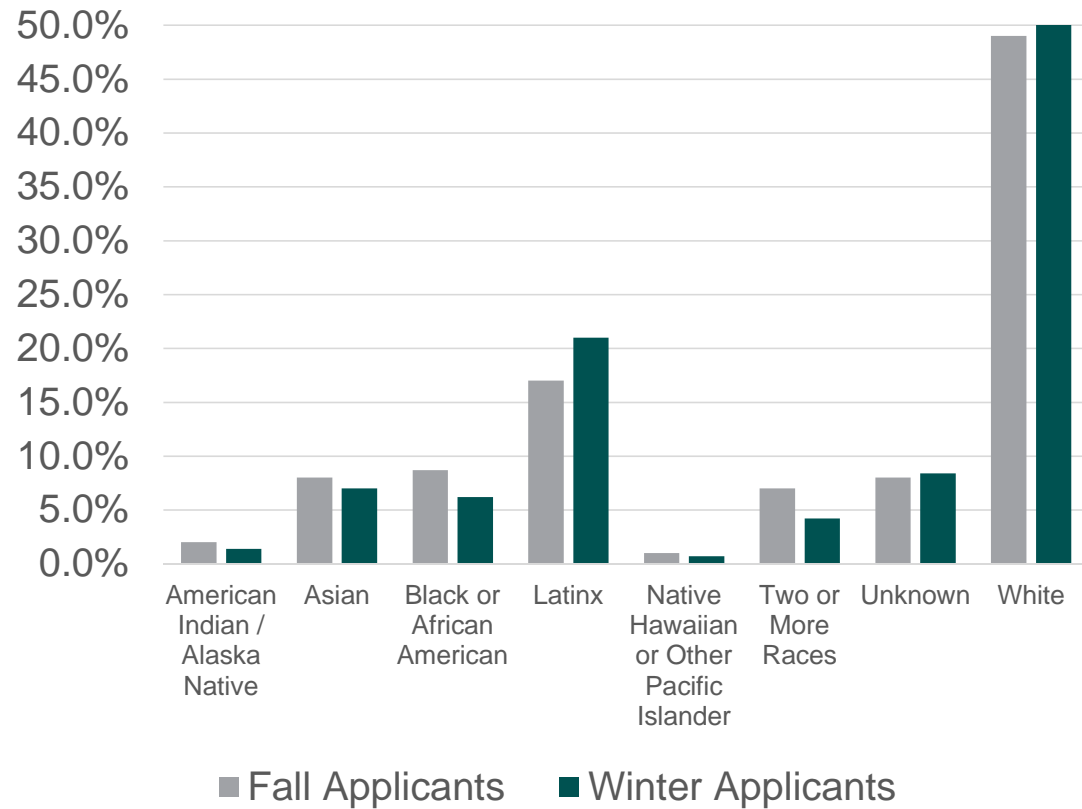
Intended Program	Fall Applicants	Winter Applicants
Information Technology	12%	19%
Engineering / Manufacturing	10%	12%
Trades	14%	17%
Health Care	62%	51%

# CTS FALL VS. WINTER APPLICANTS

## Gender



## Race / Ethnicity



# VOTE: CTS WINTER & SPRING CRITERIA

Category	Criteria	Fall 2020	Prior Vote
Economic Impact	Intended Program	35%	45%
	Community Impact	10%	
Likelihood of Completion	GPA	12.5%	25%
	Resilience	12.5%	
Indicator of Need	Family Income	20%	20%
	First Generation	10%	10%

Plus an industry cap of 1.5-3, to be determined after finalizing eligible applicants



# JLARC PRELIMINARY REPORT OVERVIEW

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Preliminary Report Presentation for WSOS Board Meeting

# Opportunity Scholarship and Opportunity Expansion Programs

**Legislative Auditor's Conclusion:** The Washington State Opportunity Scholarship (WSOS) complies with statute to provide scholarships to low- and middle-income students. WSOS can improve legislative reporting by coordinating with state agencies.

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Keenan Konopaski | Casey Radostitz | Jennifer Sulcer

October 2019



Legislature created **Opportunity Scholarship** and **Opportunity Expansion Programs** in 2011.

Also directed a JLARC review.

JLARC is the non-partisan program evaluation unit for the Legislature.

# Study Questions

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**1**

Approach used to select students and institutions that received funds?

**2**

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**

Has the scholarship program reduced the cost of higher education for students?



