

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP



BOARD MEETING

October 2, 2017

Removing barriers. Championing students. Launching professionals.

- I. Meeting Called to Order**
- II. Approval of 6/26/17 Board Meeting Minutes**
- III. WSOS Growth Options Presentation**
- IV. Discussion & Brainstorm**
- V. Activities Update**
- VI. Finance and Program Administrator Update**
- VII. Next Steps & Closing**

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Growth Options Presentation & Discussion

GROWTH OPTIONS ANALYSIS & RECOMMENDATION

EXECUTIVE SUMMARY & KEY CONCLUSIONS

PRESENTED AT WSOS BOARD MEETING | OCTOBER 2, 2017

Context

Due to revisions in historical and current retention rates in the scholarship model, there is ~\$51M in available funds available for Board investment (\$38.6M from adjustments in the retention rates and \$15.4M in projected additional investment and donation income).

Board asked WSOS how to best use funds; we investigated 4 options:

Option 1	Option 2	Option 3	Option 4
Increase \$ per scholar	Increase # of scholars	Improve scholar retention	Extend to Fall Start 2025 (Cohort 14)

Methodology: What we did

Reviewed literature and best practices locally and nationally

Interviewed current WSOS Scholars and Alums

Interviewed leaders from successful college access and college success programs

Evaluated existing internal data on Scholars including retention, participation in programs, graduation rates, etc.

Conducted and assessed early results of WSOS Cohort 1-3 Alumni Survey

Convened community leaders & experts in a “Jam Session”

We engaged scholars early and throughout the research and consideration process

Options & Recommendations

Option 1

Increase \$ per scholar



Lower impact

Option 2

Increase # of scholars



Capacity constrained

Option 3

Improve scholar retention



Highest potential for impact in shortest time horizon. 2,250 more students retained at a cost of \$22.4M

Option 4

Extend to Fall Start 2025 (Cohort 14)

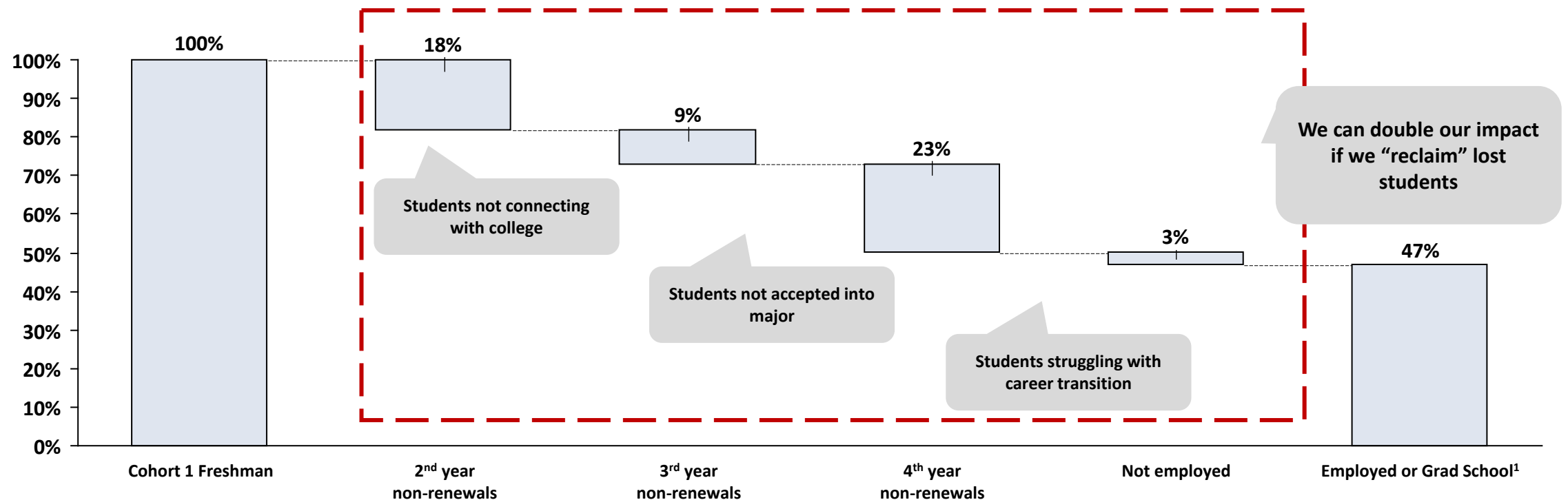


2,200 more students at a total cost of \$28.7M (may flex with retention)

