

**BOARD MEETING AGENDA**  
**MONDAY, JUNE 26, 2017 | 1:00-3:00 P.M.**  
**MICROSOFT CAMPUS**

**CONFERENCE CALL DIAL IN #: 425-706-3500 / PASSCODE: 803249285#**

I. Meeting Called to Order		Brad Smith, Chair	1:00p
II. Approval of Minutes from April 13, 2017 Meeting	[Tab A]	Brad Smith	1:00-1:05p
III. New Washington STEM CEO: Vision for the Future	[Tab B]	Caroline King CEO, Washington STEM	1:05-1:15p
IV. WSOS Opportunity Expansion Fund Grant: Grantee Update	[Tab C]	OEF Grantees Perry Fizzano, WWU Eve Riskin, UW STARS program Jennifer Dechaine, CWU	1:15-1:35p
V. Post-Graduation Survey Presentation	[Tab D]	Megan Nelson Director of External Affairs, WSOS	1:35-2:00p
VI. WSOS Activities Update	[Tab E]	WSOS Staff	2:00-2:40p
VII. Finance & Program Administrator Update Action Required: Short-Term Investment Policy	[Tab F]	Mack Hogans, F&I Committee Chair Cindy Gustafson, CFO, Washington STEM	2:40-2:55p
VIII. Closing		Brad Smith	2:55-3:00p

**Important Upcoming Dates**

Board Meetings (all meetings at Microsoft Campus)

- Monday, October 2, 2017 at 1:15 – 3:00p
- December 7, 2017 meeting changed to Monday, January 8, 2018 at 1:00 - 3:00p

Events

- OpportunityLaunch | Sunday-Tuesday, August 6-8, 2017 (Industry Networking Dinner on Monday, August 7, 2017)
- OpportunityTalks | 7:00a-9:00a on Thursday, November 2, 2017 at the Sheraton Seattle

# **Tab A**

**Minutes from the April 13, 2017 Board Meeting**

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING  
THURSDAY, APRIL 13, 2017, 1-3 PM, MICROSOFT CAMPUS  
MINUTES**

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) met on April 13, 2017 at the Microsoft headquarters in Redmond, Washington.

Board members: Brad Smith (Board Chair), Miller Adams, Stan Deal, and Mack Hogans present; Diane Cecchetti, Antony Chiang, Julie Sandler, Jim Sinegal and Mike Wilson by phone

Additional attendees: Naria Santa Lucia, Erin Ashley, Jane Broom, Theresa Britschgi, Klondy Canales, Meg Chambers, Karyl Gregory, Cindy Gustafson, Reiko Kono, Carly Marshall, Megan Nelson, Dave Stolier and Sam Whiting present; John Bowden, Rachel Johnson, Jenna Magnotti, and Caitlin Spence by phone

**Meeting Called to Order**

Having a quorum of the Board, Brad Smith, Board Chair of WSOS, welcomed everyone and called the Board meeting to order at 1:03 pm.

Mack Hogans moved that the minutes of the December 12, 2016 meeting be approved. Stan Deal seconded the motion. The motion carried unanimously.

**Scholar Spotlight**

Hogans introduced WSOS Scholar Carly Marshall who shared her story. Marshall is a student at UW-Seattle preparing for a degree in Forest Resource Management under the Environmental Science major. Marshall's long range goals include getting her Ph.D. and eventually working to influence policy.

**Overview of Washington STEM & Transition Update**

Naria Santa Lucia introduced new WSOS staff members Reiko Kono, Rachel Johnson, and Meg Chambers. Santa Lucia then introduced Cindy Gustafson, CFO of Washington STEM. As of February 1<sup>st</sup>, Washington STEM serves as the new program administrator for WSOS. Gustafson reported on their current key tasks including an updated model projecting scholarship liabilities resulting in a \$7.5M adjustment. Gustafson further reported on key benchmark dates through Q2 2018. Gustafson additionally provided an overview of Washington STEM and its Future Ready mission to increase STEM access, interest, and success for all Washington students through collaboration with regional STEM Networks and public/private partners.

**Cohort 6 Scholar Selection**

Naria Santa Lucia reported on statistics comparing Cohort 6 with Cohort 5. Santa Lucia recommended the selection formula for Cohort 6 based on specific categories in the following order of importance: major in college, GPA, family income, first generation status, and the essay as a tie breaker only. Santa Lucia reported on preliminary outcomes based on these selection criteria, noting that the target goal is to select 1850 Scholars

Deal made a motion to accept the Cohort 6 selection formula as presented by Santa Lucia. Hogans seconded the motion. The motion carried unanimously.

Santa Lucia reported on the functionality of WizeHive, a data management system, which will be used to track our Scholars and manage their scholarships.

### **WSOS Activities Update**

Theresa Britschgi reported on WSOS activities related to scholarship promotion, retention, career-readiness events, and our Skills That Shine mentoring program. Britschgi offered Board members the opportunity to attend research symposiums for our Scholars, graduation ceremonies for our Scholars, and Opportunity Launch in August which is our second annual conference at UW-Seattle for 250 first time scholarship recipients to help them succeed in college.

Erin Ashley reported on plans for this year's OpportunityTalks breakfast on Thursday, November 2<sup>nd</sup> with Derrick Thompson as our corporate keynote speaker and a female Scholar speaker who has not yet been finalized. The goal is to increase attendance from 800 up to 1000. Derrick Thompson has written a book called *Hit Makers: The Science of Popularity in an Age of Distraction*. Thompson's premise is that something becomes a hit because of a network - exactly what our Scholars need to boost them into college success and then into a successful job. Attendees at the OpportunityTalks breakfast can become a hit maker with our Scholars through mentoring relationships and internships.

Ashley further reported that WSOS is the sole beneficiary of the Geeks Give Back campaign for the third consecutive year. This campaign kicks off at their Summit on October 4-5 and runs through December. Bank of America is the presenting sponsor and the campaign includes an employee giving campaign as well as corporate support. Ashley additionally reported that our Skills That Shine mentoring program wraps up this month with final events in Spokane and Seattle.

Megan Nelson reported that our media outreach has been key to promoting our application and announcing the expansion account funding with UW-STARS, CWU, and WWU. Nelson further reported that our WSOS brand has been refreshed because WSOS has changed our program administrator and we have moved to a new office location. Our new look is already available on our website and the new branding will soon be included on our business papers and business cards.

### **Advocacy Update**

Santa Lucia provided an update on the WSOS-led House (HB1452) and Senate (SB5261) bills which propose the expansion of WSOS funding in professional/technical degree programs and will allow Scholars to fill out the WAFSA in place of the FAFSA. Santa Lucia also reported that HB2143 proposes WSOS funding for advanced degrees for healthcare professional shortage areas. The same criteria would be applied to this funding as our current scholarship. Santa Lucia further reported that if HB2143 passes, additional work will be required by staff. Santa Lucia also reported that \$14M has been approved by the Legislature through the next biennium.

### **2017 WSOS Budget & 2017 Priorities**

Santa Lucia reported on the 2016 WSOS short budget which reflects budget numbers against actual. Santa Lucia stated that budget reporting will change from fiscal year to calendar year with Washington STEM. Santa Lucia presented the 2017 WSOS budget based on a calendar year. Santa Lucia further reported that \$21M in State matching funds is expected. Santa Lucia additionally reported that operating expenses will remain the same under Washington STEM. Santa Lucia reported that \$188k is projected to be spent in one time transition costs.

Hogans made a motion to approve the 2017 budget. Deal seconded the motion and it was approved unanimously.

Santa Lucia reported on WSOS future priorities: explore options for using additional funding and overall strategic planning with assistance from Leading for Impact. At the October board meeting, exploration into the priorities will be presented.

**Finance Update**

Hogans reported that the WSOS Scholarship and Endowment Funds are performing at or above benchmark. Hogans further reported that the Finance & Investment Committee is very confident in Cindy Gustafson and her role on the Committee as CFO at Washington STEM. Hogans further reported that two new members have joined the Committee: Elizabeth Tinkham and DeShay McCluskey Gould.

Smith noted that the timeline for Santa Lucia's performance review will be done on a calendar year basis – to align with the performance reviews of the rest of the WSOS team.

The meeting adjourned at 2:41 pm.

Respectfully submitted,  
Karyl Gregory

DRAFT

## **Tab B**

**New Washington STEM CEO: Vision for the Future**



## **CAROLINE KING**

### **Chief Executive Officer**

Caroline King is the Chief Executive Officer of Washington STEM. She leads Washington STEM's program, policy, and partnerships efforts to advance equity, excellence, and innovation in STEM innovation.

Caroline has devoted her career to advancing strategies that allow young people to access economic opportunity, particularly through education. Caroline began her career as a teacher at a school focused on technology and social justice in Ecuador, where her students were the first in their families to attend high school. Caroline has watched her former students graduate from high school, pursue dreams in college and the workforce, and transform their lives and communities.

Since her time as a teacher, Caroline has gained almost 20 years of experience in the movement to close opportunity gaps through education. Caroline was a co-founder of Washington STEM in 2011, and for seven years she served as the Chief Policy and Strategy Officer, where she led the organization's efforts to build public demand and strategic partnerships, advocate for smarter policies, and measure impact.

Prior to leading Washington STEM's launch, Caroline served as Executive Director of Partnership for Learning, the nonprofit education arm of the CEO-led Washington Roundtable. Caroline was a founding member of the Public Education Leadership Project (PELP), the first-ever joint initiative of Harvard Business School and Harvard Graduate School of Education, designed to strengthen the leadership and management of large urban school systems. She has also consulted for foundations, schools, and nonprofits, including the Bill & Melinda Gates Foundation, the New School Foundation, and Grantmakers for Education.

Caroline serves as a gubernatorial appointee to Washington State's STEM Education Innovation Alliance and a Washington MESA board member. In 2012, the Puget Sound Business Journal recognized Caroline as a 40 Under 40 Honoree.

Caroline holds a Master of Education in Administration, Planning and Social Policy from the Harvard Graduate School of Education and a B.A. in Anthropology from the University of Notre Dame.

Outside of work, Caroline enjoys spending time with her husband Eric and two sons, Charlie and Russell. She loves hiking, cooking, going to concerts, and kale.

## **Tab C**

**WSOS Opportunity Expansion Fund Grant:  
Grantee Update**



# Opportunity Expansion Fund - CWU

## Central Washington University – UTeach Program

- Start-up funds to develop a new teacher recruiting and retention program (modeled after UT Austin's UTeach program)
- Also aims to develop a new Computer Science teaching endorsement and Math competency
- 45 additional degrees per year in teaching of STEM (K-12)
- Funding amount: \$2,189,801





## THE CHALLENGE

### Washington State is critically short on current and future skilled STEM workers

Thousands of jobs in Washington State are unfilled due to lack of qualified candidates, 80% of these are in health care and STEM fields<sup>1</sup>

Only 9 of 100 children born in Washington ultimately end up as employers in STEM-related fields in the state<sup>2</sup>

Only 40% of Washington State high school students graduate with STEM competency and 22% of high school students will pursue a STEM-related degree in Washington<sup>2</sup>

# 51%

Over half of US high school STEM teachers are out of field or without full certification

### The STEM pipeline depends on qualified K-12 STEM teachers

STEM fields have been teacher shortage areas for Washington every year since 1996<sup>3</sup>

Higher education is expected to graduate only half the needed new teachers in 2017<sup>4</sup>

Nationwide, 38% (math) to 68% (earth science), of STEM teachers do not have a major or minor in the field they are teaching<sup>5</sup>

## THE GOAL

### Double the number of STEM teaching graduates at CWU in 5-7 years

Implement a UTeach model for Washington State at CWU

Initiate a computer science teaching endorsement at CWU

Pilot new program to shorten math remediation time

# 2x

The Number of STEM Teaching Graduates

Disseminate successful model throughout Washington State

## OUR PROGRESS

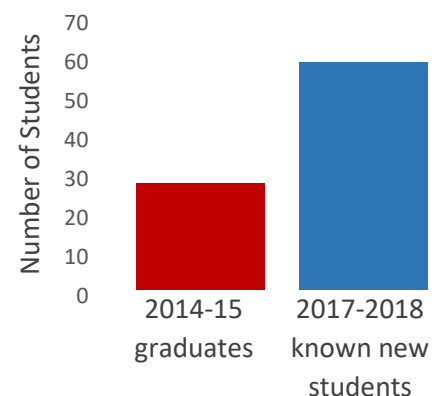
### 60+ new students starting the program next year!

Approved STEM Teaching minor degree curriculum

Signed contracts with UTeach Institute

Appointed key positions: cross college steering committee, working groups in several areas (including new CS endorsement), Co-directors

Hired Advisor/Recruiter, first Master Teacher, Secretary (in progress)



### NEXT STEPS 2017-2018

Recruit!!

Finalize CS endorsement curriculum

Begin internships

Start minor program courses

Fundraise endowment

Test math remediation program

Finalize partners/field experiences Form Advisory Board

Begin disseminating model

<sup>1</sup>Washington STEM. 2017. Consider the Facts. Retrieved from: <http://www.washingtonstem.org/STEM/media/Media/Resources/Fact-Sheet-2017.pdf?ext=.pdf>

<sup>2</sup>STEM Education Innovation Alliance. 2016. STEM Education Report Card.

<sup>3</sup>U.S. Dept. Ed. 2016. Teacher Shortage Areas Nationwide Listing 1990-1991 through 2016-2017

<sup>4</sup>Seattle Pacific University. 2017. Seattle Times. Retrieved from: <http://www.seattletimes.com/sponsored/theres-a-teacher-shortage-in-the-state-of-washington/>

<sup>5</sup>Marder et al. 2017. Recruiting Teachers in High-Needs STEM Fields: A Survey of Current Majors and Recent STEM Graduates. APS Physics.

# Opportunity Expansion Fund – UW

## University of Washington – STARS Program

- Expansion of UW's STARS program which provides intensive wraparound services to first-year, Pell-eligible Engineering students
- 519 new students will achieve degrees with this investment
- Funding amount: \$2,189,987





## WASHINGTON STATE ACADEMIC RED SHIRT PROGRAM

The University of Washington, in collaboration with Washington State University, offers an “academic redshirt” program in engineering. The program attracts highly motivated students from low-income backgrounds throughout Washington state to study engineering in a five-year degree program at the two universities.

The programs at UW and WSU are funded by a grant from the National Science Foundation. Under this grant, both schools enroll 32 first-year students from Washington high schools. At UW, support from the Washington State Opportunity Scholarship program will enable us to double the number of STARS participants to 64 in the 2017-18 academic year.

### A FOUNDATION FOR SUCCESS

UW STARS students who maintain a 3.0 GPA and fulfill first-year requirements:

- ★ Are more likely to obtain degrees in engineering.
- ★ Bypass the competitive application process to engineering programs.
- ★ Can expect to complete their degrees in 5 years, only 1 or 2 quarters longer than average for engineering degrees at UW.

*“We’re talking about investing an extra year in what will hopefully be a 40-year engineering career.”*

Eve Riskin, UW associate dean of engineering

### SKILLS BUILDING AND SUPPORT

College-level engineering curricula are among the most demanding at the University of Washington and all students pursuing engineering degrees encounter academic challenges. The STARS program helps participants build the skills and support systems necessary to successfully navigate these challenges. The program includes:

- ★ Scholarships
- ★ Specialized and individualized first-year and second-year curricula
- ★ A supportive community of peers, faculty and staff
- ★ Mentoring and research opportunities with faculty
- ★ Comprehensive academic advising tailored to each student’s needs
- ★ Career counseling and resources that enable students to gain internships in industry
- ★ Tutoring and instructional support through the Engineering Academic Center



## ADMISSION INTO AN ENGINEERING DEPARTMENT

Upon successful completion of the first-year curriculum, which includes maintaining a cumulative GPA of 3.0 or higher at the end of the first year, STARS students are guaranteed admission into a UW engineering department, bypassing the competitive departmental application process.

## MORE DEGREES EARNED

Historically, fewer than half of entering freshman engineering students at the UW go on to complete their degrees and the degree completion rate for students from low-income backgrounds is even lower. The STARS program is designed to improve these outcomes so that more students from underserved populations can successfully earn an engineering degree.

## WHO'S ELIGIBLE FOR THE STARS PROGRAM?

A small number of incoming UW freshmen are invited to apply to the STARS program. To qualify, a student:

- ★ Must be an incoming first-year student
- ★ Must be a Washington state resident and U.S. citizen or permanent resident
- ★ Must be eligible for the Husky Promise, Pell Grant or Washington State Need Grant
- ★ Indicates the intention to major in engineering on the UW application
- ★ Attended a target high school in Washington state



The Washington program was modeled after the Engineering GoldShirt program at the University of Colorado Boulder, now headed into its eighth year.

To learn more about this program, visit: [enr.uw.edu/current/stars](http://enr.uw.edu/current/stars)

### CONTACT:

Christopher Crawford, Operations Manager  
starsapp@uw.edu | (206) 221-5727



# Opportunity Expansion Fund - WWU

## Western Washington University

- Expansion of Computer Science degree program and develop new Computer Science K-12 endorsement at WWU's Center for Science Math and Technology (SMATE)
- Will add 45 students per year (by 2020)
- Funding amount: \$1,620,212



# WSOS Expansion Grant – June 2017 Update

## Western Washington University Computer Science Department

### 2016 Proposal Summary

Our 2016 proposal for the expansion grant asked for “bridge funds” to allow us to hire four new tenure-track faculty. The grant funds would support the new faculty hires for three years and WWU committed to funding those positions beyond that time. Our proposal stated that two of the four new positions would work in CS Education and help train future K-12 teachers in computer science. The area of interest for the other two positions would be in one of the following: computer security, graphics, high-performance computing, or embedded systems.

We also had one faculty position open in computer security that was funded through a different source. Thus we had five open positions, four of which were funded by the expansion grant.

Our proposed timeline and outcomes (in bold) from the grant proposal were exactly as follows:

<b>i. Hire four new tenure-track faculty</b>	
Advertisement	July 2016
On-campus interviews	Jan – Mar 2017
Start date for four new faculty	Sept 2017
<b>ii. Increase capacity / graduation totals</b>	
Add extra capacity in courses for CS major	Sept 2017
Increase of 35 CS graduates per year to reach 170 total per year	June 2019 and beyond
<b>iii. Prepare pre-service teachers for K-12 CS endorsement</b>	
Begin working on pathway to CS K-12 endorsement	Sept 2017
Begin graduating pre-service teachers endorsed for CS (3 new teachers)	June 2019
Continue graduating pre-service teachers endorsed for CS (10 more per year)	June 2020 and beyond

### Preliminary Results

- i. We Skype interviewed 25 candidates for the 5 open positions and invited 12 candidates to campus. We made 5 offers, 4 of which were accepted. Bios of the faculty hired are at the end of this document.

We hired one person who specializes in CS Education to start in September 2017.

Our one rejected offer was also in CS Education, and we felt the dropoff between our second and third best candidates was too great to make an offer to the third best person. We decided to search again in 2017-18 to fill the one remaining CS Education position to start in Fall 2018.

We hired three other faculty – one in security, one in high-performance computing and one in graphics. Two of these are funded by the expansion grant. All are starting on or before

September.

- ii. We will be offering over 20 more courses in computer science in 2017-18 than we did in 2016-17.

This year we graduated 150 majors in computer science which surpassed our internal target of 135 graduates. Thus, we are well on our way to reaching a total of 170 graduates per year by 2018-19 that was projected in the expansion grant proposal.

- iii. Our new CS Education faculty member will start in September and commence work with faculty and staff in our Science, Math, and Technology Education (SMATE) Program to create a pathway to a K-12 endorsement in computer science.

### **New Faculty Searches for 2017-18**

One CS Education faculty will be hired to start in September 2018.

Two additional CS faculty will be hired this year and will start in September 2018. These are retirement replacements.

### **New Faculty Bios**

1. Qiang Hao is earned his PhD in Learning, Design and Technology from University of Georgia and he earned an MS in Computer Science from University of Georgia. Qiang works in CS Education and his position is joint with our Science Math and Technology Education (SMATE) program.
2. Tanzima Islam earned her PhD from Purdue University and did a three year postdoctoral stint at Lawrence Livermore National Labs. She works in high-performance computing.
3. Wesley Deneke earned his PhD from the University of Arkansas and is leaving an Assistant Professor position at Southeastern Louisiana University to come to WWU. He works in graphics, AR/VR, data visualization and software engineering.
4. Michael Tsikerdekis earned his PhD from Masaryk University in the Czech Republic and is leaving an Assistant Professor position at the University of Kentucky to come to WWU. He works in computer security and privacy in social networks.



# **Tab D**

## **Post-Graduation Survey Presentation**

# WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

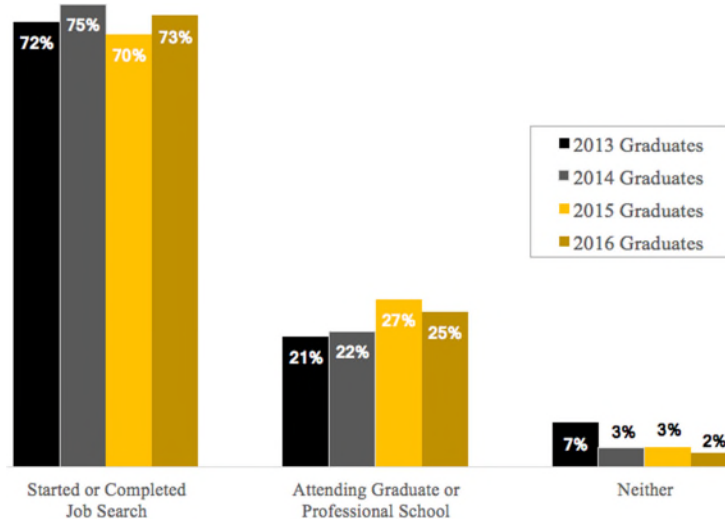
## KEY HIGHLIGHTS

**INTRODUCTION.** In mid-March through April 2017, 72 Degrees, LLC, in conjunction with the Washington State Opportunity Scholarship (WSOS) team administered the Post-Graduation Survey to the 670 Washington State Opportunity Scholarship recipients who earned their bachelor’s degrees in calendar year 2016. In total, 282 out of 670 (42 percent) of the 2016 WSOS graduates responded to the survey. The findings from this survey are reported herein.