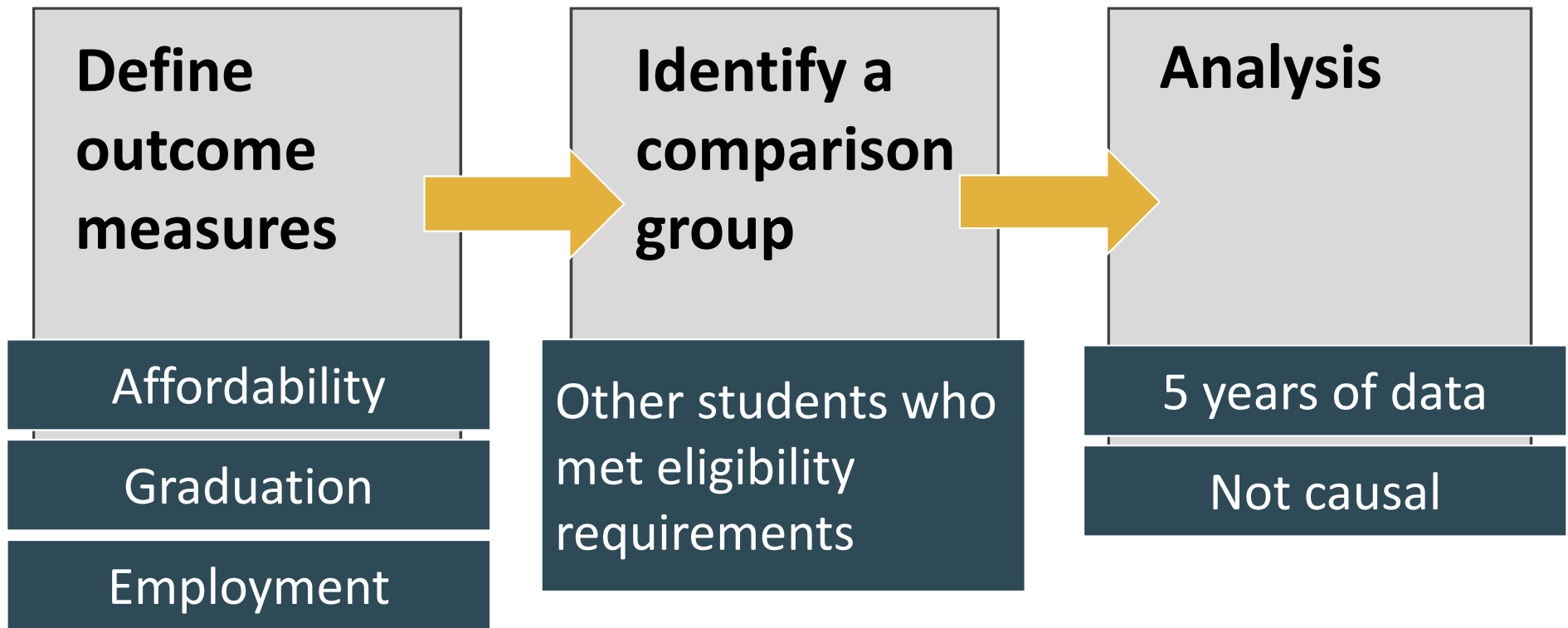
## Approach

- Interviews with staff, students, agencies, experts
- Review of WSOS administrative and financial processes and records
- Literature review
- Analysis of student-level data from multiple sources