We recommend investing in support services to improve scholar retention (Option 3) and extending the duration of the program (Option 4)

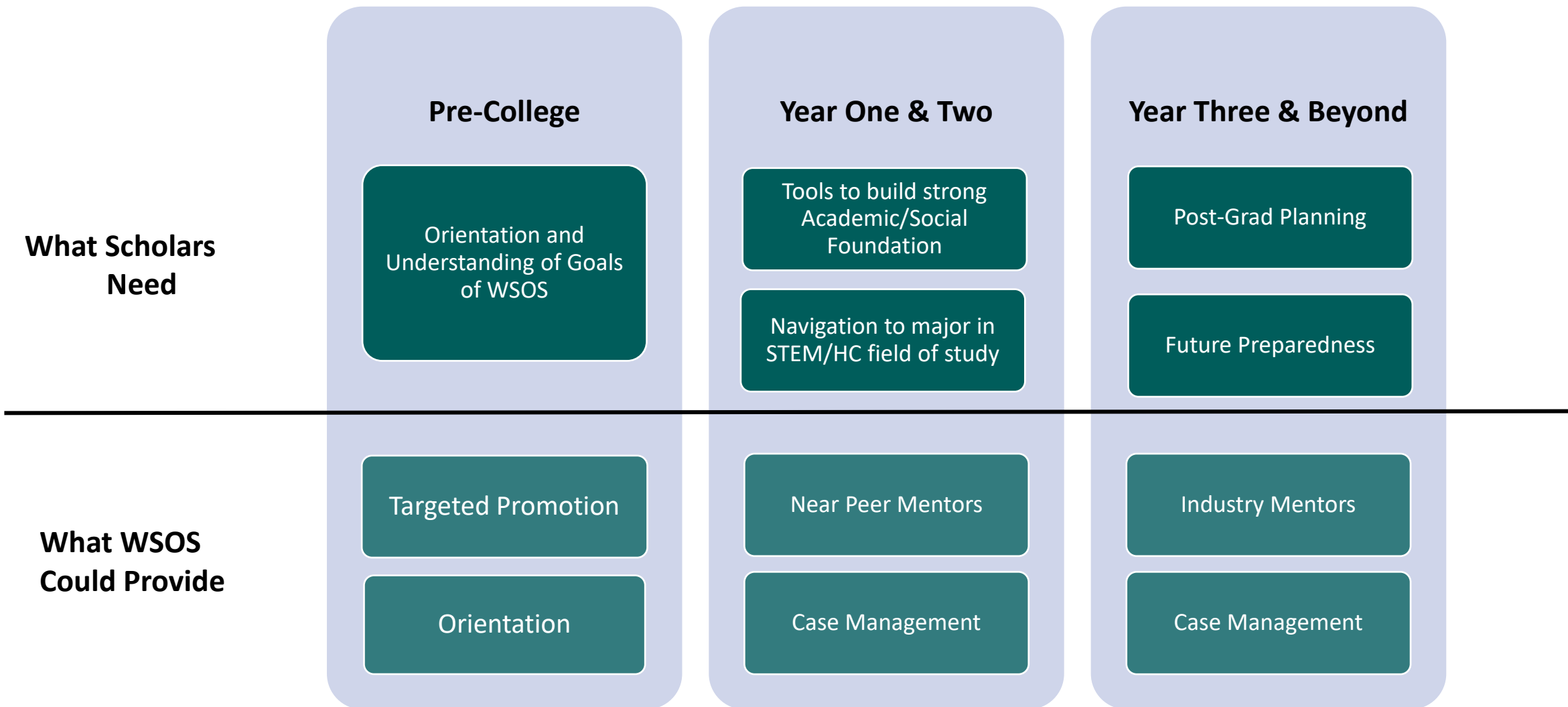
If we support our students more effectively, we can increase our impact without growing our scholarship.