**GRADUATES REPORT HIGH GRADE POINT AVERAGES AND EXCELLENT COMPLETION OF STEM AND HEALTH CARE DEGREES.** The mean GPA of 3.5 for 2016 WSOS graduates indicates strong academic performance. The mean GPA reported for 2015 WSOS graduates, also 3.5, suggests the beginning of a trend whereby we may expect that the average GPA of WSOS graduates will be approximately 3.5. A vast majority (87%) of WSOS graduates ultimately graduated with their first degree in a STEM or health care field.<sup>1</sup> The major category with the greatest proportion of graduates is biological and biomedical sciences (21%) followed by engineering (20%) and health care (14%). This represents a slight change from the 2015 WSOS graduates for whom engineering was the most common degree, followed by biological and biomedical sciences and health care.

**NINETY-TWO PERCENT OF 2016 GRADUATES WHO SOUGHT WORK WERE EMPLOYED WITHIN NINE MONTHS.** Similar to previous cohorts, WSOS 2016 graduates generally followed one of two pathways: 73 percent sought to join the workforce directly (started or completed their job search) while 25 percent pursued further education (graduate or professional school).<sup>2</sup> Compared to last year’s graduating class, this represents a 3 percent increase in the proportion of graduates searching for employment and a 2 percent decrease in the proportion attending graduate or professional school. The past four years of data demonstrate that, on average, 73% of graduates seek direct workforce entry, 24% attend graduate school and 4% do neither. See *Graphic 1 for trends<sup>3</sup> in post-graduation plans for graduates 2013 through 2016.*

**GRAPHIC 1. Post-Graduation Plans**



<sup>1</sup> While Scholars only receive funding while studying in eligible fields (STEM or health care and high-demand), many college students change their majors over time. As a result, students who received WSOS funding while declared in an eligible major may ultimately graduate with a degree in an ineligible field.

<sup>2</sup> Among the 282 respondents, 2 percent have not started their employment search nor sought graduate studies for other reasons.

<sup>3</sup> With four years’ data, trends are emerging through simple averages.

# WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

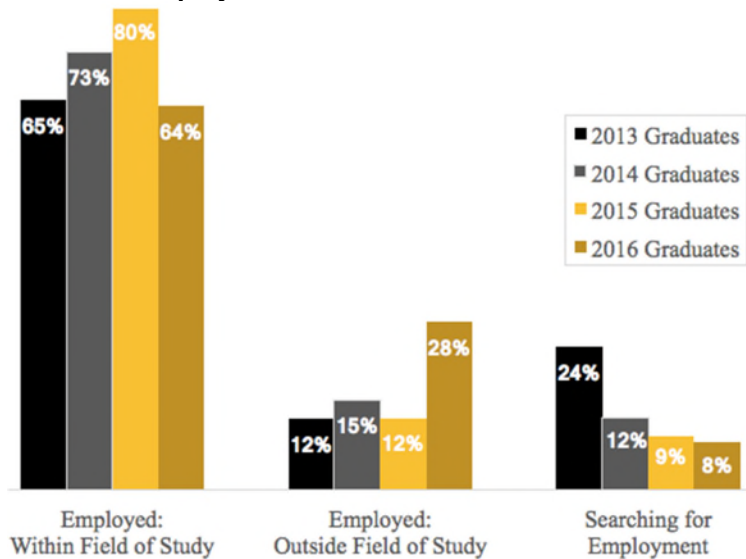
**EMPLOYED GRADUATES DEMONSTRATE STRONG DESIRABILITY WITHIN THE WORKFORCE.** The hire-ability of WSOS graduates is demonstrated in the proportion of job seekers who have found work, the job search time reported and the number of job offers graduates have received:

- » Nine out of ten graduates in both 2015 and 2016 (91% and 92%, respectively) who sought work were employed within nine months of graduation.
- » Nearly three out of four (74%) of employed graduates found employment within three months.<sup>4</sup>
- » About half of employed graduates (48%) applied for fewer than five jobs within their field of study and 40% received two or more job offers in their field of study.

**NEARLY TWO THIRDS OF GRADUATES WHO SOUGHT EMPLOYMENT ARE EMPLOYED WITHIN THEIR FIELD OF STUDY.** Among those who sought employment, 64 percent are employed within their field of study, 28 percent are employed outside of their field of study, and 8 percent are not employed and currently searching for work.

The past four years of data are now available for review. The four-year trend demonstrates that, on average, we may expect that within nine months: about 71 percent will have found work within their field of study, 17% will be employed outside their field of study and 13% will be seeking work. However, the work status of graduates is highly dependent on larger economic factors and great variability from these norms is expected depending on uncontrollable market factors. See *Graphic 2 for trends in post-graduation employment status of job seekers for graduates from 2013 through 2016.*

**GRAPHIC 2. Post-Graduation Employment Status of Job Seekers**



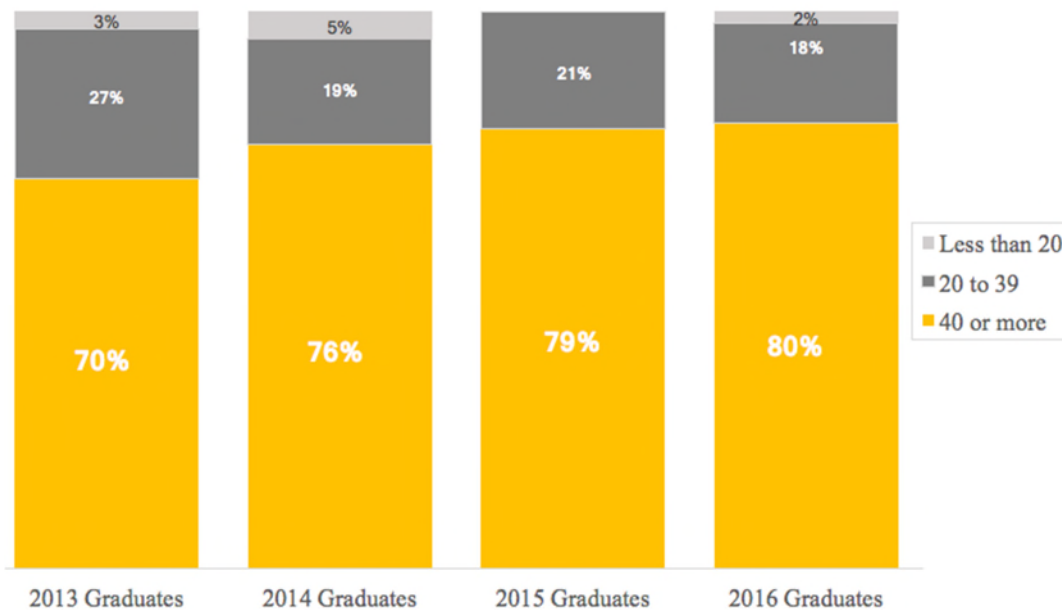
Among those employed outside their field of study, 70 percent are searching for employment within their field of study. Given a majority of job seekers are either employed within their field of study or continuing to search for employment in their field of study, the following analyses focus on the subset of respondents who indicated that they were employed in their field of study (n=132; 47 percent of the entire sample).

<sup>4</sup> 2016 graduates who have secured a position report having searched for work for a relatively short period of time: 74% searched for 3 months or less; 21% searched for four to six months; and 5% searched for 7 months or longer. Of those who are still seeking work, 19% have been searching for less than 3 months; 25% have been searching for between four and six months; 56% have been searching for seven months or longer.

## WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

**FOUR OUT OF FIVE GRADUATES EMPLOYED IN THEIR FIELD OF STUDY ARE WORKING FULL-TIME.** Of WSOS graduates employed in their field of study, 80 percent are employed full time. Over the past four years, data demonstrate that, on average, 76 percent of graduates employed in their field of study are working full-time, 21 percent work 20 to 39 hours a week and 3 percent work fewer than 20 hours a week. See *Graphic 3 for details on the hours worked by 2013 to 2016 graduates who are employed in their field of study.*

**GRAPHIC 3. Hours Worked Weekly by Graduates Employed in Field of Study**



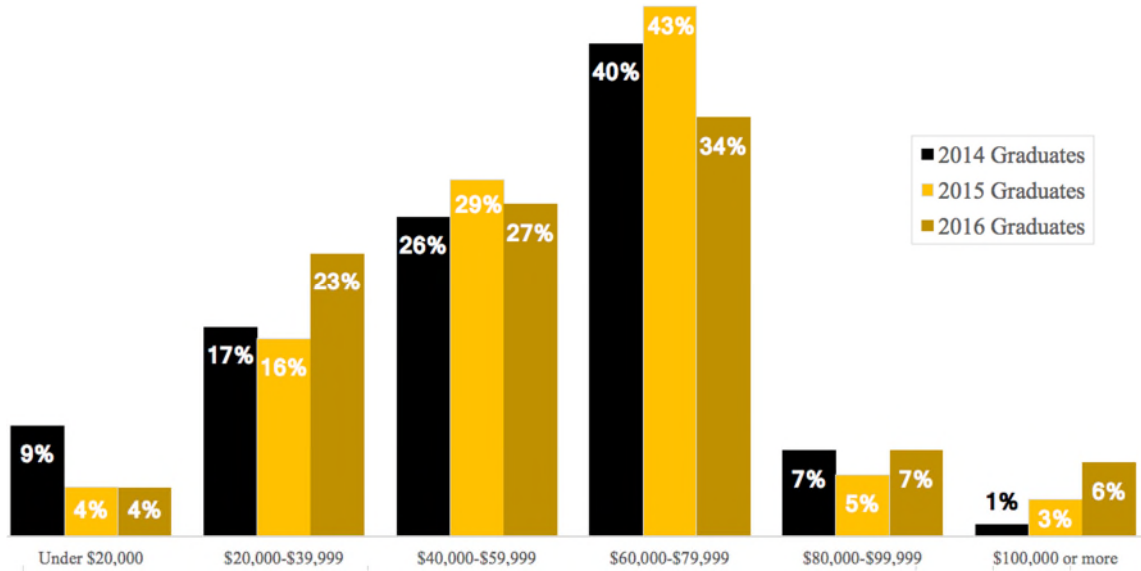
**MANY EMPLOYED WSOS GRADUATES REPORT PREVIOUS INTERNSHIP OR WORK EXPERIENCE WITH THEIR CURRENT EMPLOYER.** Among graduates employed in their field of study, 29 percent previously interned or worked for their current employer in another role compared to 35 percent of 2015 graduates, 34 percent of 2014 graduates and 32 percent of 2013 graduates. This indicates that approximately a third (33%) of graduates who find work in their field of study will have had an internship with their employer prior to being hired full-time.

**SEVENTY-THREE PERCENT OF WSOS GRADUATES EMPLOYED FULL-TIME IN THEIR FIELD OF STUDY EARN \$40,000 OR MORE WITHIN ONE YEAR.** The majority (60%) of 2016 graduates employed full-time within their field of study report earning between \$40,000 and \$79,999 per year. Approximately one-fourth (27%) report earning under \$40,000. The remaining 13 percent report earning \$80,000 or more per year. The greatest proportion of WSOS graduates employed full-time in their field of study earn between \$60,000 and \$79,999 (34%).<sup>5</sup> See *Graphic 4 for details on the reported salary of 2016 graduates.*

<sup>5</sup> Salary data was first gathered on graduates from 2014. Early trend averages will be reported starting with year four (2017).

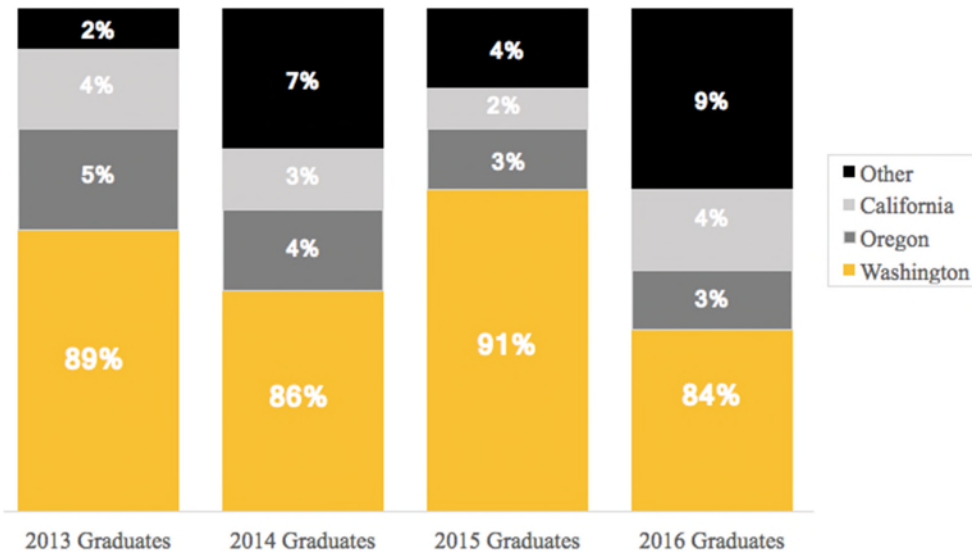
# WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

**GRAPHIC 4. Annual Salary for Graduates Employed Full-Time in their Field of Study**



**MOST WSOS GRADUATES EMPLOYED IN THEIR FIELD OF STUDY STAYED IN WASHINGTON STATE.** Among graduates securing post-graduation employment in their field of study, 84 percent are working in Washington State. Trends from the first four cohorts of graduates suggest that about 88 percent of graduates who find employment in their field of study tend to stay in Washington State. Graduates report being employed at more than 150 diverse companies and organizations (see *Appendix G*).

**GRAPHIC 5. Job Location of Scholars Employed in their Field of Study**



# WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

## PROGRAMMATIC FEEDBACK

**SCHOLARS DO NOT ACCEPT JOB OFFERS PRIMARILY DUE TO GEOGRAPHY AND SALARY.** Survey responses indicate a variety of reasons that Scholars chose not to accept job offers.<sup>6</sup> The most common reason respondents listed for not accepting a position was due to its geographical location. (Twenty-nine percent of respondents who had turned down an offer had rejected it due at least in part to this factor). Salary was the second most-reported factor for rejection of a job offer (28%) followed by benefits and lack of advancement opportunities (both at 18%). All other items had sixteen percent of respondents or less reporting them as factors for having rejected a job offer. *Table 1 below details the reasons Scholars rejected job offers.*

**TABLE 1. Factors Related to Rejection of Job Offers**

<b>Did this factor impact your decision to reject a job offer?</b>	<b>Yes (%)</b>
Geographical location	29%
Salary	28%
Benefits	18%
Lack of advancement opportunities	18%
Work culture	16%
Working setting/environment	16%
Not full-time	14%
Not in field of study	11%

## CAREER READINESS ACTIVITIES

For those graduates who had started or completed their post-graduation job search, career readiness activities and some WSOS supports were rated. Students had an opportunity to indicate whether or not they participated in each activity and, if the activity had been completed, rate its perceived impact on the graduate's job market competitiveness.

The career readiness activity with the highest perceived impact was attending an office hour and receiving career readiness support which received a mean score of 2.6 (where 1=no impact and 4=great impact), and 62 percent of participants reported moderate or great impact on their job marketability. The second most impactful activity was asking a WSOS staff member for personal, academic or professional advice which received a mean score of 2.9, and 60 percent of participants reporting moderate or great impact on their job marketability. *See Appendix F for full details on the perceived impact of all career readiness activities.*

**SCHOLARS PROVIDE ACTIONABLE FEEDBACK.** In response to the final question regarding feedback related to participating in WSOS, 59 percent of respondents (165 out of 282) provided responses. These responses were read and coded by theme.

Among these responses, the most commonly identified theme was general gratitude for WSOS support and was mentioned by about half (47%, n=78) of respondents. The second most common theme specifically related to appreciation for the financial support of WSOS (mentioned by 45% of respondents, n=74). (A related theme also emerged in 13 percent of responses, n=22, which was specifically how the

<sup>6</sup> Respondents were allowed to select all items that applied for their reasons not to accept a job offer.

## WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

financial support of WSOS allowed Scholars the flexibility to spend time focusing on studies or building other career readiness skills rather than spending time working.) *All themes coded in the open-ended responses are outlined in Table 2.*

**TABLE 2. Open-Ended Response Categories**

Theme	# of Responses	% of Responses
General Gratitude	78	47%
Appreciation for Financial Support	74	45%
Specific Programmatic Feedback	23	14%
Appreciation of Support Services	22	13%
Noting Financial Support Allowed Time to Focus on Studies & Experiences, Avoid Working	22	13%
Not Aware of WSOS Support Services	16	10%
Retrospectively Wished Engaged in WSOS Support Services (Time, Motivation Issues)	14	8%
WSOS Encouraged to Stay in STEM, in School	9	5%
Other	5	3%

All responses were reviewed and categorized in every category to which the response applied. A few select quotes are provided below:

*The Washington State Opportunity Scholarship was one of the biggest scholarships I received as an undergraduate. It helped alleviate a significant financial burden from my family and played a tremendous part in our journey of social mobility. As a kid coming from a low-income household, paying for college can be a very foreign and daunting challenge. I'm grateful that WSOS played a part in that process and made college accessible for me and my family. – WSOS Graduate in Biological & Biomedical Sciences, Class of 2016*

*Your financial assistance definitely helped with keeping my focus in my education and not financial needs. – WSOS Graduate in Mathematics & Statistics, Class of 2016*

*Thank you so much for all your networking help! – WSOS Graduate in Health Professions & Related Programs, Class of 2016*

*WSOS encouraged me to stay in a STEM field throughout college. As a female, this area of study can be difficult but I felt a lot of support from the WSOS community. Also, having the added incentive of an increasing scholarship amount for my Junior and Senior year took the weight off of my shoulders and significantly reduced my stress. I didn't have to worry about if I would be able to afford college or not due to the continued support from WSOS. Yes, I do have a significant amount of loans that I am paying off, but with your help I am able to pay those off and eventually be able to afford to go to PA school without another \$14,000 in loans looming overhead. Honestly, without WSOS continued support there is a high likelihood that Graduate school would be too expensive for me to even consider, but because of this opportunity I will be able to further my education. – WSOS Graduate in Physical Sciences, Class of 2016*

## WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

Scholar feedback provides insight for improving the support WSOS provides for students. Key actionable recommendations related to this feedback are summarized below for the WSOS team's consideration. The themes identified are similar to those identified in previous post-graduate surveys, suggesting that further work in these areas may be appropriate.

- » **Promote awareness around career readiness services currently offered by WSOS.** Many Scholars noted they were not aware that services beyond financial assistance were a part of WSOS. About one in ten students reported this lack of awareness. This has commonly been identified as a theme in years past; concerted efforts to promote WSOS supports may improve participation and enhance outcomes.
- » **Consider options for providing career support opportunities for busy students.** Some students reported that they were aware of the career supports offered by WSOS but felt they did not have the time to fully participate. It may be worthwhile to consider opportunities that will enhance busy students' ability to participate in WSOS program supports.
- » **Consider online support opportunities for students at remote or small campuses.** Several students from smaller, more remote universities mentioned they were aware of WSOS support events but felt they were not able to participate due to time and distance of travel. It may be worthwhile to consider online opportunities to allow students to join events remotely.
- » **Better educate Scholars about eligible majors.** Some respondents noted they were surprised to learn they had lost their scholarship due to a switch to an ineligible major. This was mentioned by students who ultimately graduated with degrees in Public Health, Kinesiology and Psychology. This type of confusion has been evident in other surveys in prior years. It may be worth clearly highlighting these three particular majors as ineligible so Scholars are not surprised to lose their funding if they switch to pursuing them.
- » **Review the process through which students lose their scholarship due to changing to an ineligible major.** Some Scholars reported that their institution used an ineligible CIP code to classify their major while they felt their major closely resembled an eligible program of study. It may be worth reviewing how institutions are coding majors throughout the state and streamline the process through which students may petition if they believe their major could be mapped to an eligible CIP code.
- » **Reconsider the process through which Scholars are disqualified for having too many credits.** Two respondents noted they lost WSOS support in their final year of school after having exceeded the eligible credit limit. Both mentioned they had participated in Running Start but then found that the credits they had earned were not applicable to their major of choice and ended up needing a full four years to graduate. The Scholarship Services team may want to consider allowing exceptions for Running Start students who ultimately exceed the eligible credit limit in order to fulfill the requirements of their major.



## **WSOS POST-GRADUATION SURVEY: 2016 GRADUATES**

### **SURVEY ADMINISTRATION RECOMMENDED CHANGES FOR 2018 ADMINISTRATION**

**Consider using a targeted sampling method.** The proportion of graduates who responded to the survey (42%) is adequate but required a time-intensive outreach effort in partnership with the WSOS Programs team. In order to ensure a higher response rate, it may be beneficial to use a targeted random sampling method with direct text or email reminders rather than a general census method. An additional option may be to prepare WSOS Scholars during the program that they are expected to answer the follow-up survey after graduation. This has been incorporated into the Renewal Form starting with summer 2017.

**Ask Scholars whether or not they are working in their home county.** The current survey structure allows for the reporting on how many students remain in Washington State for employment. It could be of interest to donors to know the frequency with which students are returning to their home community within their home state following graduation. Asking Scholars to report their current home county and comparing that county with their graduated high school would allow for such reporting.

# WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

## APPENDICES

### APPENDIX A: POST-GRADUATION PLANS BY FIRST DEGREE MAJOR

First Degree Major	Directly Seek Workforce Entry (#)	Seek Further Education (#)	Neither (#)	Total (#)
Agriculture, Agriculture Operations & Related Sciences	2	1	0	3
Area, Ethnic, Cultural, Gender & Group Studies	1	0	0	1
Biological & Biomedical Sciences	37	20	0	57
Business Management Marketing & Related Support Services	4	2	0	6
Computer & Information Sciences & Support Services	15	1	0	16
Education	3	2	1	6
Engineering	46	6	3	55
Engineering Technologies & Engineering Related Fields	9	1	0	10
Family & Consumer Sciences Human Sciences	0	1	0	1
Foreign Languages Literatures & Linguistics	0	1	0	1
Health Professions & Related Programs	29	9	0	38
History	0	1	0	1
Liberal Arts & Sciences General Studies & Humanities	4	1	0	5
Mathematics & Statistics	15	5	1	21
Multi-Interdisciplinary Studies	3	0	0	3
Natural Resources & Conservation	5	0	0	5
Other, Unknown	10	1	1	12
Physical Sciences	15	12	0	27
Psychology	3	2	0	5
Social Sciences	5	4	0	9
<b>TOTAL (#)</b>	<b>206</b>	<b>70</b>	<b>6</b>	<b>282</b>

## WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

### APPENDIX B: EMPLOYMENT STATUS OF JOB SEEKERS BY FIRST DEGREE MAJOR

Many major categories have very few Scholars who graduated within the field. In order to represent only meaningful proportions, only majors with greater than ten graduates reporting their employment status are shown below as all other proportional differences are do not have large enough sample sizes to be considered meaningful.