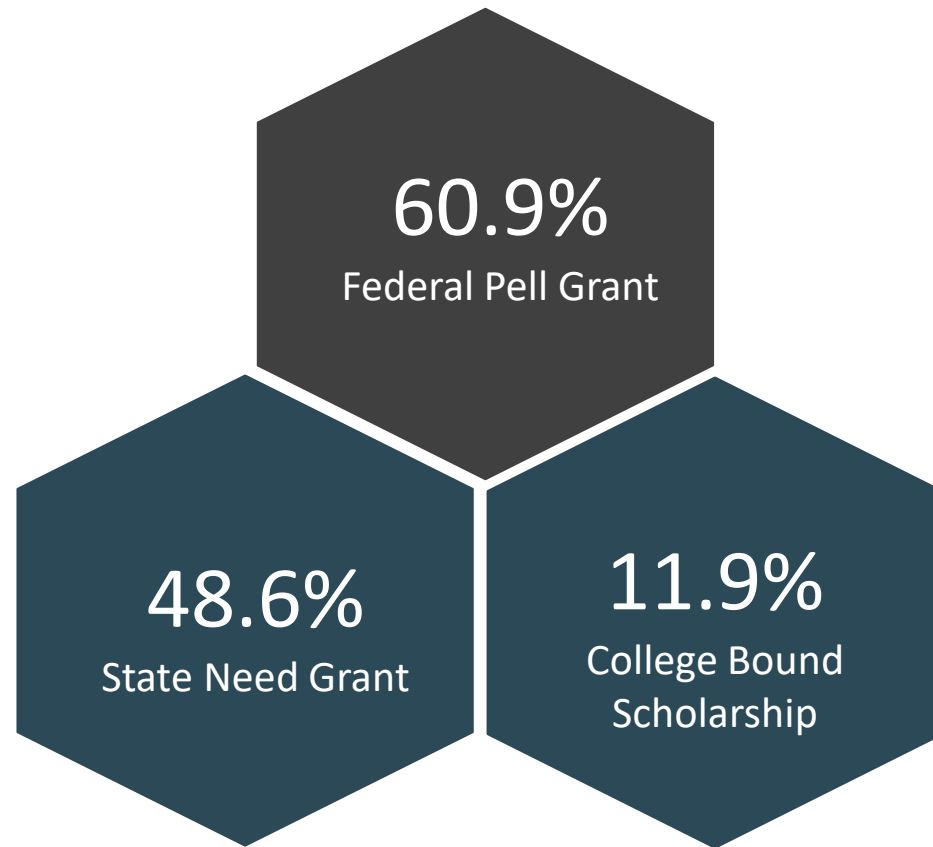
## Conclusions

- Complies with statute
- Scholars pay less out of pocket, borrow less, more likely to return to school than their peers
- Some employment outcomes, but not yet for most Scholars
- Two recommendations to improve annual reporting

# Process for analyzing outcomes for Opportunity Scholars



Opportunity  
Scholars also  
receive federal  
and state  
grants and  
scholarships



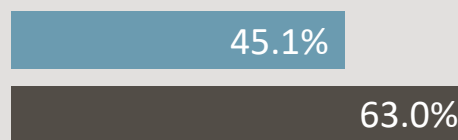
Data source: Office of Financial Management's Education Research and Data Center

# Opportunity Scholars pay less out of pocket

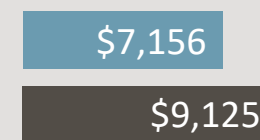
## Average annual out of pocket costs



## Percent taking out student loans



## Annual amount for those taking loans



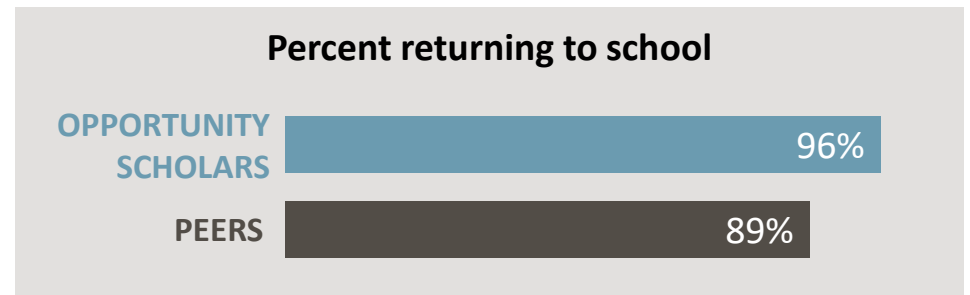
**Likely more affordable**

Data source: Office of Financial Management's Education Research and Data Center



# Opportunity Scholars return to school

Retention is the percentage of students returning to school in their second year



**More likely to graduate**

Data source: Office of Financial Management's Education Research and Data Center

# Opportunity Scholars are employed in Washington

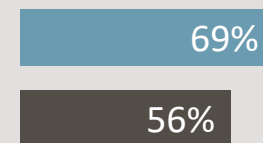
Percent employed in WA one year after graduation



Average annual wages for those employed full-time



Percent earning middle-income wages for those employed full-time



**More likely to earn middle-income wages**

Data source: Office of Financial Management's Education Research and Data Center

# Legislative Auditor's Recommendations

**1** WSOS should develop and implement a plan to coordinate with state agencies to provide additional information in its annual legislative reports.