Work-in-progress estimates based on first "full class" (e.g. Cohort 1 entering as freshmen)

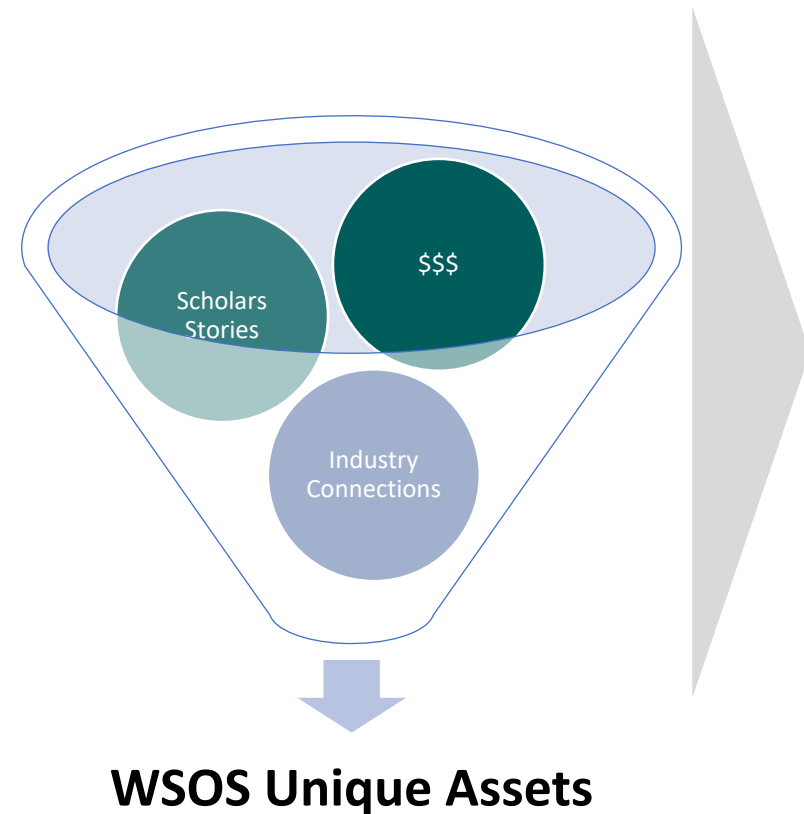


Improving retention by 30 percentage points (for Cohort 6-10) would increase the number of WSOS scholars achieving employment or grad school entrance by graduates by ~1000

Scholar needs vary by year: we must provide full-cycle support



Recommended Investment #1: Launch “Near-Peer Leaders” (NPL) & industry connection programs to improve retention at every stage



Freshman & Sophomore retention

- **100% participation in Opportunity Launch – led by NPLs**
- **Provide personal connection via NPL 1:20 ratio**
- **Touchpoints when it matters most (exams, application to majors)**

Junior & Senior retention

- **Paid internship opportunity to serve as NPL: both \$ and experience**
- **Opportunity to interact with corporate leaders via “hackathon” type sessions focused on improving WSOS**
- **First Cohort: Opportunity to co-design program**

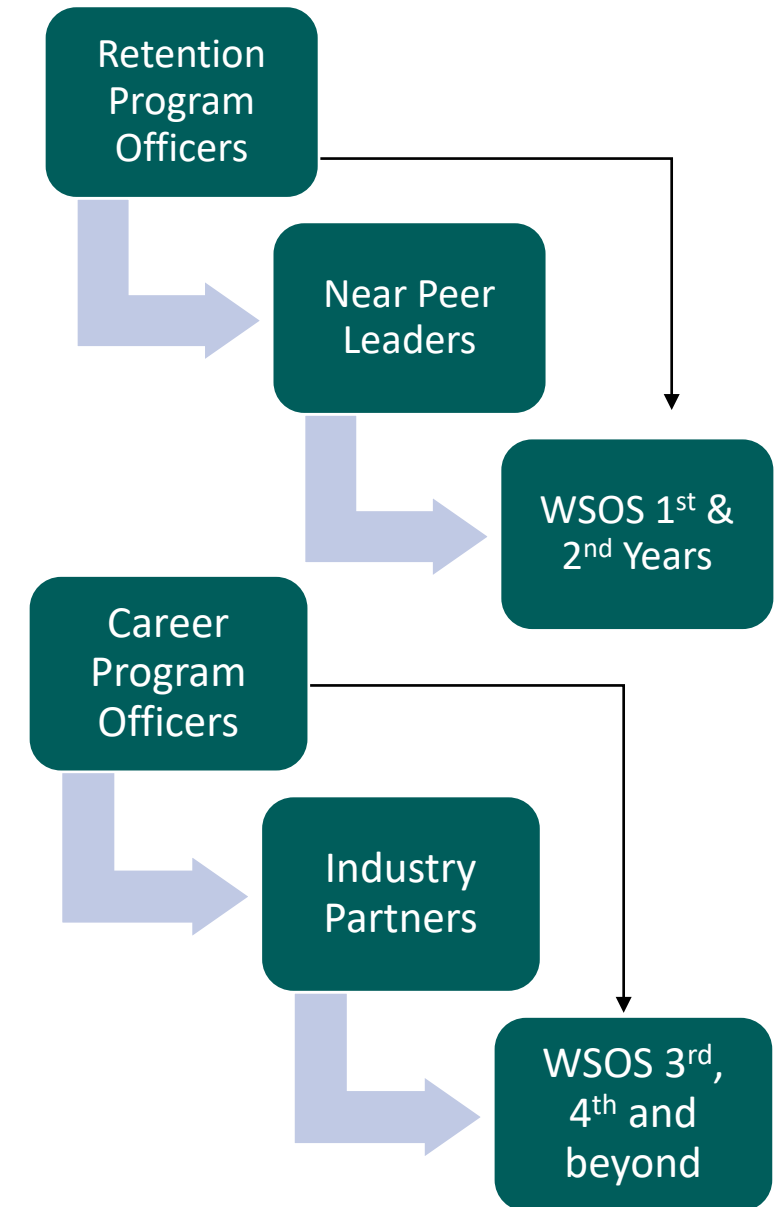
“Near-Peer Leaders” will complement the role of Program Officers