First Degree Major	Employed: Outside Field (%)	Employed: Within Field (%)	Still Searching (%)	Total # of Respondents
Biological & Biomedical Sciences	32%	60%	8%	37
Computer & Information Sciences & Support Services	0%	93%	7%	15
Engineering	13%	78%	9%	46
Health Professions & Related Programs	10%	86%	4%	29
Mathematics & Statistics	40%	53%	7%	15
Physical Sciences	53%	40%	7%	15

## WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

### APPENDIX C: LENGTH OF JOB SEARCH FOR EMPLOYED GRADUATES BY FIRST DEGREE MAJOR

Many major categories have very few Scholars who graduated within the field. In order to represent only meaningful proportions, only majors with greater than ten graduates reporting their employment search time are shown below as all other proportional differences are do not have large enough sample sizes to be considered meaningful.

First Degree Major	Less than 3 months	Between 4 & 6 months	Between 7 months & 1 year	Total (#)
Biological & Biomedical Sciences	67%	33%	0%	30
Computer & Information Sciences & Support Services	92%	8%	0%	13
Engineering	86%	7%	7%	41
Health Professions & Related Programs	82%	18%	0%	28
Mathematics & Statistics	72%	14%	14%	14
Physical Sciences	30%	62%	8%	13

# WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

## APPENDIX D: JOB APPLICATIONS & OFFERS – EMPLOYED GRADUATES<sup>7</sup>

# of Job Applications Submitted: Within Field	% of Respondents
Less than 5	48%
5 to 10	23%
11 to 15	12%
16 to 20	6%
More than 20	12%

# of Job Applications Submitted: Outside Field	% of Respondents
Less than 5	79%
5 to 10	9%
11 to 15	3%
16 to 20	3%
More than 20	5%

# of Job Offers Received: Within Field	% of Respondents
None	21%
Only 1	39%
2 or 3	34%
4 or 5	4%
6 or more	2%

# of Job Offers Received: Outside Field	% of Respondents
None	53%
Only 1	27%
2 or 3	15%
4 or 5	3%
6 or more	1%

<sup>7</sup> Sum of proportions may exceed or fall short of 100 percent due to rounding.

# WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

## APPENDIX E: JOB APPLICATIONS & OFFERS – GRADUATES STILL SEEKING WORK

# of Job Applications Submitted: Within Field	% of Respondents
Less than 5	13%
5 to 10	19%
11 to 15	13%
16 to 20	19%
More than 20	38%

# of Job Applications Submitted: Outside Field	% of Respondents
Less than 5	47%
5 to 10	27%
11 to 15	13%
16 to 20	7%
More than 20	7%

# WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

## APPENDIX F: PERCEIVED IMPACT OF WSOS CAREER READINESS ACTIVITIES

What level of impact did this career readiness activity have on your competitiveness in the job market?	# of Respondents Who Did This	Mean Score (1=No Impact; 4=Great Impact)	% Reporting Moderate or Great Impact
Attended a WSOS Office Hour where I received career readiness support	21	2.6	62%
Asked a WSOS staff member for personal, academic or professional advice	25	2.9	60%
Asked a WSOS staff member for help improving my resume	14	2.6	57%
Participated in a WSOS Skills That Shine training workshop (on Interviewing, Resume Writing or Networking)	16	2.6	50%
Participated in a WSOS Industry Exploration (field trip to a company)	16	2.3	50%
Asked a WSOS staff member for help connecting with an employer	17	2.6	47%
Attended an event that I discovered through the WSOS STEM calendar	40	2.2	33%
Participated in campus career fairs that I learned about through WSOS emails	73	2.1	26%
Applied for a job or internship I learned about through WSOS emails	39	1.7	13%

# WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

## APPENDIX G: COMPANIES OR ORGANIZATIONS WHERE WSOS GRADUATES ARE CURRENTLY EMPLOYED BY FIELD OF STUDY

### Agriculture

- » Northwest Farm Credit Services
- » Seley & Co.

### Biological and Biomedical Sciences

- » Amazon
- » American Medical Response
- » Center for Infectious Disease
- » Cox Analytical DBA Kuo Testing
- » Diagnos Techs
- » Fred Hutchinson
- » Kai Market
- » Macy's
- » Mercer Slough Environmental
- » Neighborcare Health
- » PhysAssist Scribes
- » Proliance surgeons
- » PSS Urology, Inc.
- » Puetz Golf
- » ScribeAmerica
- » Seattle Children's Research Institute
- » Swedish Medical Group
- » Teach For America
- » The Evergreen State College
- » Touchmark at Fairway Village
- » United Way of King County
- » University of Washington
- » Virginia Mason Medical Center
- » Washington Conservation Corps
- » Washington State University

### Computer and Information Sciences and Support Services

- » Cole & Weber
- » Concur Technologies
- » Deako
- » Expedia
- » Facebook
- » Intentional Software
- » Kaiser Permanente
- » METER Group, Inc
- » Microsoft
- » T-Mobile
- » Tata Consultancy Services
- » Valorem Consulting
- » Westcare foundation

### Engineering Technologies and Engineering-Related Fields

- » Amazon
- » Capstone Technology Corporation
- » Glowforge, Inc.
- » Randstad
- » University of Washington
- » Verdant
- » Accenture
- » Advanced Integration Technology (AIT)
- » AECOM
- » Andgar Corporation
- » Atkins
- » Bureau of Reclamation, Department of Interior
- » C2 Education
- » Cadwell Laboratories
- » CDK Global
- » CH2M
- » Cognius
- » Concept Systems
- » CPH Consultants
- » Department of Defense
- » Energy Northwest
- » Engineering Economics, Inc.
- » Fluke Corporation
- » Hewlett Packard
- » Hood Packaging Corp.
- » Landau Associates, Inc.
- » Millennium Space Systems
- » Pacific Northwest National Laboratory
- » Puget Sound Energy
- » Pure Engineering LLC
- » Sapere Consulting



## WSOS POST-GRADUATION SURVEY: 2016 GRADUATES

- » Seattle City Light
- » Seattle Goodwill Industries
- » Seattle Public Utilities
- » Skillings Connolly
- » Space Exploration Technologies  
SpaceX
- » The Boeing Company
- » The Dynamic Compression Sector
- » USNR, LLC
- » Verdis
- » WiBotic Inc.

### Health Professions and Related Programs

- » USNR, LLC
- » Verdis
- » WiBotic Inc.
- » APIS
- » Aya Healthcare
- » Department of Veterans Affairs
- » Evergreen Radia
- » Highline Medical Center
- » Kaiser Permanente Sunnyside Medical  
Center
- » Legacy
- » MultiCare Health Systems: Tacoma  
General Hospital/ Mary Bridge  
Children's Hospital
- » Neighborcare Health
- » Providence
- » Sacred Heart Medical Center
- » Sea Mar Community Health Center
- » South Waterfront Dental
- » Sport Physical Therapy
- » Swedish Health Services
- » Swedish Medical Center
- » The Vancouver Clinic
- » United States Army
- » University of Washington Medical  
Center
- » Valley Medical Center

### Mathematics and Statistics

- » ABC Legal Services
- » Cambia Health Solutions
- » Goldendale High School
- » Grange Insurance
- » Historic Fairhaven Retail Association
- » Inspur Worldwide Services (USA)
- » MAQ Software
- » Mu Sigma
- » Red Carpet Valet
- » STARS Program at the University of  
Washington College of Engineering  
Department
- » Sumner School District
- » Sunnyside School District
- » U.S. Census Bureau
- » Washington Federal

### Physical Sciences and Science Technologies

- » Best In Class
- » C2 Education Center
- » College Success Foundation
- » Costco Wholesale
- » John L. Scott Service Center
- » K&J Accounting
- » LabCorp (Laboratory Corporation of  
America)
- » Montana Conservation Corps
- » Northwest Neurological
- » Pagliacci Pizza
- » PawPrint Genetics
- » Scribe America
- » University of Washington
- » Washington Federal

### All Other Fields

- » College Access Now
- » Alaska Airlines
- » Paradoxes, Inc.
- » Starbucks Corporation
- » Three Rivers Hospital
- » Bright Horizons
- » Kent School District
- » University of Washington

## **WSOS POST-GRADUATION SURVEY: 2016 GRADUATES**

- » World Vision
- » United States Army
- » Architech
- » Coding with Kids
- » College Success Foundation
- » Fellowship of Christian Athletes
- » Blu Sky Web Solutions
- » City of Aurora
- » City of Bellingham
- » Insight Global
- » Masterworks
- » Starbucks
- » Conversica
- » Alpha Omicron Pi
- » Lourdes Counseling Center
- » AmeriCorps VISTA
- » Teach For America
- » Welfare and Pension Administration Service
- » City of Seattle
- » Full Beaker, Inc.
- » Sant Monica-Malibu Unified School District
- » Tacoma-Pierce County Health Department
- » Technology Access Foundation Academy

# **Tab E**

## **WSOS Activities Update**

## WSOS ACTIVITIES UPDATE

### PROGRAM UPDATE

#### PROMOTION

The selection data for WSOS Cohort Six was recently shared with our partner Educational Service Districts (ESD). Other student advocate groups requested related presentations at their respective meetings, celebrating these WSOS recipients while evaluating their WSOS local promotional efforts for the last application period. Group convenings include the [Spokane STEM Executive Member Council](#) and [Graduate Tacoma](#). Several WSOS staff attended graduation and senior celebrations this spring. From Bremerton to Burien, bushels of WSOS Scholarship certificates were handed out to smiling grads (and their parents)!

#### RETENTION

In addition to meeting with Scholars through campus office hours statewide, WSOS had the pleasure of engaging with Scholars at several other events this spring. 100+ Scholars statewide presented their research findings at college research symposia at Central Washington University, Eastern Washington University, Seattle Pacific University, Seattle University, UW Bothell, UW Seattle and Washington State University. Three WSOS Scholars were recognized for their scholarly work at the GWATA Innovator Awards Luncheon on March 30<sup>th</sup> in Wenatchee, including:

- Rachel Crow is a University of Washington student whose research has focused on making solar cells more economical through the incorporation of electrochromic windows.
- Giselle Gomez was part of the iSci research team at WSU who created a Virtual Reality learning tool which allows students to be more interactive with their STEM instructors, receiving feedback in real-time.
- Edwin Fonesca is a pre-med Scholar at Wenatchee Valley College (WVC) who has successfully balanced his work with WVC in both Biology and Chemistry labs with his community service as a local youth leader and mentor and Vice President of the local United Neighborhood Association.

Cohort Six selects have been invited to attend our 2017 summer orientation conference [Opportunity Launch](#) (OL) which will be held at the University of Washington Seattle campus on August 6-8. The goal of OL is to connect new Scholars with our mission, the WSOS staff and programs and to one another. *We hope that you will let us know if you are able to attend our 5 PM dinner on Monday, August 7<sup>th</sup> in the HUB South Ballroom.* Guests will have the chance to meet the newest additions to the program and help them practice their networking skills. Two Scholars will be speaking at the dinner about their experience in the UW Hyperloop team. Hyperloop is a conceptual high-speed transportation system put forward by entrepreneur Elon Musk, incorporating partially evacuated tubes in which pressurized capsules ride on an air cushion driven by linear induction motors and air compressors.

#### CAREER READINESS

The pilot of Skills That Shine (STS), our statewide mentoring program, was quite a success. 170+ mentor-mentee teams successfully moved through the guided discussions regarding resumes, interviews, and networking. In April, we hosted two wrap-up events, one in Seattle and one in Spokane, allowing the teams

to share highlights from the year and celebrate lessons learned. Many of the Scholars who partook in STS are now poised to begin summer internships that came to fruition because of advising or actual placement assistance of their STS mentors.

We are excited to build upon the success of the past year and will offer an exciting and larger program next year. High level outcomes of STS were shared at the Governor's Summit on Career Connected Learning (CCL). The Summit was an engaging culmination of the CCL work groups' progress over the year. We celebrated the progress made regionally and statewide, and enjoyed a joint general session via webinar with event participants statewide. Attendees discussed the Washington Policy Framework relative to our local resources and networks, prioritizing areas of opportunity that we hope to address in the coming year. All of the participants' feedback was shared with event organizers to be forwarded too Washington STEM and Spokane STEM, giving direction to the local workgroup's efforts.



## SCHOLARSHIP SERVICES

Reiko Kono and Rachel Johnson have been on the run since joining WSOS this winter! We have several datasets to share with regards to the administration of the Scholarship.

- Cohort Six Acceptance | Of the 1860 applicants selected for WSOS support, 1782 accepted the Scholarship. The leading reason for not accepting the Scholarship was the student's desire to study out of state (N=47). Other reasons include non-responsiveness (N=24), not attending college in fall 2017 (N=5) and no longer pursuing an eligible WSOS major (N=2).
- Cohort One-Six Renewal | Of the 2943 Scholars anticipated to complete the renewal form, as of June 16<sup>th</sup> 1044 have submitted the renewal, 173 have let us know they have graduated and 32 will not be renewing because they no longer meet the eligibility criteria. The leading reason for not renewing the Scholarship was the student's desire to pursue an ineligible major (N=13). Other reasons for not renewing include their desire to not attend college in the fall (N=2) or to attend college out of state (N=1).

The Scholar data has been successfully imported into our new database, [WizeHive](#). In July-August, we will review the data to ensure accuracy. Once we sign off on the data, we will work with the developers and begin the next phase, Plugin Development. This phase will allow us to link the Scholars' information to their profile and link the school's information to the school's profile. After we sign off on the plugin, Scholars and schools will be able to login into the WSOS portal and view their information, request for updates and changes. By Fall, WSOS, our college partners and Scholars will be able to utilize Wize Hive at its highest capacity.

## 2017 LEGISLATIVE SESSION

### WSOS BILL UPDATE (SHB 1452 AND 2143)

In its third Special Session, the Legislature has yet to pass a budget. During this period, our WSOS bill SHB 1452 would (1) provide WSOS the opportunity to fund students for professional/technical degree programs, (2) allow the use of the Washington Application for Student Financial Aid (WASFA) to determine income eligibility for renewing Scholars, and (3) clarify the role of the WSOS program administrator. This bill is still alive and is currently scheduled to be heard by the Senate Ways and Means Committee. In addition to SHB 1452, SHB 2143 would allow WSOS to additionally fund students pursuing advanced healthcare degrees with a service obligation (underrepresented urban and rural areas). This bill also remains alive in the Senate.

In addition to the bills, the substantive portions of SHB 1452 and 2143 (i.e. the programmatic ability to expand WSOS to professional/technical degree programs and to advanced healthcare degrees with a service obligation) are also included in the budget as a budget proviso. Should the WSOS bills stall in the Senate, the proviso would provide the Board the opportunity to begin designing these programs during the 17-19 Biennium.

## DEVELOPMENT AND ADVOCACY

### OPPORTUNITYTALKS

Our third annual fundraising breakfast will take place once again at the Sheraton Seattle Hotel on November 2, 2017. Registration and coffee service begins at 7:00 am with breakfast at 7:30 – 9:00 am. We are delighted to have Derek Thompson, bestselling author of **Hit Makers: The Power of Popularity in an Age of Distraction** as our keynote speaker. Thompson's theme is the importance of network and connection which we will tie to the immense value of mentorship and internship experiences for our students. Each attendee will receive a copy of Thompson's book and be invited to the author signing at 9 am – 10 am.

Last year we had over 800 attendees hear from Dr. Angela Duckworth and Opportunity Scholar Mark Bennett. This year we anticipate an even larger crowd as we continue to educate people about this remarkable workforce development program and celebrate our partnerships with companies, colleges and foundations. The breakfast is a free event with a compelling call to action (and donation) by Board Chairman Brad Smith.

We are thrilled to report that, as of this writing, we have two Honorary Co-chairs, our own Jim Sinegal and Michael Parham of RealNetworks. We have asks out to two women of influence and we look forward to reporting their acceptance soon. Additionally, 35 Executive Leadership Committee members have signed up to support OpportunityTalks as table hosts. Along with Board Members, that brings our total of hosts to 48, over half way to filling the ballroom!

Sinegal Family Foundation, MultiCare Health System and Coldstream Wealth Management have already committed to return as sponsors.

The role of a Board Member is that of an ambassador and community leader. Each is requested to attend the breakfast and host 8 other attendees. One additional seat will be filled by an Opportunity Scholar

bringing your table to a total of 10. The WSOS event staff will ensure that you receive both electronic and hard copy invitations to distribute in your network. Should you have more than 8 people respond, we will happily seat them at a table near you. The Save the Date will go out as an email on August 1<sup>st</sup> and the invitations will be mailed one month later. Thank you for clearing your calendar for the morning of Thursday, November 2<sup>nd</sup>.

Also, save the date for Thursday August 17<sup>th</sup> and the Executive Leadership Committee Kick off Cocktail Party. The event will take place at Coterie Worklounge at 5 pm – 7:30 pm and all the details will be sent by email.

## **MEDIA**

Each spring, the WSOS Team looks forward to sharing the big news: informing hundreds of applicants across the state they have been selected to join WSOS and receive support. From April through June, we announce and welcome newly-selected Scholars, congratulate new college graduates around the state, and remind current Scholars to renew and/or increase their scholarship for the upcoming academic year.

This spring, 1,850 new students were selected, our largest cohort since the program began.

This year, these announcements and campaigns have resulted in a variety of wonderful earned media coverage as well as ongoing, broad-reaching engagement with our growing social media audiences.

We are thrilled and grateful for the strong earned media coverage we received to not only recognize and celebrate student success, but to increase awareness and support of the program in communities across Washington.

### **COVERAGE SUMMARY:**

- » **CWU Grad and Hanson Consulting Group CEO, Amy Hanson, gives back during the 2017 #GiveCentral campaign**  
CWU Foundation | Apr. 26, 2017
- » **Foster High students receive Washington State Opportunity Scholarships**  
Tukwila Reporter | May 8, 2017
- » **Skagit County students earn nearly \$1 million in STEM scholarships**  
Skagit Valley Herald | May 14, 2017
- » **Their parents wanted a better life, now two Pasco students get that chance**  
Tri City Herald | Jun. 1, 2017



## SOCIAL MEDIA

Social engagement continues to grow rapidly and remains a key channel through which we communicate with students, community partners, and the public.

Key social media growth and impressions form Mar. 31, 2017 – June 20, 2017

### Facebook

- » 3,115 followers Mar. 31, 2017
- » 3,206 followers Jun. 20, 2017 **(+3%)**
- » Total impressions (paid & organic): **60,715**

### Twitter

- » 1,506 followers Mar. 31, 2017
- » 1,551 followers Jun. 20, 2017 **(+3%)**
- » Total impressions (paid & organic): **45.8k**



### Highline Schools

@HighlineSchools - May 9

101 Highline students will receive \$2M+ from @OppScholarship to help them realize their college & career goals.  
[bit.ly/2q3G0z4](https://bit.ly/2q3G0z4) [pic.twitter.com/RBrO4IishF](https://pic.twitter.com/RBrO4IishF)



1 retweet 6 likes



McKinstry  
@McKinstryCo

Following

Our engineers and HR pros mentored #STEM students; earned \$3,000 grant for @OppScholarship: [bit.ly/SkillsThatShine](https://bit.ly/SkillsThatShine) #CareerConnectedLearning



Retweets 2 Likes 7

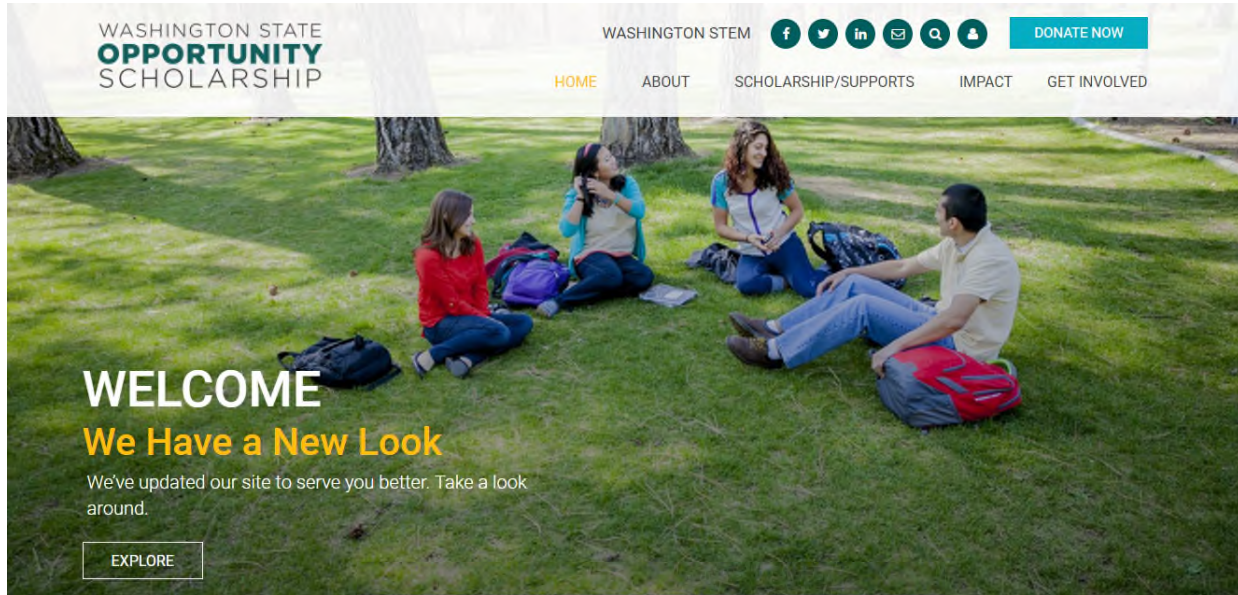


6:39 PM - 14 Jun 2017



## BRAND REFRESH

This spring was a time of change at WSOS, from our program administrator to our office space and more. We took this opportunity to redesign our website and refresh our brand and collateral as we look to the exciting future of the program in the years to come. Here are highlights and samples of our updated brand and website, which you will see now and in the coming months.



# WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

**Terrie Ashby-Scott**, MSW, Ph.D.  
Director of Programs, Eastern WA

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## **Tab F**

### **Finance & Program Administrator Update**

## Agenda

### **WSOS Investment & Finance Committee Meeting**

*June 20, 2017, 1:00pm - 2:00 pm*

Call-in: 800-582-3014 – PIN: 13389906  
Washington STEM Discovery Conference Room

- |     |  |            |
|-----|--|------------|
| 1.  | Call to Order & Introductions                                      | Mack H.    |
| 2.  | Approval of April 4, 2017 Minutes                                  | Mack H. *  |
| 3.  | Financial Report Updated to April 30, 2017                         | Cindy G.   |
| 4.  | Cash Projections Review & Next Steps                               | Cindy G.   |
| 5.  | Investment Policy & Implementation of ST Investments with Key Bank | Cindy G. * |
| 6.  | WSIB Investment Report   | Chris P.   |
| 7.  | Legislative Update   | Naria SL.  |
| 8.  | Plans for September meeting in Walla Walla                         | Mack H.    |
| 9.  | Other Business   | Mack H.    |
| 10. | Executive Session  | Mack H.    |

\* Action Required

**2017 MEETINGS:**  
**Monday, September 25<sup>th</sup> at 1-2 pm**  
**Tuesday, November 28<sup>th</sup> at 1-2 pm**

## Section 2

Approval of April 4, 2017 Minutes

## FINANCE & INVESTMENT COMMITTEE MEETING MINUTES | TUESDAY, APRIL 4, 2017

Members present: Mack Hogans (Committee Chair), Naria Santa Lucia (WSOS Executive Director), Cindy Gustafson (Washington STEM), Carolyn Kelly; via teleconference: Chad Becker (in place of George Zinn), Peter Harvey, DeShay McCluskey, Gary Rubens, Elizabeth Tinkham

Others present: Karyl Gregory (WSOS staff); via teleconference: Chris Phillips (WSIB)

Mack Hogans called the meeting of the Washington State Opportunity Scholarship (WSOS) Finance and Investment Committee to order at 1:03 pm.

### **Approval of Minutes from December 12, 2016 Finance and Investment Committee**

Carolyn Kelly made a motion to approve the minutes of the December 12, 2016 meeting. Peter Harvey seconded the motion and it carried unanimously.

Hogans reported that Washington STEM officially began serving as the new WSOS Program Administrator as of February 1<sup>st</sup>.

### **Introduction of New Members**

Hogans welcomed DeShay McCluskey and Elizabeth Tinkham to the meeting as potential new members of the Committee. Both women provided a brief overview of their background. Hogans indicated a vote was necessary to elect McCluskey and Tinkham as new members. Kelly made a motion to approve their election to the Finance and Investment Committee. Harvey seconded the motion and it carried unanimously.

### **WSIB Report**

Chris Phillips reported on the following: changes in WSIB membership/roles as of January 2017; WSIB's core investment objectives for WSOS; the growth of the WSOS Scholarship Account and the Endowment Account as of December 31, 2106; market values and asset allocation for WSOS private funds and state match funds; 2016 year end fund performance updates since inception (10/1/14); and an at-a-glance 10 year review of capital market indexes.

### **Financial Update / Washington STEM Overview**

Naria Santa Lucia introduced Cindy Gustafson, Chief Financial Officer at Washington STEM, and thanked Gustafson for all the work she has done in providing a smooth transition with transferring all program administration for WSOS to Washington STEM effective February 1<sup>st</sup>. Gustafson presented a brief overview of Washington STEM and reported that due diligence has been performed on balances transferred from CSF and cash reconciliations. Gustafson further reported that the State now requires Cyber Liability insurance which has added \$25,000 as a new cost item. WSOS has agreed to pay this cost

separately. There may be an opportunity to reduce this cost in the future via a contract amendment which would be based on a risk assessment and proposed to WSAC.

Gustafson additionally reported that an adjustment to reduce scholarship liabilities by approximately \$7.5 million was indicated due to a change in the method used to estimate retention rates to actual history of the program. Peter Harvey stated that it is difficult to project retention and graduation rates. He indicated that private colleges achieve an 87% graduation rate while the comparable rate for public colleges is 50%. Chad Becker, Cindy Gustafson, and George Zinn will meet to review the model which WSOS uses for estimating retention rates.

Gustafson indicated that she will develop an investment policy for short term investments and will bring it to the Committee for discussion.

Becker stated that the Endowment Account has restrictions on when it can be withdrawn but the legalese makes it difficult to fully understand the guidelines. Plain language is needed. Santa Lucia noted that the WSOS Board is developing a strategy to use the Endowment funds in the coming months.

### **Advocacy Update**

Santa Lucia reported that there is \$14M in all the legislative budgets to cover the State match. Santa Lucia further reported that WSOS has asked for the following statutory changes:

1. Provide funding for WSOS to include professional and technical degrees in high-demand STEM fields
2. Clarify the role of the program administrator
3. Allow Washington Dream Act (1079) Scholars and DACA Scholars to fill out the WAFSA form (Washington State Financial Aid) for scholarship renewal instead of the FAFSA form (Free Application for Federal Student Aid)

Santa Lucia indicated House Bill 1452 is not yet ready for a vote and reported that Senate Bill 5261 has strong support to get across the finish line.

### **Option for Meeting Location**

Hogans asked Committee members if they would be interested in moving our September 25<sup>th</sup> meeting to Walla Walla. Peter Harvey expressed strong interest in hosting our meeting at Whitman College. Each Committee member expressed eagerness to meet in Walla Walla. Individuals could fly over the night before, attend a morning meeting, and fly back at noon.

The Committee went into Executive Session at 1:50 pm, had a brief discussion, and adjourned.

Respectfully submitted,  
Mack Hogans

## Section 3

### Executive Summary Update for the Washington STEM & Financial Report Updated to April 30, 2017

# Washington State Opportunity Scholarship Program Administration

## Executive Summary Update for the Washington STEM Board | June 2017

### BACKGROUND AND OVERVIEW

WSOS is a public private partnership established by the Legislature in 2011 (28B.145 RCW Opportunity Scholarship Act) to increase access to high-demand STEM and health care majors for low-and middle income students through scholarships and academic supports. College Success Foundation (CSF) served as program administrator from inception in 2012 until January 31, 2017 via an interagency contract with the State of Washington-Washington Student Achievement Council (WSAC) and the WSOS Board. The legislation describes in detail the program design and how the program is to be funded and administered. There will be a full program review by the state in 2018 as required in the bill.

The WSOS Board gave 90-day notice of termination to College Success Foundation and WSAC issued an RFP on November 10, 2016 for administrative services only (IT, HR and Finance and Administration).

Washington STEM was selected as the successful bidder. Effective February 1, 2017, the Board of the Organization approved a contract for professional services between the State of Washington Student Achievement Council and the Washington State Opportunity Scholarship Board whereas the Organization will serve as Program Administrator to the Washington State Opportunity Scholarship program (WSOS). The contract term ends June 30, 2018 with options to extend to future periods.

Washington STEM and the WSOS program teams have been working together on contracting and then on transition matters, and more recently on updating financial projections and cash forecasts for the program. The implementation of various information systems is still underway with substantial completion expected in the third quarter. These conversions have been complicated to some extent by record-keeping at the previous administrator which is having some challenges in separating the program records for WSOS in some cases. The most important of these is in revenue accounting and the state has requested additional documentation of more than \$800,000 of private donations in order to qualify for state matching funds. For additional information regarding the transition and administration of WSOS program, please see the rest of this summary.

### TRANSITION STATUS AND OPEN MATTERS

Washington STEM has worked with the WSOS program team on the following significant matters during the second quarter of this year:

- CSF Transition; Records have been validated for balances transferred to Washington STEM and due diligence is complete with one exception. The state has rejected over \$800K of private gifts for matching with state funds due to lack of adequate documentation. We are currently working with CSF financial staff to obtain the necessary documentation but this remains an open item and we continue to press for the record copies but this work has not been completed by CSF.
- Revenue due diligence also relates to the set-up of the new donor data base and gift system, validation and reconciliation with accounting records and copies of underlying documentation.
- Scholarships; New scholarship system and validation of student data; integration with scholarship liability projections and with financial system for payments of scholarships to educational institutions; this work will continue through the summer. We have identified additional differences between the data used by CSF in the model and actual experience which indicates the future liabilities have been overstated. WSOS program team must evaluate this information based on their validation of the student data and other program analyses.



- Program cash projections; a draft update has been prepared for use in program analysis and planning. It will need to be updated again following the validation of student data underlying the projection of scholarship payments. Scenarios can be prepared as needed to support program planning.
- Cash Analysis of revenue and spending by Scholarship and Endowment accounts, separately, and recommendations for account adjustments based on program cash projections, optimizing returns and minimizing fees; first draft is under review.
- Investment Policy for State Short Term Funds was prepared in accordance with state requirements and was circulated to Finance and Investment Company for review and comment.
- Implementation of Investment policy with KeyBank based on their proposal for improved yields is pending review by Finance and Investment Committee.
- WA STEM Conversion to hosted version of Abila MIP Fund Accounting during Q2 and Q3 of this year is in process and it will include the history for WSOS since inception.
- Proposed contract amendment to state requirements for cyber liability and privacy breach insurance has been drafted and will be proposed to the State based on risk assessment and cost savings.
- Preparation for WSOS Board meeting and Finance/Investment Committee meetings (June).

## WASHINGTON STEM RESPONSIBILITIES UNDER THE CONTRACT

Washington STEM has a workplan to deliver services in support of the WSOS program with the following key milestones in addition to the baseline support in each of the key areas (IT, HR and Finance and Administration).

- Q1-2017: Employees on boarded, complete transition from CSF including all program data, financials and donor information to report program revenues, costs and student outcomes with accuracy from inception
- Q2-Q3-2017; Accounting system conversion and system integrations; financial reporting
- Q4-2017; Annual program report to Legislature
- Q1-2018; First audited financial statements and Form 990 for combined programs under WASTEM
- Q2-2018; Secure contract renewal; prepare for State audit of program

Outside of the scope of the contract but also very important are the opportunities to more closely align the programmatic work of the two organizations given our common missions (i.e. to increase Washington student achievement in STEM education, with emphasis on closing the gender and race gap in high-demand STEM careers). Caroline King and Naria Santa Lucia have begun regular meetings to talk about these and other matters of importance to both organizations.

- To closely coordinate on pathways to STEM careers from inspiration, support, academic progress and higher education by aligning programmatic initiatives in math, engineering, computer science, career-connected learning for the greatest impact in those US/UR populations
- Co-leverage Washington STEM's network of regional STEM networks and STEM Innovation program and policy initiatives to increase the pool of qualified applicants for WSOS scholarships and employed graduates

## OTHER MATTERS

After four months into the contract, much of the baseline work has become well established. We have moved into projects related to the investments, overall analyses of revenue and spending, and updating cash projections for use by the program team in their planning.

The largest open issues now are the following:

- CSF cooperation in providing the necessary documentation which we believe exists in their possession to the State for WSOS private revenue prior to January 31, 2017 which the State disallowed for matching funds due to lack of adequate documentation. Current exposure is over \$800,000 which we hope to reduce to as small a number as possible.
- Validation of student data in the WizeHive Scholarship system and updating of the model which projects scholarship liabilities. It will then be necessary to update the program cash projections with the updated forecast of scholarship payments. Scenarios may then be run to support the program team in making recommendations for the program such as additional student services to promote retention and so on.
- Implementation of the investment policy for improved net returns and complete the reconciliation and cash forecast of private and state fund balances for both the Scholarship and Endowment accounts.
- Preparation for both the financial audit (Clark Nuber) and the legislative program audit (JLARC)
- Complete the conversion to the new financial accounting and reporting system

We continue to enjoy open and frequent communication with the WSOS program team and are confident that we will work effectively together on each of these matters.

Prepared by Cindy J. Gustafson  
June 5, 2017

# FINANCE UPDATE



| June 20, 2017

# WSOS Balance Sheet



Supporting the next generation of STEM & health care leaders

## Washington State Opportunity Scholarship

### Comparative Balance Sheets

Period Ending April 30, 2017

	Comparison to FYE			Notes	Comparison to Same Period LFY		
	6/30/16	% Change	4/30/17		4/30/16	% Change	4/30/17
<b>Assets</b>							
Cash	2,243,707	1314%	31,726,619	1	2,440,355	1200%	31,726,619
Investments	85,316,061	-10%	76,454,766	2	85,177,161	-10%	76,454,766
Accounts Receivable	-	0%	3,749		-	0%	3,749
Pledges and Grants Receivable	25,428,522	-23%	19,532,734	3	24,811,235	-21%	19,532,734
Prepaid Expenses	48,175	114%	102,854		26,600	287%	102,854
Property and equipment, net	-	0%	20,210		-	0%	20,210
<b>Total Assets</b>	<b>113,036,465</b>	<b>13%</b>	<b>127,840,932</b>		<b>112,455,351</b>		<b>127,840,932</b>
<b>Liabilities and Net Assets</b>							
Accounts Payable	448,490	-69%	140,838	4	123,923	14%	140,838
Payroll Related Liabilities	131,958	-96%	5,239		130,277	-96%	5,239
Scholarship Commitments	36,937,798	-48%	19,372,117	5	21,285,449	-9%	19,372,117
<b>Total Liabilities</b>	<b>37,518,246</b>	<b>-48%</b>	<b>19,518,194</b>		<b>21,539,649</b>	<b>-9%</b>	<b>19,518,194</b>
<b>Net Assets</b>							
Temporarily Restricted Net Assets	51,480,899	62%	83,322,738		66,879,735	25%	83,322,738
Permanently Restricted Net Assets	24,037,319	4%	25,000,000		24,035,968	4%	25,000,000
<b>Total Net Assets</b>	<b>75,518,219</b>	<b>43%</b>	<b>108,322,738</b>		<b>90,915,703</b>	<b>19%</b>	<b>108,322,738</b>
<b>Total Liabilities and Net Assets</b>	<b>113,036,465</b>	<b>13%</b>	<b>127,840,932</b>		<b>112,455,351</b>	<b>14%</b>	<b>127,840,932</b>

# 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.
2. Funds transferred from WSIB for FY 16/17 expenses.
3. Received \$2.5M from Microsoft and \$3.125M 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



## Washington State Opportunity Scholarship Income Statements

Income Statement for the Three (3) Months Ending April 30, 2017

	Three Months Ended April 30, 2017			Notes	December 31, 2017
	Actual	Budget	Variance Fav (Unfav)		Annual Budget
<b><u>Revenue</u></b>					
Private	724,772	-	724,772	1	3,000,000
Public	-	-	-		7,000,000
Investment Income	2,177,248	-	2,177,248	2	-
<b>Total Revenue</b>	<b>2,902,020</b>	<b>-</b>	<b>2,902,020</b>		<b>10,000,000</b>
<b><u>Program Expense</u></b>					
Salaries and Benefits	317,684	341,586	23,902		1,224,570
Program	139,439	162,594	23,156		525,331
Professional Fees - WA STEM Admin fees	118,212	152,711	34,499		427,230
Professional Fees - Contractors	142,889	115,371	(27,518)	3	214,526
	<b>718,224</b>	<b>772,263</b>	<b>54,039</b>		<b>2,391,657</b>
<b>Income(Loss) before Scholarship Exp</b>	<b>2,183,796</b>	<b>(772,263)</b>	<b>2,956,059</b>		<b>7,608,343</b>
<b><u>Scholarship Expense</u></b>	<b>(53,423)</b>	<b>21,247,310</b>	<b>21,300,733</b>	4	<b>21,247,310</b>
<b>Net Income(Loss)</b>	<b>2,237,219</b>	<b>(22,019,573)</b>	<b>24,256,792</b>		<b>(13,638,967)</b>

# WSOS Income Statement



## Notes to the Financials

1. Contributions included United Way of \$547K.
2. Investment income not budgeted.
3. Actual includes CSF transition administration fee of \$35K which was budgeted in admin fees.
4. Accrual for next academic year will be made in future months. Current scholarship expense of \$80K offset by scholarship refunds of \$133K.

# WSOS Cash Flow



Supporting the next generation of STEM & health care leaders

## Cash Flow Summary

Inception-To-Date

April 30, 2017

	Inception - April 30, 2017		
	<u>Scholarship</u>	<u>Endowment</u>	<u>Total</u>
<b><u>CASH FLOW</u></b>			
<b>Cash Inflow:</b>			
Boeing	12,500,000	12,500,000	25,000,000
Microsoft	30,000,000	-	30,000,000
Other Private	20,010,623	-	20,010,623
State	61,354,000	11,016,414 1	72,370,414
Investment Income	4,297,300	2,222,254 2	6,519,554
<b>Total Cash Inflows</b>	<b>128,161,923</b>	<b>25,738,668</b>	<b>153,900,591</b>
<b>Cash Outflow:</b>			
Scholarships	(36,881,844)	-	(36,881,844)
Program Expenses	(8,831,550)	(5,812) 3	(8,837,362)
<b>Total Cash Outflows</b>	<b>(45,713,395)</b>	<b>(5,812)</b>	<b>(45,719,206)</b>
<b>Net Cash Flow Inception-To-Date &amp; Balance of Cash &amp; Investments April 30, 2017</b>	<b>82,448,529</b>	<b>25,732,856</b>	<b>108,181,385</b>
WSOS KeyBank Account	31,726,619	-	31,726,619
<b>Balance per WSIB Statement April 30, 2017</b>	<b>50,721,910</b>	<b>25,732,856</b>	<b>76,454,766</b>
<b>Total</b>			<b>108,181,385</b>



# WSOS Cash Flow Statement



## Notes to the Financials

1. State cash receipt of \$21M in April. The funds are sitting in Scholarship account as of 4/30/17. Endowment portion of \$1.5M to be moved in Q2 2017.
2. Includes net unrealized gain/loss.
3. Portfolio management fees were reclassified to investment income; previously reported as program expense.

## Section 4

### Cash Projections Review & Next Steps

# Washington State Opportunity Scholarship Program Program Cash Projections

Executive Summary | June 2017

## BACKGROUND AND OVERVIEW

WSOS is a public private partnership established by the Legislature in 2011 (28B.145 RCW Opportunity Scholarship Act) to increase access to high-demand STEM and health care majors for low-and middle income students through scholarships and academic supports. College Success Foundation (CSF) served as program administrator from inception in 2012 until January 31, 2017 via an interagency contract with State of Washington-Washington Student Achievement Council (WSAC) and the WSOS Board. The legislation describes in detail the program design and how the program is to be funded and administered. There will be a full program review by the state in 2018 as required in the bill.

The program has two funds as specified in the legislation: Scholarship Fund and Endowment Fund. Each fund has both private and public funds which are also tracked separately for investment and program accounting purposes. Cash projections into the future are necessary to determine overall program funding and are an essential tool to strategic analyses and management decision-making for the program.

Cash projections were last prepared as of January 2015; we are not aware of any other projections done by the previous program administrator. We have updated the cash projections for both funds using the most current information available to us. The cash projections reflect both actual inception through January 31, 2017 plus projections by year through 2026. Key assumptions and results are summarized as follows.

## KEY ASSUMPTIONS

The following key assumptions were used in updating the cash projections:

- General; Projection period is from 2012 through 2026 with a total of ten cohorts being awarded, the last cohort awarded in fall 2020, and the program sun-setting in 2026.
- Students enrolled in the program are projected to total 13,863 of which 6,900 are projected to graduate.
- Scholarship Payments; Annual scholarship payments are derived from the scholarship model which projects scholarship liability and payments. This model was updated in February 2017 using data reported in the legislative reports and updated retention assumptions based on actual experience for this program. This resulted in a reduction in the scholarship liability of \$7.5 million as of January 31, 2017. When projected out to 2026, these changes reduced the total scholarship payments by \$20 million. When actual scholarship payments were reconciled to the model received from the previous administrator, payments for the 2016-2017 year were overstated by \$804K. We adjusted the model to remove this overstatement and reduced future year projections proportionately. Numbers of students and amount of award remain unchanged. The number of students enrolled peaks in 2019 at 5,100 and then declines as no new awards are made and students complete their degrees. We recommend updating this model again in the fall after program staff have completed the WizeHive scholarship system implementation and validation of student data. We have identified additional differences between the data used by CSF in the model and actual experience, which indicates some cushion remains in estimated future liabilities but we have left this in the projection. WSOS program team must evaluate this information based on their validation of the student data and other program analyses.
- Investment income is estimated at 2% for endowment and 3% for the scholarship fund.

- Revenue assumptions for 2017 - 2026 include new private revenue of \$4 million plus receipt of existing pledge receivables of \$22 million, and state appropriations of \$28 million to fulfill the state match obligation. Total actual and projected revenue for 2012 – 2026 is \$200 million or \$100 million each for private and public, plus investment income.
- Program expenses reflect actual through 2016 and budget 2017, increased by 5% per year. A line has been added for program enhancements expenses starting at \$200K per year and increased annually.

## SUMMARY AND QUESTIONS FOR DISCUSSION

The projected cash balances in 2026 is \$32 million for the Endowment fund and \$38 million for the scholarship fund, using the assumptions described above. The scholarship fund cash balance resulting from this projection is largely (\$28 million) due to the changes made since February 2017 to update the scholarship projection model, which are described above.

This represents an opportunity to perform additional analyses and develop recommendations for the program going forward. Scenarios can be run using new program assumptions as they are developed by the program team.

Later this year we would also recommend updating the projections to include the following information:

- Validation of student data in the WizeHive Scholarship system and updating of the model which projects scholarship payments. It will then be necessary to update the program cash projections with the updated forecast of scholarship payments.
- Implementation of the investment policy for improved returns and update the reconciliation and cash forecast of private and state fund balances for both the scholarship and endowment accounts.

Another question will be the future use of the endowment funds and consideration of whether to continue the program and, if so, at what level in years 2020 and beyond.

If you have questions or would like more information, please let me know.