**2** WSOS should include its overall non-scholarship costs in annual reports.

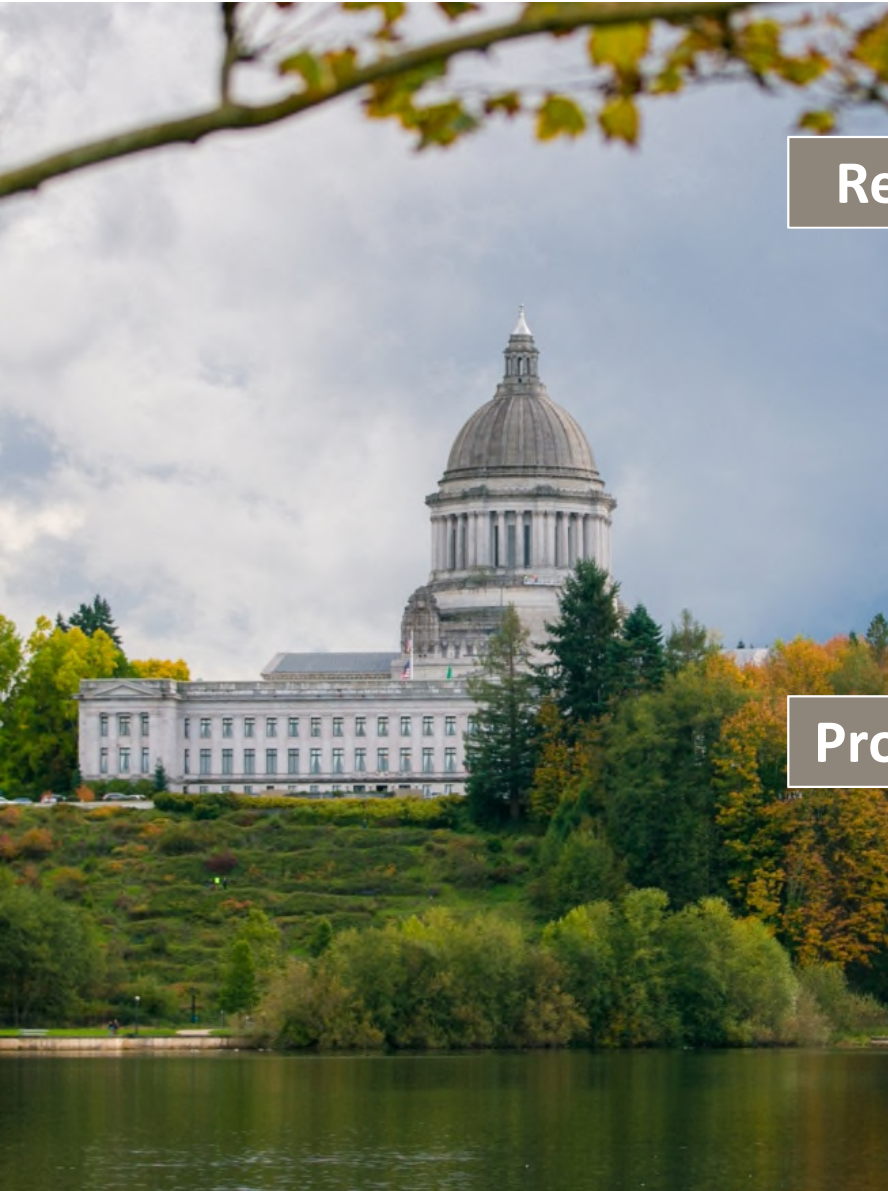


## Next Steps

Proposed Final Report | December 2019

## Full Report

[leg.wa.gov/jlarc/AuditAndStudyReports](http://leg.wa.gov/jlarc/AuditAndStudyReports)



# Contact Us

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# WSOS NEXT STEPS

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# JLARC Response

**Recommendation 1:** WSOS should develop and implement a plan to coordinate with state agencies such as the Office of Financial Management's (OFM) Education Research and Data Center (ERDC), the Washington Student Achievement Council (WSAC), and the Employment Security Department (ESD) to provide additional information in its annual legislative reports. Planning efforts should focus on how to compile affordability and employment information while protecting confidentiality of Opportunity Scholars.

**Agency response:** Concur.

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# JLARC Response

**Recommendation 2:** WSOS should include its overall non-scholarship costs, including the total cost to administer the Opportunity Scholarship program, in its annual legislative report.