“Near-Peer Leaders”

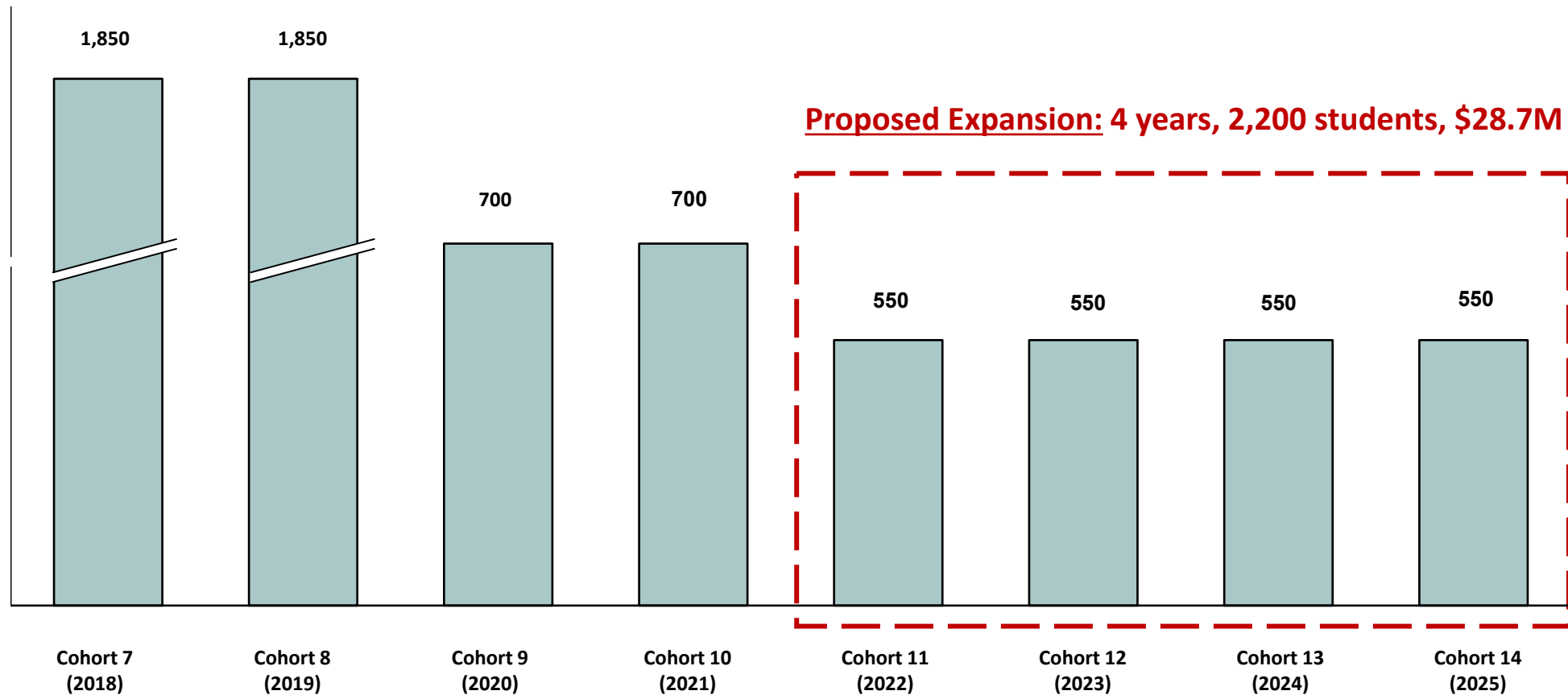
- Focus on Freshmen / Sophomores
- Personal relationship 1:20
- Regular check-ins
- Share personal stories
- Connect scholars with other NPLs according to their academic/other interests
- Opportunity Launch participation