Prepared by Cindy J. Gustafson  
June 5, 2017

**WSOS**  
**Cash Flow Projection**  
**Inception - December 31, 2026**

As of June 1, 2017

**DRAFT**



	Calendar Year End											Total	
	Inception - 1/31/2017A	2017P (11 Months)	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	Inception - 2026	
<b>Endowment Account</b>													
<b>Beginning Balance</b>	-	24,970,844	26,912,229	27,450,473	27,999,483	28,559,473	29,130,662	29,713,275	30,307,541	30,913,692	31,531,965	-	
<b>Sources:</b>													
<b>Cash Contributions</b>													
Private	12,500,000	-	-	-	-	-	-	-	-	-	-	12,500,000	
Advance by Scholarship to Endowment	1,016,414	(1,016,414)	-	-	-	-	-	-	-	-	-	-	
State Match-Appropriated & Received	10,000,000	2,500,000	-	-	-	-	-	-	-	-	-	12,500,000	
<b>Investment Income</b>	2%	1,460,243	457,799	538,245	549,009	559,990	571,189	582,613	594,266	606,151	618,274	630,639	7,168,418
<b>Total Endowment Fund Receipts</b>		<b>24,976,657</b>	<b>1,941,385</b>	<b>538,245</b>	<b>549,009</b>	<b>559,990</b>	<b>571,189</b>	<b>582,613</b>	<b>594,266</b>	<b>606,151</b>	<b>618,274</b>	<b>630,639</b>	32,168,418
<b>Uses:</b>													
<b>Endowment Account Expenses</b>		(5,813)	-	-	-	-	-	-	-	-	-	-	(5,813)
<b>Ending Balance</b>		<b>24,970,844</b>	<b>26,912,229</b>	<b>27,450,473</b>	<b>27,999,483</b>	<b>28,559,473</b>	<b>29,130,662</b>	<b>29,713,275</b>	<b>30,307,541</b>	<b>30,913,692</b>	<b>31,531,965</b>	<b>32,162,605</b>	<b>32,162,605</b>

<b>Scholarship Account Account</b>													
<b>Beginning Balance</b>	-	61,164,231	82,649,236	76,630,618	72,632,252	65,806,391	54,186,698	44,138,245	38,941,678	37,305,091	37,604,309	-	
<b>Sources:</b>													
<b>Contributions</b>													
Private Small	4,077,265	1,055,569	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	8,132,834	
Private Large	57,475,000	6,500,000	2,500,000	7,500,000	5,000,000	-	-	-	-	-	-	78,975,000	
Advance by Scholarship to Endowment	(1,016,414)	1,016,414	-	-	-	-	-	-	-	-	-	-	
State Match-Appropriated & Received	40,354,000	18,500,000	-	-	-	-	-	-	-	-	-	58,854,000	
State Match-Unappropriated	-	7,000,000	5,000,000	5,000,000	5,000,000	5,000,000	1,253,834	-	-	-	-	28,253,834	
<b>Investment Income</b>	3%	2,984,976	1,682,016	2,479,477	2,298,919	2,178,968	1,974,192	1,625,601	1,324,147	1,168,250	1,119,153	1,128,129	19,963,828
<b>Total Scholarship Fund Receipts</b>		<b>103,874,827</b>	<b>35,753,999</b>	<b>10,979,477</b>	<b>15,798,919</b>	<b>13,178,968</b>	<b>6,974,192</b>	<b>2,879,435</b>	<b>1,324,147</b>	<b>1,168,250</b>	<b>1,119,153</b>	<b>1,128,129</b>	<b>194,179,496</b>
<b>Uses:</b>													
<b>Scholarships</b>		(34,517,356)	(11,877,380)	(14,464,948)	(17,127,482)	(17,192,535)	(15,692,976)	(11,177,888)	(5,720,714)	(2,354,837)	(619,935)	(65,976)	(130,812,027)
<b>Program Operations-Existing</b>	5%	(8,193,240)	(2,391,614)	(2,333,146)	(2,449,804)	(2,572,294)	(2,700,909)	(1,600,000)	(700,000)	(400,000)	(200,000)	(75,000)	(23,616,006)
<b>Program Operations-Enhancements</b>		-	-	(200,000)	(220,000)	(240,000)	(200,000)	(150,000)	(100,000)	(50,000)	-	-	(1,160,000)
<b>Total Disbursements</b>		<b>(42,710,596)</b>	<b>(14,268,994)</b>	<b>(16,998,095)</b>	<b>(19,797,286)</b>	<b>(20,004,828)</b>	<b>(18,593,884)</b>	<b>(12,927,888)</b>	<b>(6,520,714)</b>	<b>(2,804,837)</b>	<b>(819,935)</b>	<b>(140,976)</b>	<b>(155,588,033)</b>
<b>Ending Balance</b>		<b>61,164,231</b>	<b>82,649,236</b>	<b>76,630,618</b>	<b>72,632,252</b>	<b>65,806,391</b>	<b>54,186,698</b>	<b>44,138,245</b>	<b>38,941,678</b>	<b>37,305,091</b>	<b>37,604,309</b>	<b>38,591,463</b>	<b>38,591,463</b>

**Number of Scholarship Recipients (Pre Manual Adjustment):**

Number New Scholarship recipients -- Per Year	1,850	1,850	1,850	750	750	-	-	-	-	-	-	-
Number Enrolled Scholarship recipients -- Total	3,855	4,585	5,078	4,229	3,357	1,882	807	269	57	30	-	-

**WSOS**

**Projected Cash & Investment Balances by Private vs State**

**DRAFT**

**Inception - December 31, 2022**

As of June 1, 2017

	Scholarship			Endowment			Combined Total		
	Private	Public	Total	Private	Public	Total	Private	Public	Total
<b><u>C/F Activity Inception to 1/31/2017</u></b>									
Cash Donations	61,552,265	40,354,000	<b>101,906,265</b>	12,500,000	10,000,000	<b>22,500,000</b>	<b>74,052,265</b>	<b>50,354,000</b>	<b>124,406,265</b>
Advance by Scholr to Endow	(1,016,414)	-	<b>(1,016,414)</b>	-	1,016,414	<b>1,016,414</b>	-	-	-
Investment Income (A)	2,984,976	-	<b>2,984,976</b>	1,460,243	-	<b>1,460,243</b>	<b>4,445,219</b>	-	<b>4,445,219</b>
Total Inflows	63,520,827	40,354,000	<b>103,874,827</b>	13,960,243	11,016,414	<b>24,976,657</b>	<b>78,497,484</b>	<b>50,354,000</b>	<b>128,851,484</b>
Scholarship Disbursements	-	(34,517,356)	<b>(34,517,356)</b>	-	-	-	-	(34,517,356)	<b>(34,517,356)</b>
Program Expenses	(2,356,596)	(5,836,644)	<b>(8,193,240)</b>	(5,813)	-	<b>(5,813)</b>	<b>(2,362,409)</b>	<b>(5,836,644)</b>	<b>(8,199,053)</b>
Total Outflows	(2,356,596)	(40,354,000)	<b>(42,710,596)</b>	(5,813)	-	<b>(5,813)</b>	<b>(2,362,409)</b>	<b>(40,354,000)</b>	<b>(42,716,409)</b>
<b>Balance as of 1/31/2017</b>	<b>61,164,231</b>	-	<b>61,164,231</b>	<b>13,954,430</b>	<b>11,016,414</b>	<b>24,970,844</b>	<b>76,135,075</b>	<b>10,000,000</b>	<b>86,135,075</b>
<b>Balance per WSIB 1/31/2017</b>	<b>33,413,690</b>	<b>15,887,092</b>	<b>49,300,782</b>	<b>14,941,295</b>	<b>10,027,624</b>	<b>24,968,919</b>	<b>48,354,985</b>	<b>25,914,716</b>	<b>74,269,701</b>
<b><u>C/F Activity Feb 1, 2017 - April 30, 2017</u></b>									
Cash Donations	1,974,772	18,500,000	<b>20,474,772</b>	-	2,500,000	<b>2,500,000</b>	<b>1,974,772</b>	<b>21,000,000</b>	<b>22,974,772</b>
Advance by Scholr to Endow	1,016,414	-	<b>1,016,414</b>	-	(1,016,414)	<b>(1,016,414)</b>	-	-	-
Investment Income (A)	1,415,928	-	<b>1,415,928</b>	760,941	-	<b>760,941</b>	<b>2,176,869</b>	-	<b>2,176,869</b>
Total Inflows	4,407,114	18,500,000	<b>22,907,114</b>	760,941	1,483,586	<b>2,244,527</b>	<b>4,151,641</b>	<b>21,000,000</b>	<b>25,151,641</b>
Scholarship Disbursements	-	(2,364,488)	<b>(2,364,488)</b>	-	-	-	-	(2,364,488)	<b>(2,364,488)</b>
Program Expenses	-	(740,842)	<b>(740,842)</b>	-	-	-	-	(740,842)	<b>(740,842)</b>
Total Outflows	-	(3,105,330)	<b>(3,105,330)</b>	-	-	-	-	(3,105,330)	<b>(3,105,330)</b>
<b>Balance as of 4/30/2017</b>	<b>65,571,345</b>	<b>15,394,670</b>	<b>80,966,015</b>	<b>14,715,371</b>	<b>12,500,000</b>	<b>27,215,371</b>	<b>80,286,716</b>	<b>27,894,670</b>	<b>108,181,386</b>
<b>Balance per WSIB 4/30/2017</b>	<b>34,824,802</b>	<b>15,906,438</b>	<b>50,731,240</b>	<b>15,684,496</b>	<b>10,040,160</b>	<b>25,724,656</b>	<b>50,509,298</b>	<b>25,946,598</b>	<b>76,455,896</b>

**WSOS**

**Projected Cash & Investment Balances by Private vs State**

**DRAFT**

**Inception - December 31, 2022**

As of June 1, 2017

	Scholarship			Endowment			Combined Total		
	Private	Public	Total	Private	Public	Total	Private	Public	Total
<b>C/F Activity April 30, 2017 - Dec 31, 2017</b>									
Cash Donations	5,580,797	7,000,000	12,580,797	-	-	-	5,580,797	7,000,000	12,580,797
Investment Income (A)	266,088		266,088	(303,142)	-	(303,142)	(37,054)	-	(37,054)
Total Inflows	5,846,885	7,000,000	12,846,885	(303,142)	-	(303,142)	5,543,743	7,000,000	12,543,743
Scholarship Disbursements	-	(9,512,892)	(9,512,892)	-	-	-	-	(9,512,892)	(9,512,892)
Program Expenses	-	(1,650,772)	(1,650,772)	-	-	-	-	(1,650,772)	(1,650,772)
Total Outflows	-	(11,163,664)	(11,163,664)	-	-	-	-	(11,163,664)	(11,163,664)
<b>Balance as of 12/31/2017</b>	<b>71,418,230</b>	<b>11,231,006</b>	<b>82,649,236</b>	<b>14,412,229</b>	<b>12,500,000</b>	<b>26,912,229</b>	<b>85,830,459</b>	<b>23,731,006</b>	<b>109,561,465</b>

<b>Projected Composition Cash/Invstmts 12/31/2017:</b>									
Key Bank Checking A/C	1,000,000		1,000,000			-	1,000,000	-	1,000,000
Key Bank Liquid	5,000,000		5,000,000			-	5,000,000	-	5,000,000
Key Bank 1 -3 Years	5,000,000	11,231,006	16,231,006		12,500,000	12,500,000	5,000,000	23,731,006	28,731,006
Total Key Bank	11,000,000	11,231,006	22,231,006	-	12,500,000	12,500,000	11,000,000	23,731,006	34,731,006
WSIB - Cash			-			-	-	-	-
WSIB - FI & Equity	60,418,230	-	60,418,230	14,412,229	-	14,412,229	74,830,459	-	74,830,459
<b>Total Cash/Invstmts 12/31/17</b>	<b>71,418,230</b>	<b>11,231,006</b>	<b>82,649,236</b>	<b>14,412,229</b>	<b>12,500,000</b>	<b>26,912,229</b>	<b>85,830,459</b>	<b>23,731,006</b>	<b>109,561,465</b>

<b>C/F Activity 2018</b>									
Cash Donations	3,500,000	5,000,000	8,500,000	-	-	-	3,500,000	5,000,000	8,500,000
Investment Income (A)	2,479,477	-	2,479,477	538,245	-	538,245	3,017,722	-	3,017,722
Total Inflows	5,979,477	5,000,000	10,979,477	538,245	-	538,245	6,517,722	5,000,000	11,517,722
Scholarship Disbursements	-	(14,464,948)	(14,464,948)	-	-	-	-	(14,464,948)	(14,464,948)
Program Expenses	(767,089)	(1,766,057)	(2,533,146)	-	-	-	(767,089)	(1,766,057)	(2,533,146)
Total Outflows	(767,089)	(16,231,006)	(16,998,095)	-	-	-	(767,089)	(16,231,006)	(16,998,095)
<b>Balance as of 12/31/2018</b>	<b>76,630,618</b>	<b>0</b>	<b>76,630,618</b>	<b>14,950,473</b>	<b>12,500,000</b>	<b>27,450,473</b>	<b>91,581,092</b>	<b>12,500,000</b>	<b>104,081,092</b>

<b>Projected Composition Cash/Invstmts 12/31/2018:</b>									
Key Bank Checking A/C	1,000,000		1,000,000			-	1,000,000	-	1,000,000
Key Bank Liquid	10,000,000		10,000,000			-	10,000,000	-	10,000,000
Key Bank 1 -3 Years	10,000,000	-	10,000,000		12,500,000	12,500,000	10,000,000	12,500,000	22,500,000
Total Key Bank	21,000,000	-	21,000,000	-	12,500,000	12,500,000	21,000,000	12,500,000	33,500,000
WSIB - Cash			-			-	-	-	-
WSIB - FI & Equity	55,630,618	0	55,630,618	14,950,473	-	14,950,473	70,581,092	0	70,581,092
<b>Total Cash/Invstmts 12/31/18</b>	<b>76,630,618</b>	<b>0</b>	<b>76,630,618</b>	<b>14,950,473</b>	<b>12,500,000</b>	<b>27,450,473</b>	<b>91,581,092</b>	<b>12,500,000</b>	<b>104,081,092</b>

**WSOS**

**Projected Cash & Investment Balances by Private vs State**

**DRAFT**

**Inception - December 31, 2022**

As of June 1, 2017

	Scholarship			Endowment			Combined Total		
	Private	Public	Total	Private	Public	Total	Private	Public	Total
<b>C/F Activity 2019</b>									
Cash Donations	8,500,000	5,000,000	13,500,000	-	-	-	8,500,000	5,000,000	13,500,000
Investment Income (A)	2,298,919		2,298,919	549,009	-	549,009	2,847,928	-	2,847,928
Total Inflows	10,798,919	5,000,000	15,798,919	549,009	-	549,009	11,347,928	5,000,000	16,347,928
Scholarship Disbursements	(12,127,482)	(5,000,000)	(17,127,482)	-	-	-	(12,127,482)	(5,000,000)	(17,127,482)
Program Expenses	(2,669,804)		(2,669,804)	-	-	-	(2,669,804)	-	(2,669,804)
Total Outflows	(14,797,286)	(5,000,000)	(19,797,286)	-	-	-	(14,797,286)	(5,000,000)	(19,797,286)
<b>Balance as of 12/31/2019</b>	<b>72,632,251</b>	<b>0</b>	<b>72,632,251</b>	<b>15,499,483</b>	<b>12,500,000</b>	<b>27,999,483</b>	<b>88,131,734</b>	<b>12,500,000</b>	<b>100,631,734</b>
<b>C/F Activity 2020</b>									
Cash Donations	6,000,000	5,000,000	11,000,000	-	-	-	6,000,000	5,000,000	11,000,000
Investment Income (A)	2,178,968		2,178,968	559,990	-	559,990	2,738,957	-	2,738,957
Total Inflows	8,178,968	5,000,000	13,178,968	559,990	-	559,990	8,738,957	5,000,000	13,738,957
Scholarship Disbursements	(12,192,536)	(5,000,000)	(17,192,536)	-	-	-	(12,192,536)	(5,000,000)	(17,192,536)
Program Expenses	(2,812,294)		(2,812,294)	-	-	-	(2,812,294)	-	(2,812,294)
Total Outflows	(15,004,830)	(5,000,000)	(20,004,830)	-	-	-	(15,004,830)	(5,000,000)	(20,004,830)
<b>Balance as of 12/31/2020</b>	<b>65,806,389</b>	<b>0</b>	<b>65,806,389</b>	<b>16,059,473</b>	<b>12,500,000</b>	<b>28,559,473</b>	<b>81,865,862</b>	<b>12,500,000</b>	<b>94,365,862</b>
<b>C/F Activity 2021</b>									
Cash Donations	-	5,000,000	5,000,000	-	-	-	-	5,000,000	5,000,000
Investment Income	1,974,192		1,974,192	571,189	-	571,189	2,545,381	-	2,545,381
Total Inflows	1,974,192	5,000,000	6,974,192	571,189	-	571,189	2,545,381	5,000,000	7,545,381
Scholarship Disbursements	(10,692,976)	(5,000,000)	(15,692,976)	-	-	-	(10,692,976)	(5,000,000)	(15,692,976)
Program Expenses	(2,900,909)		(2,900,909)	-	-	-	(2,900,909)	-	(2,900,909)
Total Outflows	(13,593,884)	(5,000,000)	(18,593,884)	-	-	-	(13,593,884)	(5,000,000)	(18,593,884)
<b>Balance as of 12/31/2021</b>	<b>54,186,696</b>	<b>0</b>	<b>54,186,696</b>	<b>16,630,662</b>	<b>12,500,000</b>	<b>29,130,662</b>	<b>70,817,358</b>	<b>12,500,000</b>	<b>83,317,358</b>
<b>C/F Activity 2022</b>									
Cash Donations	-	1,253,834	1,253,834	-	-	-	-	1,253,834	1,253,834
Investment Income (A)	1,625,601		1,625,601	582,613	-	582,613	2,208,214	-	2,208,214
Total Inflows	1,625,601	1,253,834	2,879,435	582,613	-	582,613	2,208,214	1,253,834	3,462,048
Scholarship Disbursements	(9,924,054)	(1,253,834)	(11,177,888)	-	-	-	(9,924,054)	(1,253,834)	(11,177,888)
Program Expenses	(1,750,000)		(1,750,000)	-	-	-	(1,750,000)	-	(1,750,000)
Total Outflows	(11,674,054)	(1,253,834)	(12,927,888)	-	-	-	(11,674,054)	(1,253,834)	(12,927,888)
<b>Balance as of 12/31/2022 (B)</b>	<b>44,138,243</b>	<b>0</b>	<b>44,138,243</b>	<b>17,213,275</b>	<b>12,500,000</b>	<b>29,713,275</b>	<b>61,351,518</b>	<b>12,500,000</b>	<b>73,851,518</b>

**Notes:**

(A) For simplicity and immateriality all Invstmnt Inc is assumed to be Private. Additionally, Invstmnt Inc includes unrealized gains (losses) to reconcile to WSIB statements.

(B) Balance at year end only calculated through 12/31/2022, since it would be similar to what is projected for future years on the Summary Cash Flow Projection.



**WSOS**  
**Cash Flow Projection: Investment Strategy**

April 30, 2017 - December 31, 2018

As of June 1, 2017

DRAFT

See Notes Next Page

Month to Make Entry/Transfer	Scholarship			Endowment			Combined Total		
	Private	Public	Total	Private	Public	Total	Private	Public	Total
<b>G/L Balance as of 4/30/2017</b> (calculated)	<b>65,571,345</b>	<b>15,394,670</b>	<b>80,966,015</b>	<b>14,715,371</b>	<b>12,500,000</b>	<b>27,215,371</b>	<b>80,286,716</b>	<b>27,894,670</b>	<b>108,181,386</b>
Composition Actual Balances 4/30/2017:									
Key Bank Checking A/C	31,726,000		31,726,000			-	31,726,000	-	31,726,000
Key Bank Liquid			-			-	-	-	-
Key Bank 1-3 Years			-			-	-	-	-
WSIB - Cash	-	15,394,670	15,394,670		12,500,000	12,500,000	-	27,894,670	27,894,670
WSIB - FI & Equity	33,845,345		33,845,345	2,825,251		2,825,251	36,670,596	-	36,670,596
WSIB - Equity			-	11,890,120		11,890,120	11,890,120	-	11,890,120
Total WSIB	33,845,345	15,394,670	49,240,015	14,715,371	12,500,000	27,215,371	48,560,716	27,894,670	76,455,386
<b>Total Cash/Invstmts 4/30/2017</b>	<b>65,571,345</b>	<b>15,394,670</b>	<b>80,966,015</b>	<b>14,715,371</b>	<b>12,500,000</b>	<b>27,215,371</b>	<b>80,286,716</b>	<b>27,894,670</b>	<b>108,181,386</b>

<b>Balance per WSIB 4/30/2017</b>		34,824,802	15,906,438	50,731,240	15,684,496	10,040,160	25,724,656	50,731,240	25,724,656	76,455,896
<b>WSIB Account Only Reclassification</b>	Jul-17	(979,457) (A)	(511,768) (A)	(1,491,225)	(969,125) (A)	2,459,840 (A)	1,490,715	(2,170,524)	2,170,014	(510)
<b>Adjusted Balance per WSIB by Jly 31, 2017</b>		<b>33,845,345</b>	<b>15,394,670</b>	<b>49,240,015</b>	<b>14,715,371</b>	<b>12,500,000</b>	<b>27,215,371</b>	<b>48,560,716</b>	<b>27,894,670</b>	<b>76,455,386</b>

**Changes Needed 5/1 - 12/31/2017** (Need to adjust for any interim activity):

**General Ledger & WSIB Changes:**

Key Bank Checking A/C	Jul-17	(30,726,000) (B)	-	(30,726,000)			-	(30,726,000)	-	(30,726,000)
Key Bank Liquid	Jul-17	5,000,000 (B)	11,231,006 (C)	16,231,006			-	5,000,000	11,231,006	16,231,006
Key Bank 1-3 Years	Jul-17	5,000,000 (B)		5,000,000		12,500,000 (F)	12,500,000	5,000,000	12,500,000	17,500,000
WSIB - Cash	Jul-17	-	(11,231,006) (C)	(11,231,006)		(12,500,000) (F)	(12,500,000)	-	(23,731,006)	(23,731,006)
WSIB - FI & Equity: Frm Checking	Jul-17	20,726,000 (B)		20,726,000			-	20,726,000	-	20,726,000
WSIB - FI & Equity: Trnsfr Frm Pub Cash	Dec-17	4,163,664 (D)	(4,163,664) (D)	-			-	4,163,664	(4,163,664)	-
WSIB - FI & Equity: New Cash Flow	Net Act. During Yr	1,683,222 (E)		1,683,222	(303,142) (G)		(303,142)	1,380,080	-	1,380,080
<b>Net New Cash In (Out) Flow 5/1 - 12/31/17</b>		<b>5,846,885</b>	<b>(4,163,664)</b>	<b>1,683,222</b>	<b>(303,142)</b>	<b>-</b>	<b>(303,142)</b>	<b>5,543,743</b>	<b>(4,163,664)</b>	<b>1,380,080</b>