**Agency response:** Concur.



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## STRENGTHS

- Demonstrated impact
- Scalable program supports beyond dollars
- Culture to iterate to excellence
- Services for persistence and career launch
- Dollar-for-dollar match & bi-partisan support
- Scholarship variety

## WEAKNESSES

- CTS services in development
- GRD & Rural Jobs not yet launched
- Cohort size decreasing
- “Well-kept secret” of WSOS
- Opportunities missed due to lack of capacity

## OPPORTUNITIES

- Newness of CTS
- WA College Grant expansion
- Municipal, county and tribal matching
- Rural Jobs and Advanced Healthcare

## THREATS

- WA College Grant expansion
- Risk of statutory changes outpacing ability to implement
- Possibility of recession impacts fundraising
- Transitional leadership period

# SWOT HIGHLIGHTS

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# STRATEGIC PRIORITIES

Design for Scale.

Build the Brand.

Fund to 2030.

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# STRATEGIC PRIORITIES

## Design for Scale.

- Scalable programs for BaS, CTS and GRD (Advanced Health Care)
- Demonstrated impact across the state
- Focus on intended impact & theory of change
- Scholar-centric



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# STRATEGIC PRIORITIES

## Build the Brand.

- State-wide awareness of program & Scholars
- National thought leadership & evidence of impact
- Recession-proof the message
- Build partnerships in new spaces (tribal, county, municipal, new employer partners)



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# STRATEGIC PRIORITIES

## Fund to 2030.

- Clear fundraising strategy that includes all three programs (BaS, CTS & GRD) including Rural Jobs and tribal/county/municipal work
- Fully funded scholarship model through 2030 for BaS & CTS with 1,000/cohort in each
- Initial investment for GRD program to launch first five cohorts



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# STRATEGIC PRIORITIES

Design for Scale.

Build the Brand.

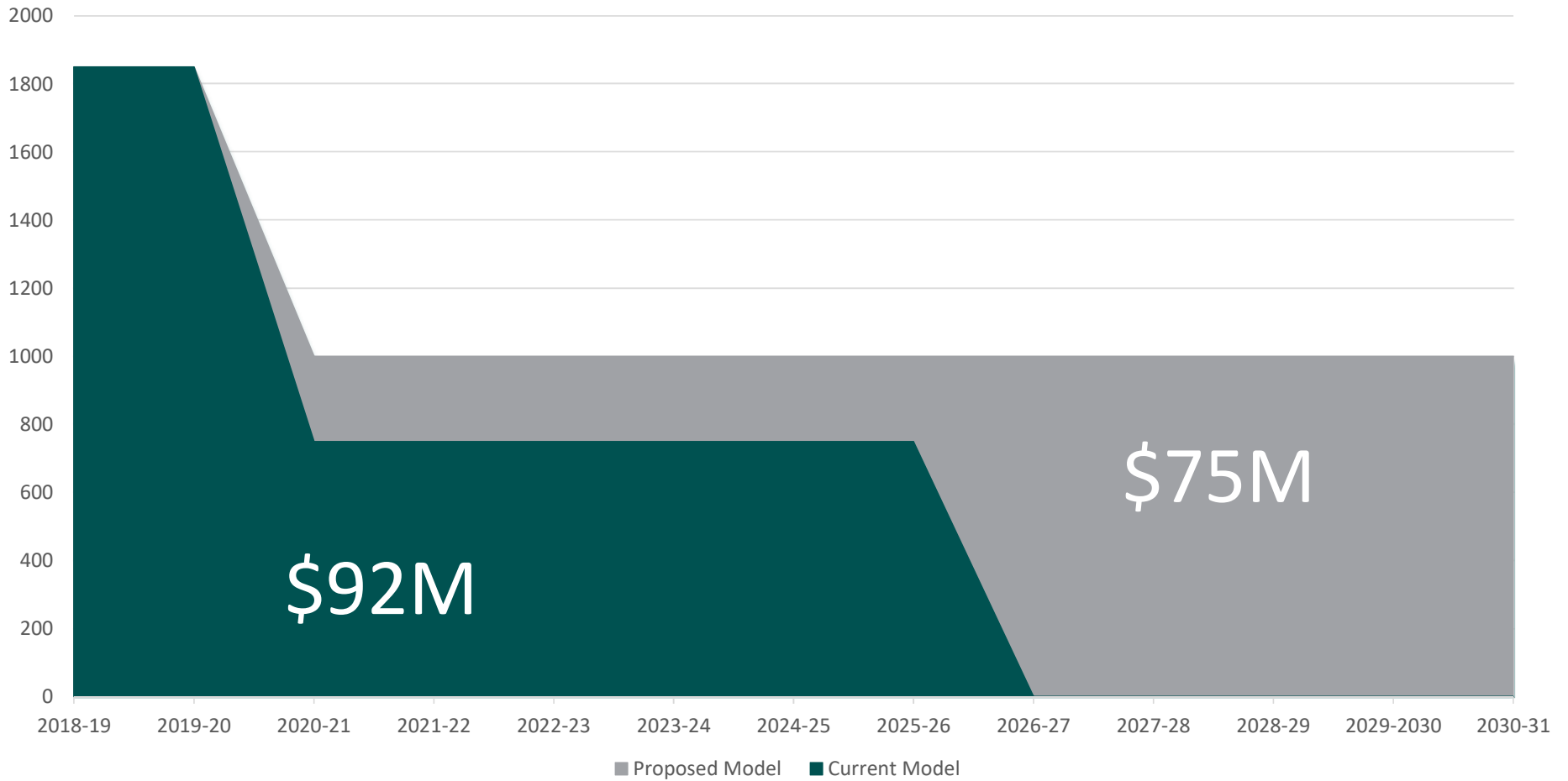
Fund to 2030.