Program Officers

- Supervise and train NPLs
- Focus on Juniors / Seniors
- Support services to highly struggling Freshmen/ Sophomores
- Job search, internship search
- Extraordinary / hardship cases
- Opportunity Launch organization
- Transcript review



Recommended Investment #2: Extend scholarship to 2024-25 to serve 2200 more students at a cost of \$28.7M



Does not include the \$34M Endowment Funds that will be available in 2026

Proposed Investments

Investment area	Total cost
Improve retention through programmatic expansion	\$22.4M
Extend duration through Cohort 14	\$28.7M
<hr/>	<hr/>
Total	\$51.0M

Both investments may flex

Return on Investment

These investments will result in **2,582 additional** graduates employed in STEM/Healthcare (\$19,800 per graduate) – a cost savings of **\$2,700** per successful graduate.

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GROWTH OPTIONS

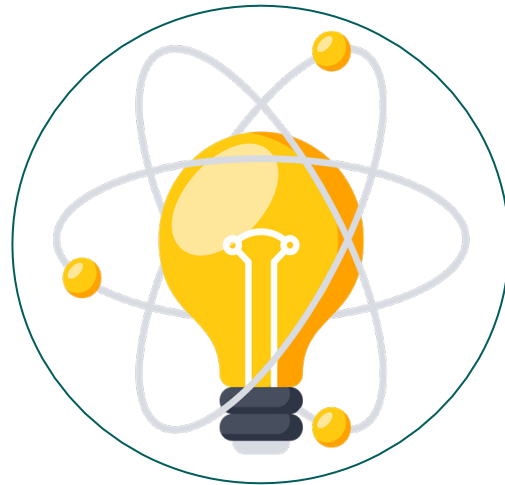
A large group of students, mostly young adults, are posing for a group photo outdoors. They are arranged in several rows, with some sitting on the ground in the front and others standing behind. They are on a paved area, possibly a plaza or walkway, with large trees in the background. The overall scene is bright and positive, suggesting a school or university setting.

Discussion & Brainstorming

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Activities Update



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Activities Update



Media

Top media Tweet earned 225 impressions

Larissa is in our [#ScholarSpotlight](#), to learn more about her story visit: bit.ly/2wom0J9
pic.twitter.com/zhZZRKBqL1



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Facebook

- » 3,201 page likes Jun. 27, 2017
- » 3,262 page likes Sept. 20, 2017 (+2%)
- » Total impressions (paid & organic): 75,133

Twitter

- » 1,551 followers Jun. 20, 2017
- » 1,601 followers Sept. 20, 2017 (+3%)
- » Total impressions (paid & organic): 56,592

Welcome



Farewell



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Finance & Program Administrator Update

WSOS Balance Sheet

Period Ending June 30, 2017

	Comparison to FYE			Notes	Comparison to Same Period LFY		
	6/30/16	% Change	6/30/17		6/30/16	% Change	6/30/17
Assets							
Cash	2,243,707	1526%	36,485,421	1	2,243,707	1526%	36,485,421
Investments	85,316,061	-9%	77,509,090	2	85,316,061	-9%	77,509,090
Accounts Receivable		0%	1,573			0%	1,573
Pledges and Grants Receivable	25,428,522	-44%	14,279,779	3	25,428,522	-44%	14,279,779
Prepaid Expenses	48,175	192%	140,714		48,175	192%	140,714
Property and equipment, net		0%	22,454			0%	22,454
Total Assets	113,036,465	14%	128,439,031		113,036,465		128,439,031
Liabilities and Net Assets							
Accounts Payable	448,490	-83%	75,396	4	448,490	-83%	75,396
Payroll Related Liabilities	131,958	-99%	1,332		131,958	-99%	1,332
Scholarship Commitments	36,937,798	-48%	19,372,117	5	36,937,798	-48%	19,372,117
Total Liabilities	37,518,246	-48%	19,448,845		37,518,246	-48%	19,448,845
Net Assets							
Temporarily Restricted Net Assets	51,480,899	63%	83,990,186		51,480,899	63%	83,990,186
Permanently Restricted Net Assets	24,037,319	4%	25,000,000		24,037,319	4%	25,000,000
Total Net Assets	75,518,219	44%	108,990,186		75,518,219	44%	108,990,186
Total Liabilities and Net Assets	113,036,465	14%	128,439,031		113,036,465	14%	128,439,031