**Projected Composition Cash/Invstmts 12/31/2017:**

Key Bank Checking A/C		1,000,000		1,000,000			-	1,000,000	-	1,000,000
Key Bank Liquid		5,000,000	11,231,006	16,231,006			-	5,000,000	11,231,006	16,231,006
Key Bank 1-3 Years		5,000,000		5,000,000		12,500,000	12,500,000	5,000,000	12,500,000	17,500,000
Key Bank Total Portfolio Investments excludng cking		10,000,000	11,231,006	21,231,006	-	12,500,000	12,500,000	10,000,000	23,731,006	33,731,006
WSIB - Cash		-		-			-	-	-	-
WSIB - FI & Equity		60,418,230		60,418,230	14,412,229		14,412,229	74,830,459	-	74,830,459
<b>Total Cash/Invstmts 12/31/2017</b>		<b>71,418,230</b>	<b>11,231,006</b>	<b>82,649,236</b>	<b>14,412,229</b>	<b>12,500,000</b>	<b>26,912,229</b>	<b>85,830,459</b>	<b>23,731,006</b>	<b>109,561,465</b>
Ck		71,418,230	11,231,006	82,649,236	14,412,229	12,500,000	26,912,229	85,830,459	23,731,006	109,561,465
Ck		-	-	-	-	-	-	-	-	-

**General Ledger & WSIB Changes: 2018**

Key Bank Checking A/C		-	-	-			-	-	-	-
Key Bank Checking A/C: Spend down		-		-			-	-	-	-
Key Bank Liquid	Jul-18	5,000,000 (H)	(11,231,006) (I)	(6,231,006)			-	5,000,000	(11,231,006)	(6,231,006)
Key Bank 1-3 Years	Jul-18	5,000,000 (H)		5,000,000			-	5,000,000	-	5,000,000
WSIB - Cash		-		-			-	-	-	-
WSIB - FI & Equity: Frm Checking		-		-			-	-	-	-
WSIB - FI & Equity: Transfer to Key Bank	Jul-18	(4,787,612) (H)		(4,787,612)			-	(4,787,612)	-	(4,787,612)
WSIB - FI & Equity: New Cash Flow	Net Act. During Yr			-	538,244 (G)	-	538,244	538,244	-	538,244
<b>Net New Cash In (Out) Flow 2018</b>		<b>5,212,388</b>	<b>(11,231,006)</b>	<b>(6,018,618)</b>	<b>538,244</b>	<b>-</b>	<b>538,244</b>	<b>5,750,632</b>	<b>(11,231,006)</b>	<b>(5,480,374)</b>

**WSOS**

**Cash Flow Projection: Investment Strategy**

April 30, 2017 - December 31, 2018

As of June 1, 2017

**DRAFT**

See Notes Next Page

Month to Make Entry/Transfer	Scholarship			Endowment			Combined Total		
	Private	Public	Total	Private	Public	Total	Private	Public	Total
<b>Projected Composition Cash/Invstmnts 12/31/2018:</b>									
Key Bank Checking A/C	1,000,000		1,000,000			-	1,000,000	-	1,000,000
Key Bank Liquid	10,000,000	-	10,000,000			-	10,000,000	-	10,000,000
Key Bank 1 -3 Years	10,000,000		10,000,000		12,500,000	12,500,000	10,000,000	12,500,000	22,500,000
Key Bank Total Portfolio Investments - Exclgd Cking	20,000,000	-	20,000,000	-	12,500,000	12,500,000	20,000,000	12,500,000	32,500,000
WSIB - Cash	-		-			-	-	-	-
WSIB - FI & Equity	55,630,618		55,630,618	14,950,473		14,950,473	70,581,092	-	70,581,092
<b>Total Cash/Invstmnts 12/31/2018</b>	<b>76,630,618</b>	<b>-</b>	<b>76,630,618</b>	<b>14,950,473</b>	<b>12,500,000</b>	<b>27,450,473</b>	<b>91,581,092</b>	<b>12,500,000</b>	<b>104,081,092</b>

**Notes:**

- (A) To adjust WSIB various account balances so that they agree with the amount required per general ledger.
- (B) To transfer 30,726,000 from Key Bank Cking: 5,000,000 to Key Bank Liquid, 5,000,000 to Key Bank 1 - 3 Yrs, and the balance of 20,726,000 to WSIB - FI & Equity.
- (C) To transfer 11,231,006 from WSIB Cash to Key Bank Liquid.
- (D) To transfer 4,163,664 from WSIB Cash to WSIB - FI & Equity. Reduces WSIB - Cash to required amount.
- (E) To reflect net invstment income and scholarship & program expenditures.
- (F) To transfer 12,500,000 from WSIB - Cash to Key Bank 1 - 3 Years.
- (G) To reflect net activity for invstment income.
- (H) To transfer net of new private donations plus investment income less scholarship and program expenditures not covered by public funds.
- (I) To reflect net activity of new state donations less allowed scholarship and program expenditures.

WSOS

Cash Receipts / Donations Summary

DRAFT

Actual + Projected

As of June 1,2017

		PRIVATE RECEIPTS										STATE MATCH RECEIPTS		
		Large Private Receipts							Total Other Private Receipts	Total Private Receipts	Cummulative Total Private Receipts	Annual State Match Receipts	Cummulative State Match Receipts	Balance Due From State
Year	Actual or Projected	Microsoft	Boeing	Balmer	Rubens	Industry Anonymous	Private Anonymous	Total Large Receipts						
FY12 Ending 6/30/12	Actual	10,000,000	5,000,000					15,000,000	-	15,000,000	15,000,000	-	-	15,000,000
FY13 Ending 6/30/13	Actual	5,000,000	5,000,000					10,000,000	359,483	10,359,483	25,359,483	5,000,000	5,000,000	20,359,483
FY14 Ending 6/30/14	Actual	5,000,000	5,000,000					10,000,000	765,885	10,765,885	36,125,368	-	5,000,000	31,125,368
FY15 Ending 6/30/15	Actual	5,000,000	5,000,000					10,000,000	1,169,300	11,169,300	47,294,668	25,000,000	30,000,000	17,294,668
FY16 Ending 6/30/16	Actual	2,500,000	5,000,000	11,000,000	2,000,000			20,500,000	1,273,131	21,773,131	69,067,799	20,354,000	50,354,000	18,713,799
FY17 Ending 1/31/17 (7 mos)	Actual	1,250,000	100,000		3,125,000			4,475,000	509,466	4,984,466	74,052,265	-	50,354,000	23,698,265
CY 12/31/17 (11 mos)	Actual/Proj.	1,250,000			5,250,000			6,500,000	1,055,569	7,555,569	81,607,834	28,000,000	78,354,000	3,253,834
CY18	Projected	2,500,000			-			2,500,000	1,000,000	3,500,000	85,107,834	5,000,000	83,354,000	1,753,834
CY19	Projected	2,500,000			5,000,000			7,500,000	1,000,000	8,500,000	93,607,834	5,000,000	88,354,000	5,253,834
CY20	Projected				5,000,000			5,000,000	1,000,000	6,000,000	99,607,834	5,000,000	93,354,000	6,253,834
CY21	Projected							-	-	-	99,607,834	5,000,000	98,354,000	1,253,834
CY22	Projected							-	-	-	99,607,834	1,253,834	99,607,834	-
CY23	Projected							-	-	-	99,607,834	-	99,607,834	-
CY24	Projected							-	-	-	99,607,834	-	99,607,834	-
CY25	Projected							-	-	-	99,607,834	-	99,607,834	-
CY26	Projected							-	-	-	99,607,834	-	99,607,834	-
<b>Total</b>		<b>35,000,000</b>	<b>25,100,000</b>	<b>11,000,000</b>	<b>20,375,000</b>	<b>-</b>	<b>-</b>	<b>91,475,000</b>	<b>8,132,834</b>	<b>99,607,834</b>		<b>99,607,834</b>		

Red #'s = Donations Receipts that are Projected and are not actual cash receipts or pledge receivables.

199,215,668  
(199,215,668)

**WSOS  
Scholarship Disbursement Summary**

DRAFT

Adjusted for Manual Adjustment to \$ Amounts as of 5/31/17. See green fill below.

Beginning 2014-2015: Yr. 1 and 2 \$2,500, Yr. 3 \$5,000, Yr. 4 \$7,500, Yr. 5 \$5,000. 12/13 year 1 \$1000  
 2015-16 - C4 Rubens funds 400 HS seniors at 100% MFI, WSOS to fund 399 for total of 799 HS seniors; 150 freshmen, 100 sophomores  
 2016-17 - C5 Rubens funds 600 HS seniors at 100% MFI, WSOS to fund 600 for total of 1200 HS seniors; 150 freshmen, 100 sophomores  
 2017-18 - C6 Rubens fund 800 HS seniors at 100% MFI, WSOS to fund 800 for total of 1600 HS seniors; 150 freshmen, 100 sophomores  
 2018-19 - C7 Rubens fund 800 HS seniors at 100% MFI, WSOS to fund 800 for total of 1600 HS seniors; 150 freshmen, 100 sophomores  
 2019-20 - C8 Rubens fund 800 HS seniors at 100% MFI, WSOS to fund 800 for total of 1600 HS seniors; 150 freshmen, 100 sophomores  
 2020-21 - C9 WSOS funds 450 HS seniors, 150 sophomores, 150 juniors  
 2021-22 - C10 WSOS funds 474 HS seniors, 150 sophomores, 150 juniors

Cost Per Cohort  
Over Five Years

Cohorts	FALL START																Total	Cohorts
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026			
C-1	2,893,813	4,634,682	4,770,500	2,705,370	455,000												\$ 15,459,365	C-1
C-2		\$ 1,091,161	\$ 2,119,786	\$ 2,062,278	\$ 1,787,500	\$ 328,500											\$ 7,389,225	C-2
C-3			\$ 1,884,950	\$ 2,056,773	\$ 2,530,000	\$ 1,867,200	\$ 352,440										\$ 8,691,363	C-3
C-4				\$ 2,495,820	\$ 2,615,000	\$ 2,998,800	\$ 2,407,878	\$ 458,212									\$ 10,975,710	C-4
C-5					\$ 3,677,500	\$ 3,414,950	\$ 4,245,786	\$ 3,666,445	\$ 711,018								\$ 15,715,699	C-5
C-6						\$ 4,874,150	\$ 4,424,154	\$ 5,769,596	\$ 5,168,311	\$ 1,011,099							\$ 21,247,310	C-6
C-7							\$ 4,874,150	\$ 4,424,154	\$ 5,769,596	\$ 5,168,311	\$ 1,011,099						\$ 21,247,310	#### C-7
C-8								\$ 4,874,150	\$ 5,769,596	\$ 5,168,311	\$ 1,011,099						\$ 21,247,310	#### C-8
C-9									\$ 2,250,300	\$ 2,257,605	\$ 2,149,872	\$ 1,535,799	\$ 284,597				\$ 8,478,173	C-9
C-10										\$ 2,250,300	\$ 2,257,605	\$ 2,149,872	\$ 1,535,799	\$ 284,597			\$ 8,478,173	#### C-10
Cash Flow per Year-Orig	2,893,813	\$ 5,725,843	\$ 8,775,236	\$ 9,320,241	\$ 11,065,000	\$ 13,483,600	\$ 16,304,408	\$ 19,192,557	\$ 18,323,379	\$ 16,456,911	\$ 10,586,888	\$ 4,696,771	\$ 1,820,396	\$ 284,597	\$ -	\$ 138,929,639		
Cum Cash Flow-Orig	2,893,813	\$ 8,619,656	\$ 17,394,892	\$ 26,715,133	\$ 37,780,133	\$ 51,263,733	\$ 67,568,141	\$ 86,760,698	\$ 105,084,077	\$ 121,540,989	\$ 132,127,876	\$ 136,824,647	\$ 138,645,042	\$ 138,929,639				

**Manual Adjustment to the Scholarship Model - \$'s Only:**

Manual Adjustment to reflect S-Disbursements reduced by an amount based on the Fall Start 2016 overstatement of 7.3%.	Total C-1 thru C-5 Total Projected	11,065,000	8,609,450	7,006,104	4,124,657	711,018	-	-	-	-	-	-	-	-	-	-	-
	Total C-6 thru C-10 Total Projected	-	4,874,150	9,298,304	15,067,900	17,612,361	16,456,911	10,586,888	4,696,771	1,820,396	284,597						
	Total C-1 thru C-5 Calc Adjustmt	(804,564)	(626,015)	(509,431)	(299,914)	(51,700)	-	-	-	-	-	-	-	-	-	-	(2,291,624)
	Total C-6 thru C-10 Calc Adjustmt	-	(354,412)	(676,103)	(1,095,625)	(1,280,639)	(1,196,623)	(769,799)	(341,514)	(132,366)	(20,694)						(5,867,775)
	Adjustment Factor Based on 2016	-7.3%	-7.3%	-7.3%	-7.3%	-7.3%	-7.3%	-7.3%	-7.3%	-7.3%	-7.3%	-7.3%	-7.3%	-7.3%	-7.3%	-7.3%	
	Adjusted S-Disbursements	10,260,436	12,503,174	15,118,873	17,797,018	16,991,040	15,260,288	9,817,088	4,355,257	1,688,030	263,903						104,055,107

**Conversion to CY:**

		CY 2017 (11 months)	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026
Prior Yr	25%		2,500,000	3,125,793	3,779,718	4,449,254	4,247,760	3,815,072	2,454,272	1,088,814	65,976
Current Yr	75%	7,760,436	9,377,380	11,339,155	13,347,763	12,743,280	11,445,216	7,362,816	3,266,442	1,266,023	197,927
	100%	7,760,436	11,877,380	14,464,948	17,127,482	17,192,535	15,692,976	11,177,888	5,720,714	2,354,837	619,935
											65,976
											104,055,107

Total Enrolled Each Year	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	Total Annual Disbursements
Freshmen	766	473	497	745	1,125	1,600	1,600	1,600	450	450					Freshmen 9,306
Sophomores	796	730	561	577	757	1,095	1,494	1,494	1,494	528	378				Sophomores 9,904
Juniors	824	633	690	567	573	675	932	1,235	1,285	1,285	401	287			Juniors 9,389
Seniors	604	602	364	459	356	378	446	615	815	848	848	265	190		Seniors 6,790
5th Year Sen.	-	138	177	143	161	107	113	134	185	245	254	254	79	57	5th Year Sen. 2,047
<b>Total Enrolled Each Year</b>	<b>2,990</b>	<b>2,576</b>	<b>2,300</b>	<b>2,491</b>	<b>2,972</b>	<b>3,855</b>	<b>4,585</b>	<b>5,078</b>	<b>4,229</b>	<b>3,357</b>	<b>1,882</b>	<b>807</b>	<b>269</b>	<b>57</b>	<b>Total Enrolled 37,437</b>

<b>New Recipients Each Year</b>	2,897	719	739	994	1,372	1,850	1,850	1,850	750	750					
<b>Cumulative New Recipients</b>	2,897	3,616	4,355	5,349	6,721	8,571	10,420	12,270	13,020	13,770					
<b>New Graduates</b>		393	498	917	734	-	359	610	584	774	806	806	252	180	<b>Projected New Graduates Each Year</b>
<b>Cumulative Graduates</b>		393	891	1,808	2,542	2,542	2,901	3,511	4,096	4,870	5,676	6,482	6,734	6,914	<b>Cumulative Graduates Over All Years</b>
															Graduate Rate of Freshmen 57%
															Graduate Rate of All New Enrolled 50%

New Selects Each Year	year 1	year 2	year 3	year 4	year 5	year 6	year 7	year 8	year 9	year 10	New Students Selected & Enroll
Freshmen	766	473	497	745	1,125	1,600	1,600	1,600	450	450	Freshmen 9,306
Sophomores	796	106	149	150	148	150	150	150	150	150	Sophomores 2,099
Juniors	824	140	93	99	99	100	100	100	150	150	Juniors 1,855
Seniors	604	-	-	-	-	-	-	-	-	-	Seniors 604
<b>New Enrolled Each Year</b>	<b>2,990</b>	<b>719</b>	<b>739</b>	<b>994</b>	<b>1,372</b>	<b>1,850</b>	<b>1,850</b>	<b>1,850</b>	<b>750</b>	<b>750</b>	<b>Total Enrolled 13,863</b>

Calendar Year Data Based on 83%/17% Split	2014-2015 Data (Last Yr of Calendar Year Split)
2012 Cht 1 2,893,813	Cohort 1 2014 CY \$ 3,846,786
2013	Jan-June 2015 \$ 810,985
Cohort 1 3,846,786	Cohort 2 2014 CY \$ 1,944,920
Cohort 2 905,664	Jan-June 2015 \$ 360,364
	Cohort 3 2014 CY \$ 1,564,509
	Jan-June 2015 \$ 320,442

## Section 5

### Investment Policy & Implementation of ST Investments with Key Bank

WSIB Board Adopted Policy – eff 09.15.16

WSIB Board Adopted Policy – eff 09.18.14

# Washington State Opportunity Scholarship Program

## Short Term Investments Policy and Implementation Plan | June 2017

### BACKGROUND AND OVERVIEW

WSOS is a public private partnership established by the Legislature in 2011 (28B.145 RCW Opportunity Scholarship Act) to increase access to high-demand STEM and health care majors for low-and middle income students through scholarships and academic supports.

Program investments are held in two funds, Endowment and Scholarship, each of which has a component of private and public funds which are also tracked separately and are subject to differing requirements with respect to investment of the funds.

At this time, we are proposing the adoption of an investment policy for short term investments which is attached. This policy is guided by and in compliance with various state policies which govern the investment of state funds.

We are proposing that this policy, upon approval by the Committee, be implemented with solutions provided in the Key Bank Investment Presentation described below and in the attachment.

Movement of funds will be guided by the cash analysis and projections by the separate funding sources: State funds will be spent first and be invested in accordance with the State policies. Based on the current projections, the State money will be spent by late 2018.

### KEY BANK SHORT TERM INVESTMENT PROPOSAL

Key Bank is proposing a tiered approach based on an estimated \$30 million to be spent over two years:

- Checking Account for operating expenses (active)
- Money Market account with interest of .65% (active)
- Variable Maturity Time Deposit account with interest of 10%; \$10 million minimum with 9-month duration
- Fixed Income Portfolio with expected returns of 1.25% (proforma)

The last two accounts are not active, pending review by the Committee.

The full proposal is attached.

### IMPLEMENTATION AND NEXT STEPS

We have identified next steps that will be required to proceed with implementation of this policy as follows:

- Finalize the cash projections for both funds. Make any necessary adjustments to true up the balances.
- Review plan with WSIB together with cash forecast and projections to ensure that the plan is consistent with WSIB policies and guidelines for investments and withdrawals.
- Review and finalize investment plan and cash forecast with Key Bank; transfer cash held by WSIB to KeyBank accounts.
- Transfer private funds into WSIB BlackRock accounts.
- Maintain funds in accordance with policy; provide regular updates.

As the strategies for the program's future, both for the Scholarship and the Endowment funds, evolve over coming months, we want to update the cash forecasts and consider appropriate investment alternatives to maximize returns in support of the program objectives.

Prepared by Cindy J. Gustafson  
June 6, 2017

Attachments:

Forecast by Fund, Private and State components

Short Term Investment Policy

Key Bank Investment Presentation dated May 22, 2017

WSIB report dated 04.30.2017





WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

**Washington STEM  
Washington State Opportunity Scholarship**

**INVESTMENT POLICY**

**Short Term Investments Held In  
WSOS Operating Checking Account or Related Investment  
Account**

**WSOS Board Adoption: TBC  
Washington STEM Board Adoption: TBC**

**Effective Date: TBC**



## **Statement of Purpose:**

The purpose of this Investment Policy is to set guidelines for the investment of the general cash funds of Washington State Opportunity Scholarship (WSOS) maintained in a checking account or related investment account used for meeting the annual operating needs of WSOS. Washington STEM has been designated as Program Administrator for WSOS and has responsibility for the administration of such policies on behalf of the program. Specifically, this Investment Policy shall:

1. Identify investment goals and objectives
2. Specify investment policy responsibility and authority
3. Establish acceptable investment guidelines

## **Goals and Objectives:**

The primary investment objectives, in priority order, are as follows:

1. Protection of principal
2. Maintenance of adequate liquidity
3. Maximization of return on investment at a prudent level of risk

The goal of this policy is to ensure that investments selected meet the objectives for principal protection, liquidity maintenance, and yield maximization through portfolio returns over time.

## **Investment Policy Responsibilities:**

- A. WSOS Board of Directors – Approves and monitors adherence to the formal investment policies.
- B. Washington STEM Board of Directors – Approves and monitors adherence to the formal investment policies.
- C. WSOS Finance Committee – Formulates and approves investment policy. The WSOS Finance Committee is responsible for managing the investment process in accordance with the guidance provided by the State for State funds and for funds having the character of State funds and in a prudent manner with regard to preserving principal while providing reasonable returns. Responsibilities of the Finance Committee include:
  1. Retain a qualified investment provider to assist in the development and implementation of the investment policy (goals, objectives, and guidelines).
  2. Establish the investment policy of the fund. This includes, but is not limited to, allocation between investment types, selection of acceptable asset classes and investment performance expectations.

3. Regularly review investment performance of the fund including the performance of the investment provider to assure the policy is being followed and progress is being made toward achieving objectives.
4. Communicate to the WSOS Board of Directors the results of the Finance Committee's reviews.

D. Investment Provider – The responsibilities of the investment provider include:

1. Assist the Finance Committee in complying with this investment policy.
2. Propose an investment strategy and coordinate the asset allocation process.
3. Monitor asset allocation among all asset classes and verify on a monthly basis that allocations are within targets defined by this investment policy statement and the Finance Committee.
4. Monitor the investment performance of the fund and prepare quarterly performance advisory reports for the Finance Committee.
5. Report in a timely manner substantive developments that may affect the management of the investment assets.

### **Investment Authorization:**

The following individuals have the authority to approve investment transactions (purchase, sell, exchange) which conform to the parameters of this Investment Policy:

- Washington STEM Chief Financial Officer
- Washington STEM Controller

The funds management process shall comply with all applicable laws and regulations and shall be reviewed and modified as necessary to comply with such changes in the laws and regulations.

### **Acceptable Investments, Concentration Limits and Credit Quality:**

This Investment Policy is guided by and in compliance with various state policies which govern the investment of State funds, copies of which have been attached below as well as the opinion of the Attorney General which prohibits investments in stocks of private companies.

<http://www.atg.wa.gov/ago-opinions/investment-certain-scholarship-funds-stocks-private-companies>.