*What will this take?*

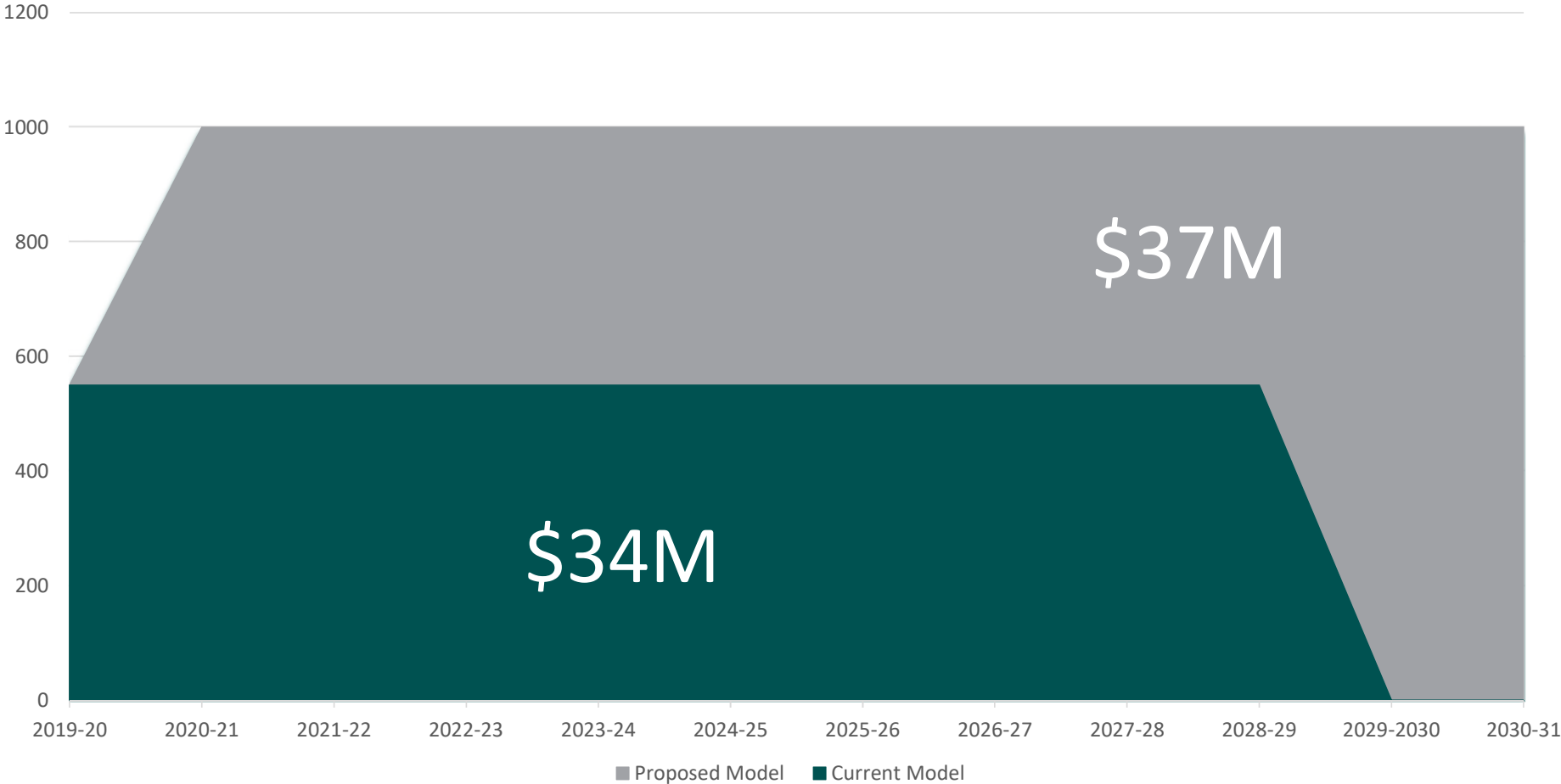


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# BACCALAUREATE



# CAREER & TECHNICAL





# “SERIES B” FUNDRAISING

- **Scholarship Dollars**

- \$75M (BaS) + \$37M (CTS) expansion = \$112M for scholarship expansion
- \$5.5M (GRD launch) + \$22M (GRD expansion) = \$27.5M for GRD
- \$10M for BaS retention improvement = \$10M

- **Non-Scholarship Costs**

- ~\$4M/year over ten years = \$40M
- Tapering 5-year costs for sunset = \$10M

- **Total “Series B” Fundraising**

- \$200M (\$100M private plus state match)

# WSOS NEXT STEPS

Design for Scale.

Build the Brand.

Fund to 2030.

*\$200M*



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# FINANCE & PROGRAM ADMINISTRATOR UPDATE

June 30, 2019

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# PROGRAM ADMINISTRATOR UPDATE

- Welcome **Angela Jones**, WA STEM CEO

## Board Action:

- Appoint Brad Faulhaber to the Finance & Investment Committee
- Delegate contract negotiation authority for program administrator renewal to executive director

# WSOS Balance Sheet

Comparative Balance Sheets  
June 30, 2019

	Comparison to Last Reported Period			Notes	Comparison to Same Period LFY		
	4/30/19	% Change	6/30/19		6/30/18	% Change	6/30/19
<b>Assets</b>							
Cash	3,331,747	29%	4,283,017	1	2,983,126	44%	4,283,017
Investments	109,838,783	5%	115,460,475	2	112,231,254	3%	115,460,475
Accounts Receivable	41,674	42%	59,320		38,492	54%	59,320
Pledges and Grants Receivable, net	7,008,222	-12%	6,153,505	3	12,463,263	-51%	6,153,505
State match receivable, net	5,081,260	-65%	1,792,103	4	4,745,530		1,792,103
Prepaid Expenses	94,054	3%	96,737		120,621	-20%	96,737
Property and equipment, net	39,165	-5%	37,236		40,122	-7%	37,236
<b>Total Assets</b>	<b>125,434,905</b>	<b>2%</b>	<b>127,882,393</b>		<b>132,622,408</b>		<b>127,882,393</b>