WSOS Balance Sheet

Notes to the Financials

1. Transfer from WSIB for scholarship and operating expenses for FY 16/17. Receipt of State match of \$21M and Rubens of \$5.25M. Money Market account opened in June is included in Cash.
2. Funds transferred from WSIB for FY 16/17 expenses.
3. Received \$2.5M from Microsoft and \$8.375M from Rubens.
4. Large balance on 6/30/16 due to unpaid admin fees to CSF.
5. Reduction in scholarship liability due to a \$7.8M adjustment related to correction of scholarship model and scholarship disbursements during the period.

WSOS Income Statement

Income Statement for the Five (5) Months Ending June 30, 2017

	Five Months Ended June 30, 2017			Notes	December 31, 2017
	Actual	Budget	Variance Fav (Unfav)		Annual Budget
<u>Revenue</u>					
Private	731,150	-	731,150	1	3,000,000
Public	1,047	-	1,047		7,000,000
Investment Income	3,241,198	-	3,241,198	2	-
Total Revenue	3,973,394	-	3,973,394		10,000,000
<u>Program Expense</u>					
Salaries and Benefits	506,558	543,282	36,724		1,224,570
Program	224,866	253,279	28,412		525,331
Professional Fees - WA STEM Admin fees	194,607	221,341	26,734		427,230
Professional Fees - Contractors	241,685	146,598	(95,087)	3	214,526
	1,167,717	1,164,500	(3,217)		2,391,657
Income(Loss) before Scholarship Exp	2,805,678	(1,164,500)	3,970,178		7,608,343
<u>Scholarship Expense</u>	(98,990)	21,247,310	21,346,300	4	21,247,310
Net Income (Loss)	2,904,667	(22,411,810)	25,316,477		(13,638,967)

WSOS Income Statement

Notes to the Financials

1. Contributions included United Way of \$547K.
2. Investment income not budgeted. Balance includes \$3.17M in unrealized gains.
3. Actual includes CSF transition administration fee of \$35K which was budgeted in admin fees. Other contractors include 72 Degrees LLC and Kinetic West.
4. Accrual for next academic year will be made in future months. Current scholarship expense of \$108K offset by scholarship refunds of \$207K.

WSOS Cash Flow

CASH FLOW

Cash Inflow:

Boeing
Microsoft
Other Private
State
Investment Income

Total Cash Inflows

Cash Outflow:

Scholarships
Program Expenses

Total Cash Outflows

Net Cash Flow Inception-To-Date & Balance of Cash & Investments June 30, 2017

WSOS KeyBank Account

Balance per WSIB Statement June 30, 2017

Total

Inception - June 30, 2017

	<u>Scholarship</u>	<u>Endowment</u>	<u>Notes</u>	<u>Total</u>
	12,500,000	12,500,000		25,000,000
	30,000,000	-		30,000,000
	25,264,045	-	1	25,264,045
	61,354,750	11,016,414	2	72,371,164
	4,991,998	2,591,425	3	7,583,423
	<u>134,110,793</u>	<u>26,107,839</u>		<u>160,218,632</u>
	(36,836,277)	-	4	(36,836,277)
	(9,382,032)	(5,812)		(9,387,844)
	<u>(46,218,309)</u>	<u>(5,812)</u>		<u>(46,224,121)</u>
	87,892,484	26,102,027		113,994,511
	36,485,421	-	5	36,485,421
	<u>51,407,063</u>	<u>26,102,027</u>		<u>77,509,090</u>
				113,994,511

WSOS Cash Flow

Notes to the Financials

1. Received \$5.25M from Rubens in June.
2. State cash receipt of \$21M in April and is sitting in Scholarship account as of 6/30. Net Endowment portion of \$1.5M to be moved in Q3 2017.
3. Includes net unrealized gain/loss.
4. Scholarship refunds during May/June were higher than expense by \$45K; hence, reduction in scholarship outflow from April report.
5. Funds to be transferred and invested in Q3 2017 in accordance with new ST Investment Policy and guidance from the Finance and Investment Committee, which will both increase investment returns and comply with state policies around public funds.

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