This policy allows funds to be invested only in the investment types and within the parameters set forth below.

Permissible investments include the following in accordance with the attached policy of the Washington State Investment Board Policy Number: 2.35.500 dated September 18, 2014:

1. Government agencies and U.S. Treasuries
2. STIF that invest strictly in U.S. government or government agency instruments including repurchase agreements for U.S. government and agency instruments.

Additional permissible investments include Commercial paper and corporate notes in accordance with the attached policy of the Washington State Investment Board Policy Number: 2.05.500 dated September 15, 2016.

### **Asset Allocation and Liquidity:**

Investments will be allocated to permissible investments in accordance with the two attachments to this policy.

Additionally, the liquidity of the portfolio will be maintained in a manner that meets the cash flow requirements of WSOS per a schedule of projected cash flow to be provided by WSOS on a quarterly basis.

### **Performance Objective:**

Performance of the investment portfolio shall be measured against the benchmark of .....(to be established by Key Bank and approved by WASTEM)

### **Policy Review:**

The Boards of WSOS and Washington STEM shall review this policy at least once every three years to ensure that it remains relevant and appropriate.

### **Attachments:**



Investment  
Policy-Corp Bonds.p



WSOS Investment  
Policy.pdf

**POLICY NUMBER:** 2.05.500

**EFFECTIVE DATE:** 9/15/16

**TITLE:** Commercial Paper and Corporate Notes Investment Policy For the State Treasurer, Local Governments, and Higher Education Institutions

**SUPERSEDES:** 9/17/15

**BOARD ADOPTION:** 9/15/16

**APPROVED:**



**PURPOSE**

Revised Code of Washington (RCW) 43.84.080, RCW 39.59.040, and RCW 28B.10.928 authorize the State Treasurer, local governments in the state of Washington, and Washington institutions of higher education to invest in commercial paper and corporate notes purchased on the secondary markets provided they adhere to the investment policies and procedures adopted by the Washington State Investment Board (WSIB).

In accordance with those statutes, this policy establishes guidelines enabling the State Treasurer, local governments, and institutions of higher education to invest in commercial paper and corporate notes purchased on the secondary markets.

**POLICY**

This policy refers to four portfolios: (1) the commercial paper portfolio; (2) the corporate notes portfolio; (3) the credit portfolio, a subset of the total portfolio that contains the commercial paper and corporate notes portfolios combined; and (4) the total portfolio, which includes all money market and fixed income securities.

Investors without the expertise to make the investment decisions addressed in this policy should obtain independent expert financial advice.

**Commercial Paper Portfolio Guidelines**

The policy guidelines with respect to investment in commercial paper are as follows:

1. Commercial paper must be rated with the highest short-term credit rating category of any two major Nationally Recognized Statistical Ratings Organizations (NRSROs) at the time of purchase. If the commercial paper is rated by more than two major NRSROs, it must have the highest rating from all of them.
2. Commercial paper holdings may not have maturities exceeding 270 days.
3. Any commercial paper purchased with a maturity longer than 100 days must also have an underlying long-term senior unsecured credit rating at the time of purchase in one of the three highest rating categories of an NRSRO.
4. The percentage of commercial paper that may be purchased from any single issuer is 3 percent of the assets of the total portfolio.
5. Commercial paper must be purchased in the secondary market and not directly from the issuers.

**Corporate Notes Portfolio Guidelines**

The policy guidelines with respect to investment in corporate notes are as follows:

1. Corporate notes are defined as debt securities issued by corporations.

2. Corporate notes must be rated at least weak single-A or better by all of the major rating agencies that rate the note at the time of purchase for inclusion in the corporate note portfolio.
3. Corporate notes must meet the following maturity and duration limits:
  - a. The maturity of the corporate notes shall be 5.5 years or less at the time of purchase.
  - b. The maximum duration of the corporate note portfolio shall not exceed 3 years.
4. No corporate fixed-income issue may exceed 3 percent of the cost or 6 percent of the market value of the assets of the total portfolio.
5. The percentage of corporate notes that may be purchased from any single issuer rated AA or better by all major rating agencies that rate the note is 3 percent of the assets of the total portfolio.
6. The percentage of corporate notes that may be purchased from any single issuer rated in the broad single-A category from all the major rating agencies that rate the security, is 2 percent of the total portfolio.
7. Corporate notes must be purchased on the secondary market and not directly from the issuers.
8. Securities rated in the broad single-A category with a negative outlook may not be purchased. Portfolio holdings of corporate notes downgraded to below single A and portfolio holdings of securities rated single A with their outlooks changed to negative may continue to be held. No additional purchases are permitted.

#### **Credit Portfolio Guidelines**

The commercial paper and corporate notes portfolios together are known as the credit portfolio. The policy guidelines with respect to the credit portfolio are as follows:

1. The credit portfolio shall not exceed 25 percent by market value of all assets of the total portfolio.
2. The credit portfolio must be diversified by sector and industry.
3. Portfolio managers must routinely monitor the ratings and credit quality of the issuers of the commercial paper and corporate notes that they are purchasing. Appropriate personnel should be notified of any credit rating downgrades of issuers of any commercial paper and corporate notes in their portfolios.
4. Credit risk, interest rate risk, and reinvestment risk must all be managed.

#### **Total Portfolio Guidelines**

The policy guidelines with respect to the total portfolio concentration limits are as follows:

1. The following are not permissible investments:
  - a. Securities issued in currencies other than the U.S. dollar.
  - b. Derivatives.
  - c. Loans.
2. No single credit issuer shall exceed 3 percent of the total portfolio's market value.
3. The individual country limit of non-U.S. and non-Canadian exposure is 2 percent of the total portfolio. The exposure is determined by the country of domicile of the issuers of portfolio securities.

#### **ROLES AND RESPONSIBILITIES**

##### **Washington State Investment Board**

The Board is responsible for approving the Commercial Paper and Corporate Notes Investment Policy for the State Treasurer, Local Governments, and Higher Education Institutions.

##### **Public Markets Committee**

The Committee is responsible for reviewing and recommending the policy to the Board.

**WSIB Staff**

Staff is responsible for recommending investment policy enhancements and changes to the Public Markets Committee.

**State and Local Government Staff and Higher Education Institution Staff**

State and local government staff and higher education institution staff are responsible for obtaining any necessary independent expert financial advice related to investments covered by this policy and are responsible for implementing the policy as well as following best practices in accounting and reporting.

**POLICY REVIEW**

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

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Policy Adopted 3/16/95  
Revised 2/18/99  
Revised 10/25/01, Supersedes WSIB Policy 2.15.101  
Reviewed 7/20/06  
Reviewed 4/16/09  
Reviewed 6/21/12  
Revised 9/17/15  
Revised 9/15/16



**POLICY NUMBER:** 2.35.500**EFFECTIVE DATE:** 9/18/14**TITLE:** Washington State Opportunity  
Scholarship Fund**SUPERSEDES:** N/A**BOARD ADOPTION:** 9/18/14**APPROVED:** **PURPOSE**

This document establishes the investment policy and guidelines for the Washington State Opportunity Scholarship (WSOS) fund created by the Washington State Legislature in 2011 to encourage student participation in high employer-demand programs of study. The investment responsibility for the WSOS fund is granted to the Washington State Investment Board (WSIB) in accordance with [RCW 28B.145.090](#).

The WSOS funds are comprised of two distinct pools of assets each comprised of private funds and state matching funds. The two pools are the scholarship and endowment accounts as created in [RCW 28B.145.040](#). The primary distinction between the two accounts is that scholarships may be paid out of both principal and earnings of the scholarship account, while scholarships out of the endowment account, if eligible, must be paid out of investment earnings. Endowment accounts are generally considered to have long time horizons and can therefore tolerate a higher level of volatility.

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

**POLICY**Standard of Care

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

Investment Objectives

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

1. Maintain the financial stability of the program;
2. Ensure sufficient assets are available to fund the scholarship goals of the program over a 10-year time horizon;
3. Subject to one and two above, manage the assets to achieve a maximum return at a prudent level of risk; and
4. Invest in a manner that will not compromise confidence in the program.

### Performance Objectives

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

The fund has a relative performance objective for the long-term investment horizon: Relative to asset allocation targets, generate a return equal to, or in excess of, the passive benchmark portfolio. The benchmarks for the scholarship and endowment accounts are a custom blend of the benchmarks for the underlying asset classes.

### Risk Constraint Standards

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

### Asset Allocation

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

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

### **Scholarship Account**

#### State Match Funds

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

#### Permissible Investments:

1. Government agencies and U.S. Treasuries.
2. Short-term Investment Funds (STIF) that invest strictly in U.S. government or government agency instruments, including repurchase agreements for U.S. government and agency instruments.



3. Cash collateral for security lending and collateral for repurchase agreements is restricted to U.S. government and government agency securities.

<b>ASSET ALLOCATION</b>	<b>Target</b>	<b>Range</b>
Cash	100%	100%

Private Funds

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

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

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

Asset Class Structure

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

Public Equity

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

Fixed Income

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

**Endowment Account**

State Match Funds

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

Permissible Investments

1. Government agencies and U.S. Treasuries.
2. STIF that invest strictly in U.S. government or government agency instruments, including repurchase agreements for U.S. government and agency instruments.

3. Cash collateral for security lending and collateral for repurchase agreements is restricted to U.S. government and government agency securities.

<b>ASSET ALLOCATION</b>	<b>Target</b>	<b>Range</b>
Cash	100%	100%

Private Funds

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

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

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

Asset Class Structure

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

Public Equity

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

Fixed Income

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

**PERFORMANCE REVIEW GUIDELINES AND REPORTING**

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

**RESPONSIBILITIES**

Washington State Investment Board

The Board is responsible for approving the investment policy and setting the investment objectives, risk standards, and asset allocation. The Board is also responsible for reviewing performance of the funds.

Public Markets Committee

The Committee is responsible for reviewing the structure and strategy of the funds and recommending any revisions to the WSIB Board.

WSIB Staff

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

**POLICY REVIEW**

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



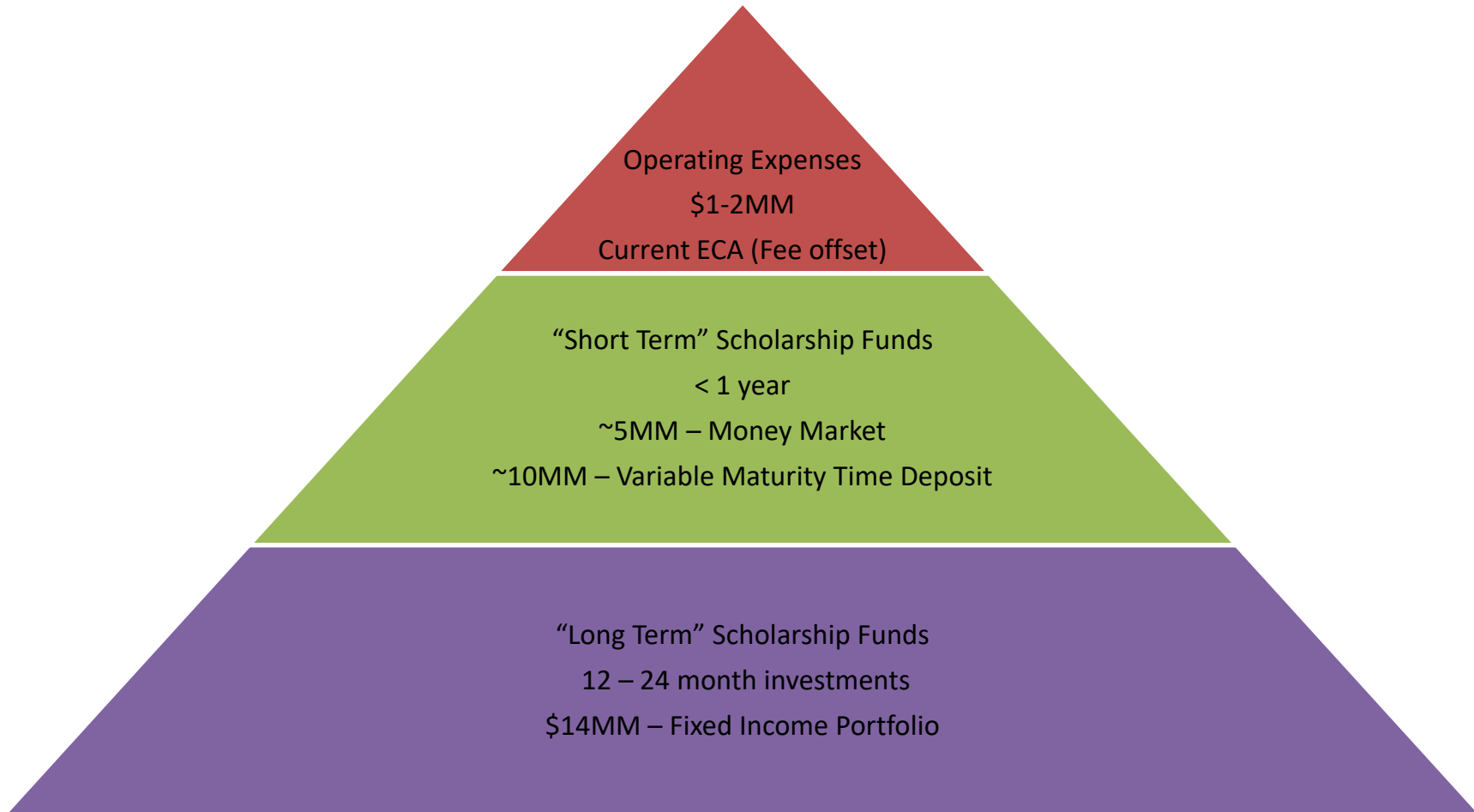
## Investment Presentation

Discussion Materials  
May 22, 2017



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## Investment “Buckets”



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## Operating Expenses

### Earnings Credit Rate

- Unlimited Access to Funds
- Earnings Credit Allowance (ECA) to help offset service fees
- Earnings Credit Rate above 1 million is 0.20%
  - Resulting in ECA at 2 million of \$320 per month

## Short Term Scholarship Funds

### Commercial Money Market Deposit Account (Premium Rate)

- Premium interest rate at 0.65% on balance of \$15 Million
    - Standard Rate is at 0.18%
  - Compounded daily, paid monthly, 365/366 day year
  - Maximum of 6 withdrawals a month
- 
- Interest Income at \$15 million: **\$8,280 per month**

### Variable Maturity Time Deposit Account

- Premium interest rates indexed to 1 Month LIBOR
    - Rate as of 5/15/17: 1.0%
  - Compounded daily, paid monthly, 365/366 day year
  - Rates adjusted monthly
  - Minimum 31 day advance notification of withdrawals
  - Expected deposit duration nine months or more
- 
- Interest Income at \$15 million : **\$12,740 per month**

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## Commercial Money Market Deposit Account (Premium Rate)

### Requirements & Restrictions

- Maximum of 6 withdrawals a month

### Rates

- Premium interest rate at .65% on balance of 15 Million
  - Standard Rate is at .18%
- Compounded daily, paid monthly, 365/366 day year

## How it Works

### Online Access

May be added to KTT Information Reporting - Previous Day Report for balances and transactions

KTT Account Management module

- Transfer funds in and out of account through account transfer access

## Variable Maturity Time Deposit Account

### Requirements & Restrictions

- Expected deposit duration nine months or more
- Minimum deposit of \$10 million
- Minimum 31 day advance notification of withdrawals
- Maximum of 3 scheduled withdrawals active at any time
- No access to funds before expiration of notice period

### Rates

- Premium interest rates indexed to 1 Month LIBOR
  - Rate as of 5/15/17: 1.0%
- Compounded daily, paid monthly, 365/366 day year
- Rates adjusted monthly

## How it Works

### Deposit Accounts

- Two time deposit accounts
- Open-ended time deposit account holds funds 31+ days from a withdrawal date; ongoing deposit capability
  - Post-notice account holds funds from 30 days until the withdrawal date; no deposit capability
  - Combined statement displays activity and balances for both accounts; end of month statement cycle

### Online Access

- Key Total Treasury (KTT) access granted at account opening
- KTT Account Management module
- Total balance (open-ended & post-notice)
  - Pending scheduled withdrawals
  - Available balance for new withdrawal(s)
  - Scheduling of new withdrawals
- May be added to KTT Information Reporting - Previous Day Report for balances and transactions

### Withdrawal Scheduling

- How much?
- Partial balance
  - Full balance plus interest
- When?
- Minimum 31 calendar days in the future, on a business date
- Can only be scheduled in KTT
- Cannot be modified or cancelled



## “Long Term” Scholarship Funds

CUSIP	Par Amount	Name	Coupon	Maturity Date	Purchase Price	Purchase Date	YTM*	Duration (Yrs)	Moody's	S&P	Interest Income	Purchase Cost
8923A1BG5	900,000	TOYOTA CRED PR	0.00%	2/16/2018	99.13	5/23/2017	1.18%	0.74	P-1	A-1+	\$7,868.25	\$892,131.75
3134G9UY1	2,000,000	FREDDIE MAC	1.00%	6/29/2018	99.91	5/23/2017	1.08%	1.10	Aaa	AA+	\$23,820.00	\$2,006,180.00
89236TCP8	900,000	TOYOTA MTR CRED	1.55%	7/13/2018	100.32	5/25/2017	1.26%	1.14	Aa3	AA-	\$12,930.00	\$907,995.00
313375K48	2,000,000	FED HOME LN BANK	2.00%	9/14/2018	101.07	5/23/2017	1.17%	1.32	Aaa	AA+	\$13,920.00	\$2,029,066.67
961214CQ4	900,000	WESTPAC BANKING	1.95%	11/23/2018	100.88	5/25/2017	1.35%	1.51	Aa2	AA-	\$18,271.50	\$908,053.50
94988J5F0	900,000	WELLS FARGO BANK	1.80%	11/28/2018	100.59	5/25/2017	1.40%	1.52	Aa2	AA-	\$19,539.00	\$912,861.00
3133EFSJ7	1,500,000	FED FARM CREDIT	1.30%	12/14/2018	100.15	5/23/2017	1.20%	1.56	Aaa	AA+	\$28,092.50	\$1,510,907.50
3136G0Y70	1,000,000	FANNIE MAE	1.08%	1/30/2019	99.71	5/23/2017	1.25%	1.69	Aaa	AA+	\$21,110.00	\$1,000,490.00
3133782M2	1,200,000	FED HOME LN BANK	1.50%	3/8/2019	100.35	5/23/2017	1.30%	1.79	Aaa	AA+	\$28,020.37	\$1,207,974.00
30231GAD4	900,000	EXXON MOBIL CORP	1.82%	3/15/2019	100.83	5/25/2017	1.35%	1.81	Aaa	AA+	\$22,070.75	\$910,671.25
166764BH2	900,000	CHEVRON CORP	1.56%	5/16/2019	100.22	5/25/2017	1.45%	1.98	Aa2	AA-	\$25,811.77	\$902,286.23
594918AC8	900,000	MICROSOFT CORP	4.20%	6/1/2019	105.65	5/25/2017	1.35%	2.03	Aaa	AAA	\$25,380.00	\$969,120.00
<b>Total Par Amt</b>	<b>\$14,000,000</b>											<b>\$14,157,736.90</b>
<b>Weighted Avg Yield:</b>	<b>1.25%</b>											
<b>Weighted Avg Duration:</b>	<b>1.48 Years</b>											
<b>Total Interest Income</b>	<b>\$246,834</b>											

Footnotes – Assumes \$31mm as total amount to be invested amongst all options

- Your policy: limits the total investments allocated in corporate bonds and commercial paper at 50%.
- WSIB Policy 2.05.500: limits total investments in corporate bonds and commercial paper at 25% of total assets.
- Merging the two, the sample attached is capped at 25%.

Commercial Paper:

- Highest Rated by all 3 NRSROs. (A1+/P1/F1)
- Maturities are less than 270 days
- Paper with maturities longer than 100 days also has an underlying long-term rating in one of the three highest NSRSOs.
- No more than 3% of total assets in any 1 single issuer

Corporate Bonds:

- Must be rated at least A3/A- by all rating agencies.
  - If rated AA or better – maximum is 3% per issuer
  - If rated below AA – maximum is 2% per issuer
  - Securities rated below AA must not be on negative watch
- Each bond must have a maximum maturity of 5.5 years or less
- Total corporate bond portfolio duration must be 3 years or less
- Corporate bond issues can't exceed 3% of the cost of the portfolio

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## Next Steps

- Operating Expenses continue to build ECA
  - Keep current account
- Open Money Market and VMTD Accounts for “Short Term” Funds
- Open Investment Portfolio with Boris for “Long Term” Funds

## Section 6

### WSIB Investment Report



**Washington State  
Investment Board**

**WSOS Investment and Finance Committee  
Performance Review  
June 20, 2017**



**Chris Phillips  
Director of Institutional Relations**



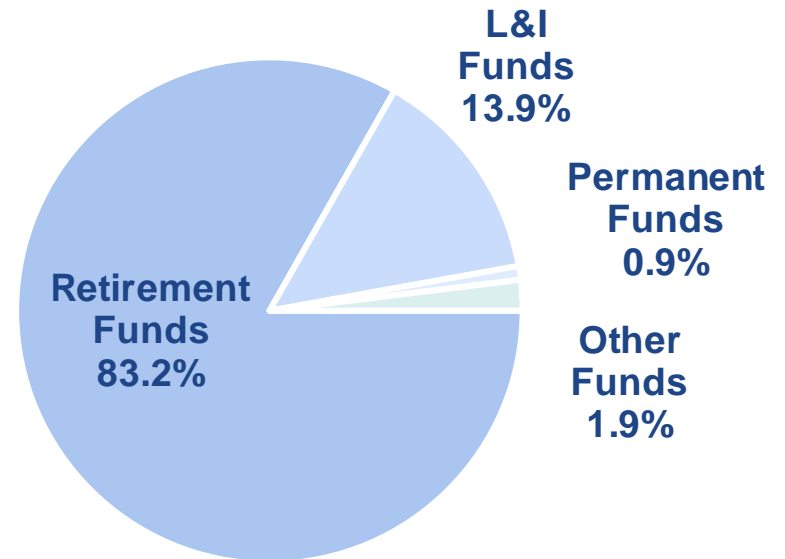
## Overview of the Washington State Investment Board



The WSIB is one of the largest and most diversified institutional investment managers in the United States.