<b>Liabilities and Net Assets</b>							
Accounts Payable	87,135	-12%	76,610		71,049	8%	76,610
Payroll Related Liabilities	74,949	-12%	66,245		57,576	15%	66,245
Scholarship Commitments, net	27,269,050	0%	27,243,627		23,465,518	16%	27,243,627
<b>Total Liabilities</b>	<b>27,431,134</b>	<b>0%</b>	<b>27,386,482</b>		<b>23,594,143</b>	<b>16%</b>	<b>27,386,482</b>
<b>Net Assets</b>							
Temporarily Restricted Net Assets	73,003,771	38%	100,495,911	5	84,028,265	20%	100,495,911
Permanently Restricted Net Assets	25,000,000	-100%	-		25,000,000	-100%	-
<b>Total Net Assets</b>	<b>98,003,771</b>	<b>3%</b>	<b>100,495,911</b>		<b>109,028,265</b>	<b>-8%</b>	<b>100,495,911</b>
<b>Total Liabilities and Net Assets</b>	<b>125,434,905</b>	<b>2%</b>	<b>127,882,393</b>		<b>132,622,408</b>	<b>-4%</b>	<b>127,882,393</b>

# WSOS Balance Sheet

## Notes:

1. Increase in cash April to June largely due to receipt of Rubens Family Foundation pledge payment of \$850K at the end of June and WSAC match of \$2.57M between May and June. This was offset by transfer of \$2.57M of April excess private receipts invested in WSIB in May.
2. Investments balance as of 6/30/19 includes WSIB Scholarship \$74.26M, WSIB Endowment \$30.34M and KeyBank Capital \$10.85M. Total investments higher due to strong investment gains after reduction for spring scholarship disbursements.
3. Balance includes Gary Rubens: \$6.15M and other individuals: \$3.5K.
4. WSAC matched \$2.57M of 2019 between May and June. The state match accrual of May and June private receipts of \$936K was recorded in June. Remaining accrual includes this and resubmission. Still working to get remaining resubmission balance.
5. The increase from April to June is a result of release of Boeing \$25M to be used for Career and Technical Scholarship program.

# WSOS Income Statement

## Actual vs. Budget

Four Months Ending June 30, 2019

	Four Months Ended June 30, 2019			Notes	December 31, 2019
	Actual	Budget	Variance Fav (Unfav)		Annual Budget
<b>Revenue</b>					
Private	183,144	3,100,000	(2,916,856)	1	6,200,000
Public	3,578,139	4,050,000	(471,861)	2	15,700,000
Investment Income	8,141,120	1,458,600	6,682,520	3	2,917,200
<b>Total Revenue</b>	<b>11,902,403</b>	<b>8,608,600</b>	<b>3,293,803</b>		<b>24,817,200</b>
<b>Program Expense</b>					
Salaries and Benefits	861,510	813,584	(47,926)	4	1,898,633
Professional Fees - Program Admin fees	256,770	256,770	-		513,540
Professional Fees - Contractors & Lobbying	229,234	195,500	(33,734)	5	523,500
Conferences, Conventions & Meetings	47,232	53,061	5,829		233,045
Operating Expenses	134,723	113,875	(20,848)	6	239,800
	<b>1,529,468</b>	<b>1,432,790</b>	<b>(96,678)</b>		<b>3,408,518</b>
<b>Income (Loss) before Scholarship Exp</b>	<b>10,372,935</b>	<b>7,175,810</b>	<b>3,197,125</b>		<b>21,408,682</b>
<b>Scholarship Expense</b>	<b>(718,225)</b>	<b>(342,000)</b>	<b>376,225</b>	7	<b>24,338,506</b>
<b>Net Income (Loss)</b>	<b>11,091,160</b>	<b>7,517,810</b>	<b>3,573,350</b>		<b>(2,929,824)</b>

# WSOS Income Statement

## Notes:

1. Revenue Private: The 2019 Budget included \$1.2MM for 4-year scholarship and \$5MM for CTS/Pathways, divided evenly by quarter throughout the year. New revenues between May and June included CWU/Castners: \$50K and Celgene: \$32.5K.
2. Revenue Public: State Match revenues accrued based on \$3.58M of private contributions received between January and June, including \$2.5MM MSFT payment and \$850K Rubens Family Foundation payment.
3. Investment income: Actual YTD includes unrealized+realized gains of \$7.87M, interest & dividend income of \$301K and investment expense of \$30K. Budget does not include forecasting gains/losses.
4. Salaries and benefits; Slightly over as CEO bonus paid in 2019 for 2018 was higher than 2018 accrual. Also, salary increases occurred.
5. Professional Fees - Actual expense over budget in part due to I.T., Temp Support, Communications consulting and Recruiting for CEO position.
6. Operating Expenses-Actual expenses over budget with primary driver being printing costs, which appear to be under budgeted.
7. Represents scholarship refunds to date. Scholarship expense for CY 2019 was recorded in August and will be reflected for the next finance committee meeting.





# WSOS Cash Flow

## Notes:

1. Cash Inflow: Other Private - \$936K received on cash basis during May and June 2019, including CWUF: \$50K, Gary Rubens: \$850K, and Celgene: \$32.5K.
2. State - Received \$4.23M from WSAC in during May and June 2019.
3. Investment Income - Includes net unrealized gains from inception of \$10.3M (Scholarship: \$6.7M & Endowment: \$3.6M). May/June 2019 the total unrealized gain is \$1.49M, YTD Unrealized Gain of \$7.9M.
4. Scholarship disbursements were \$25K during May and June 2019 and scholarship refunds totaled \$465K.
5. WSOS KeyBank Account - Excess private dollars received after Rubens payment in June were invested in WSIB in August and excess state match dollars were invested with KeyBank.

# 2019 OpportunityTalks

- Goal
- Registration
- Board Engagement



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**NEXT BOARD MEETING**  
**DECEMBER 17, 2019**