- ▣ \$116.5 billion assets under management, as of March 31, 2017
- ▣ 17 pension funds
- ▣ 5 Labor and Industries insurance funds
- ▣ 13 Permanent and other trust funds

Retirement Funds	\$97.0	83.2%
L&I Funds	\$16.2	13.9%
Permanent Funds	\$1.0	0.9%
Other Funds	\$2.3	1.9%
<b>Total Assets Under Management</b>	<b>\$116.5</b>	



The WSOS funds falls under  
Other Trust Funds



# Organizational Structure



- ▣ Board comprised of 15 members
  - ▣ 10 voting
  - ▣ 5 non-voting
  
- ▣ 92 staff

	Appointment Authority	Name	Position
10 Voting	Ex-Officio	<b>NEW</b> Duane Davidson	State Treasurer
		<b>NEW</b> Tracy Guerin	Director, DRS
		Joel Sacks	Director, Labor & Industries
	Senate President	<b>NEW</b> Mark Mullet	State Senator
	House Speaker	Timm Ormsby	State Representative
	Governor	Judy Kuschel, Vice Chair	Active Member, PERS
		<b>NEW</b> Yona Makowski	Retired Member, State Pension System
		Kelly Fox, Chair	Active Member, LEOFF
	Superintendent of Public Instruction	Arlista D. Holman	Active Member, SERS
		Stephen Miller	Active Member, TRS
5 Investment Professionals	Selected by the Board	David Nierenberg	
		William A. Longbrake	
		Richard Muhlebach	
		<b>NEW</b> Mary Pugh	
		<b>NEW</b> George Zinn	

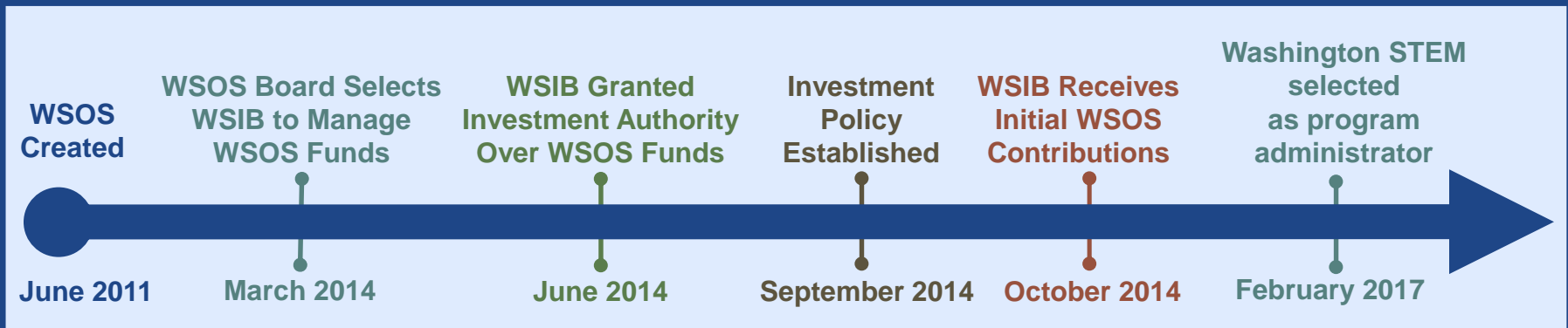


## WSOS – Core Investment Objectives



- ❑ Maintain the financial stability of the program
- ❑ Ensure sufficient assets are available to fund the scholarship goals of the program over a 10-year time horizon
- ❑ Manage the assets to maximize return at a prudent level of risk, subject to above objectives
- ❑ Invest in a manner that helps ensure public confidence in the program

### WSOS Time Line





# Growth of WSOS Funds

March 31, 2017



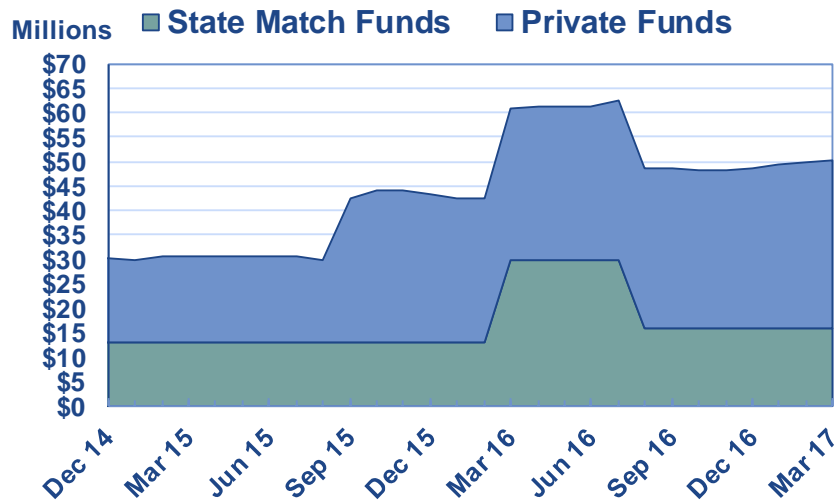
## Scholarship Account

- ▣ Total assets: \$50.3 million, as of March 31, 2017
- ▣ 68% private funds and 32% state match funds

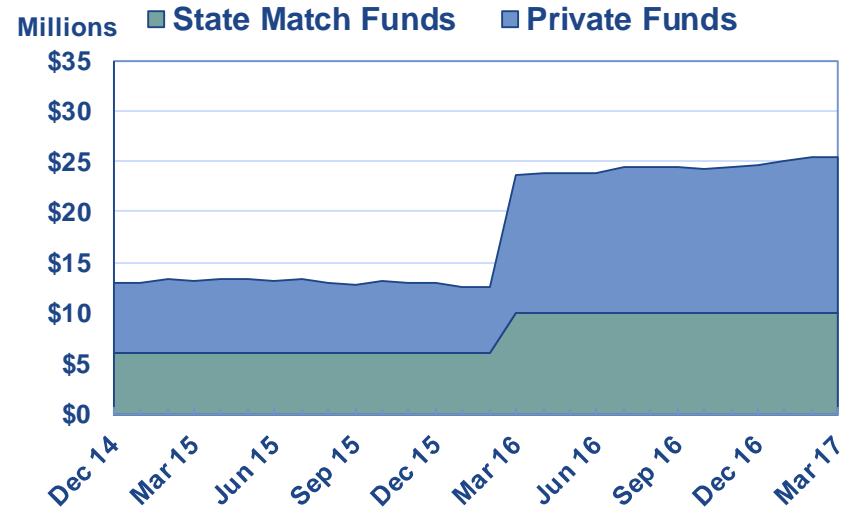
## Endowment Account

- ▣ Total assets: \$25.5 million, as of March 31, 2017
- ▣ 61% private funds and 39% state match funds

### Growth of Scholarship Account Assets



### Growth of Endowment Account Assets







# Market Values and Asset Allocation for Private Funds

March 31, 2017

## Scholarship Account – Private Funds

Market Value \$34,362,313



### Equity

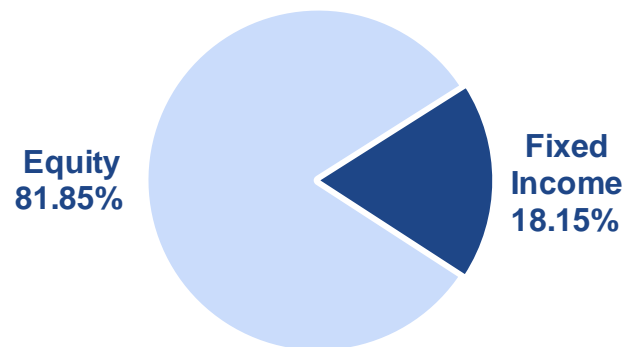
- Passive global equity strategy managed by BlackRock
- Expected to closely track the MSCI All Country World Investable Market Index

### Fixed Income

- Actively managed by WSIB staff
- Expected to meet or exceed the Barclays U.S. Intermediate Credit Index

## Endowment Account – Private Funds

Market Value \$15,455,718





## Market Values and Asset Allocation for State Match Funds

*March 31, 2017*

### Asset Allocation for All State Match Funds

Scholarship Market Value \$15,906,438

Endowment Market Value \$10,039,835



### State Match Funds

- Held 100% in cash
- Both target and current allocations are 100% cash
- Cash is invested in a money market fund managed by BlackRock

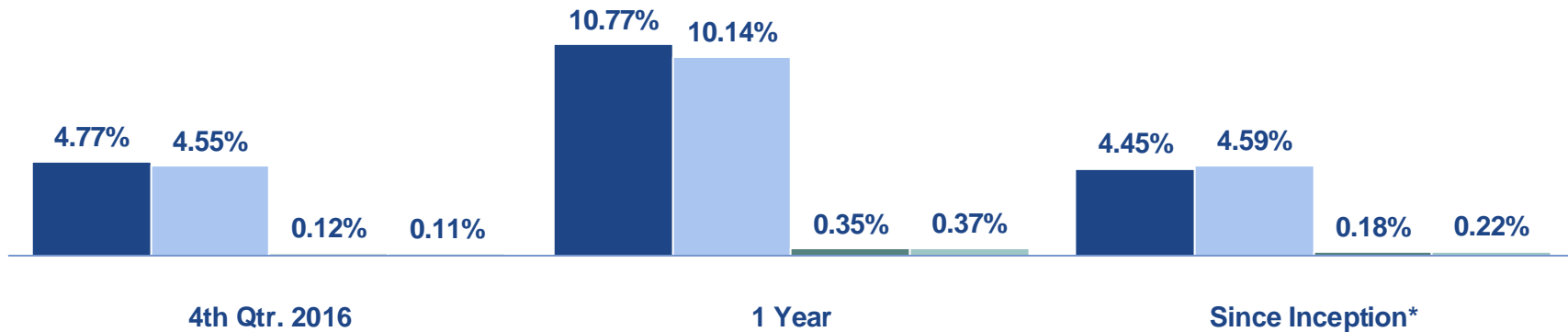


# Fund Performance Updates

March 31, 2017

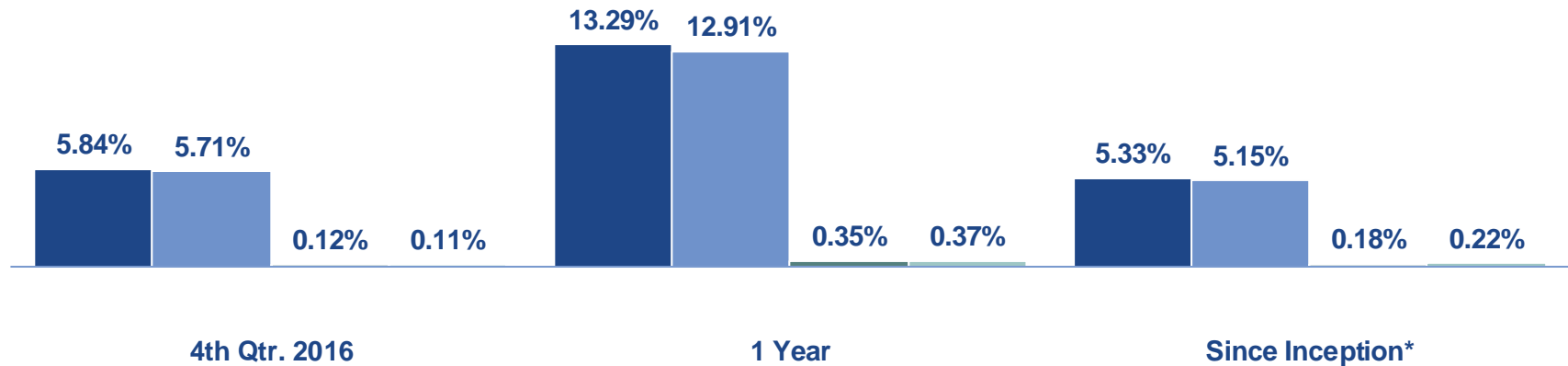
## Private and State Match Scholarship

■ Private ■ Private Benchmark ■ State Match ■ State Match Benchmark



## Private and State Match Endowment

■ Private ■ Private Benchmark ■ State Match ■ State Match Benchmark



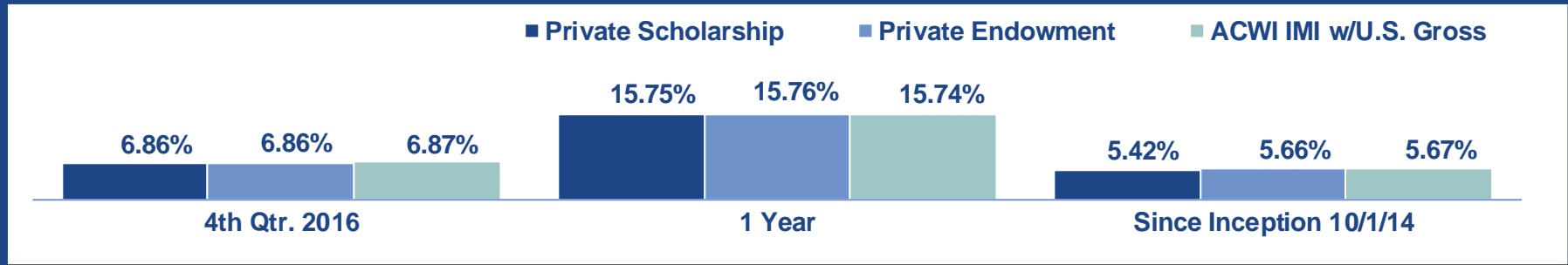
Scholarship Benchmarks: Private 60% MSCI ACWI IMI w/U.S. Gross & 40% Bloomberg Barclays Intermediate Credit, State Match 90 Day T-bill  
Endowment Benchmarks: Private 80% MSCI ACWI IMI w/U.S. Gross & 20% Bloomberg Barclays Intermediate Credit, State Match 90 Day T-bill  
\* Since Inception: Private 10/1/14, State Match 11/25/14



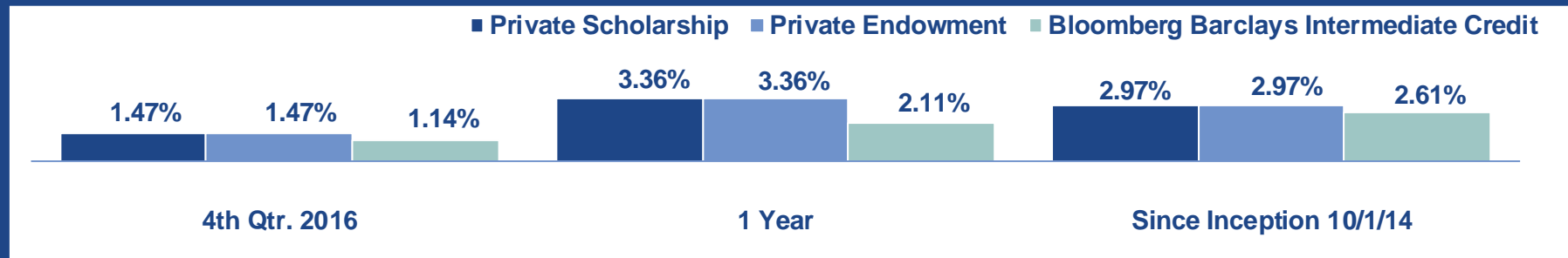
# Fund Performance Updates

March 31, 2017

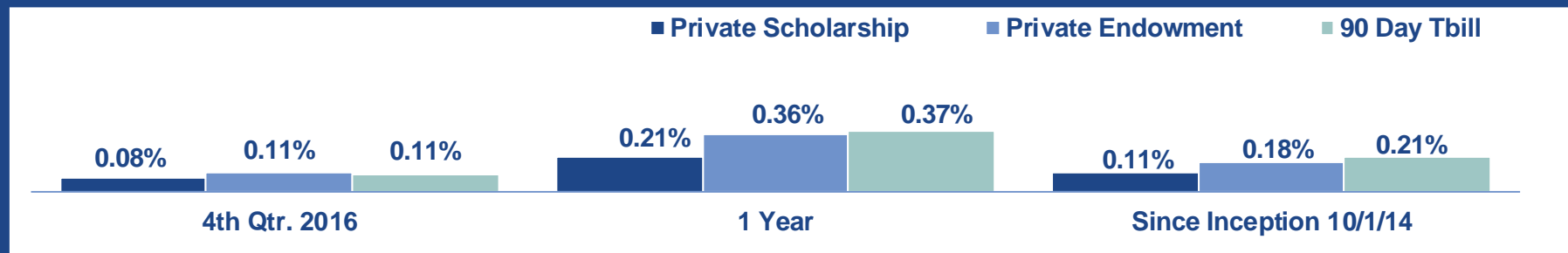
## Equity Returns



## Fixed Income Returns



## Cash Returns



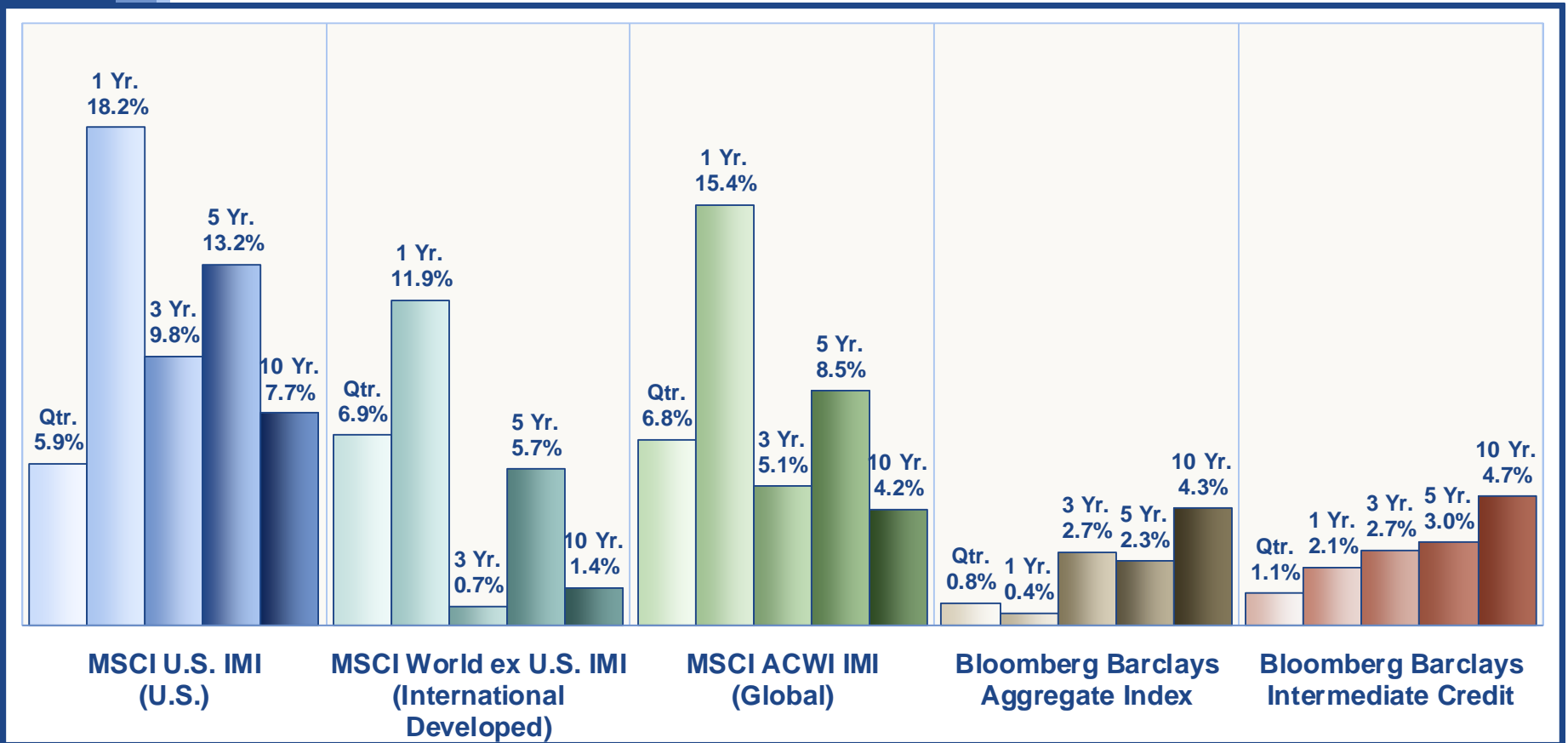
Scholarship Benchmarks: Private 60% MSCI ACWI IMI w/U.S. Gross & 40% Bloomberg Barclays Intermediate Credit, State Match 90 Day T-bill  
 Endowment Benchmarks: Private 80% MSCI ACWI IMI w/U.S. Gross & 20% Bloomberg Barclays Intermediate Credit, State Match 90 Day T-bill  
 \* Since Inception: Private 10/1/14, State Match 11/25/14



# Capital Markets at a Glance

March 31, 2017

- U.S. led world markets; U.S. market happy despite lack of specific policy changes
- International developed markets gripped by uncertainty
- Emerging markets showed surprisingly strong (9%) gains in 2016
- Interest rates increased in 4Q, causing bond prices to fall; credit remains strong





## Contact Information



Web Site: <http://www.sib.wa.gov>



### Address:

2100 Evergreen Park Drive SW

P.O. Box 40916

Olympia, WA 98504-0916

### Phone Number:

(360) 956-4600

## Section 9 – Other Business

### Committee Contact List

**WSOS Finance & Investment Committee**

<u>Name</u>		<u>Company</u>	<u>Email</u>	<u>Phone</u>	
<b>Members</b>					
DeShay	Gould	AltraVue Capital LLC	<a href="mailto:deshaygould@gmail.com">deshaygould@gmail.com</a>	206.830.5988	
Peter	Harvey	Whitman College	<a href="mailto:harvey@whitman.edu">harvey@whitman.edu</a>	206.658.4313	Office
Mack	Hogans, Chair	M.L. Hogans, LLC Consulting Services	<a href="mailto:hmackmack@msn.com">hmackmack@msn.com</a>	425.736.6183	Cell
Carolyn	Kelly	C.S. Kelly LLC	<a href="mailto:ckelly@cskellyllc.com">ckelly@cskellyllc.com</a>		
Gary	Rubens	Rubens Family Foundation	<a href="mailto:garyrubens@gmail.com">garyrubens@gmail.com</a>	206.890.7070	
Elizabeth	Tinkham	Retired	<a href="mailto:liztinkham5@outlook.com">liztinkham5@outlook.com</a>		
George*	Zinn	Microsoft	<a href="mailto:georgez@microsoft.com">georgez@microsoft.com</a>		
*Replacements					
Chad	Becker	Microsoft			
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