

# WASHINGTON STATE OPPORTUNITY SCHOLARSHIP

## BOARD MEETING AGENDA TUESDAY, JANUARY 14, 2020 | 1:00-3:00 P.M. MICROSOFT CAMPUS, BUILDING 34

Conference call dial in #: 425-616-0754 / passcode: 421 891 227#

I.	<b>Meeting Called to Order</b>		<b>Jane Park</b> Board Member	1:00p
II.	<b>Approval of Minutes from October 29, 2019 Meeting</b>	[Tab A]	<b>Jane Park</b> Board Member	1:00-1:05p
III.	<b>Mission Moment: Opportunity Scholar Story</b>		<b>Edwin Antonio</b> Scholar Lead	1:05-1:10p
IV.	<b>Legislative Report 2019</b>	[Tab B]	<b>Steve Walker</b> Awards Admin Director	1:10-1:45p
V.	<b>WSOS Next Steps</b>	[Tab C]	<b>Kimber Connors</b> Executive Director	1:45-2:15p
	» Review of Strategic Priorities – Q&A			
	» Feasibility of \$200M Goal			
	» Requested Board Engagement		<b>Erin Ashley</b> Development Director	
	» <i>Board Action:</i> Approve strategic priorities			
VI.	<b>Program Update</b>	[Tab D]	<b>Kimber Connors</b> Executive Director	2:15-2:25p
	» 2019 in Review			
	» 2020 Goals			
VII.	<b>Proposed 2020 WSOS Budget</b>	[Tab E]	<b>Kimber Connors</b> Executive Director	2:25-2:50p
	» Proposed Budget			
	» Variance Notes 2019 to 2020			
	» <i>Board Action:</i> Approve 2020 budget			
VIII.	<b>Finance &amp; Program Administrator Update</b>	[Tab F]	<b>Mack Hogans</b> Finance & Investment Committee Chair	2:50-3:00p
X.	<b>Closing</b>		<b>Jane Park</b> Board Member	3:00p

### Important Dates

- » **Scholarship Open Period**
  - January 6, 2020 through February 6, 2020
- » **Upcoming Board Meetings - all meetings at Microsoft campus from 1 to 3p**
  - Tuesday, March 3, 2020
  - Wednesday, June 10, 2020
  - Thursday, September 17, 2020
  - Thursday, December 17, 2020

# **Tab A**

**Minutes from the September 29, 2019 Board Meeting**

**&**

**Mission Moment: Opportunity Scholar Story**

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING  
TUESDAY, OCTOBER 29, 2019, 1-3 PM, MICROSOFT CAMPUS**

**MEETING MINUTES**

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) met on October 29, 2019 at the Microsoft headquarters in Redmond, Washington.

Board members: Brad Smith, Miller Adams, Diane Cecchetti, Joelle Denney, Jane Park, Gary Rubens, Jim Sinegal and Mike Wilson; Julie Sandler by phone

Additional attendees: Erin Ashley, Michelle Barreto, Jane Broom, Kimber Connors, Karyl Gregory, Angela Jones, Taejah Jones, Joshua Karas, Keenan Konopaski, Sydney Parms, Casey Radostitz, Yoko Shimomura, Dave Stoller, Jennifer Sulcer, Keith Swenson and Steve Walker; Lianda Abraham, Meg Chambers, Mesa Herman, Jenna Magnotti, Joanna Moznette, Cristal Rangel Peña, Stan Pichinevskiy, Aileen Tubo and Rachel Wyers by phone

**Meeting Called to Order**

Brad Smith called the Board Meeting to order at 1:06 pm.

**Approval of Minutes**

Mike Wilson moved that the minutes of the June 19, 2019 Board Meeting be approved. Joelle Denney seconded the motion, and it carried unanimously.

**Mission Moment: Opportunity Scholar Story**

Kimber Connors, WSOS Executive Director, introduced WSOS Scholar Taejah Jones, a senior at UW Seattle majoring in Public Health with a focus in health education and promotion. Jones shared her deep appreciation for receiving the WSOS scholarship since her freshman year. Because of the strong impact of being mentored as a Scholar, she is now actively engaged as a Scholar Lead supporting a caseload of Scholar mentees. Jones will be applying to graduate school for healthcare administration and is eager to support first generation students as they navigate their way to and through college.

**Baccalaureate Renewal & Program Update**

Steve Walker, WSOS Awards Administration Director, presented highlights of the baccalaureate summer 2019 renewal with 4,897 Scholars awarded and \$6.3M disbursed to date, with another \$10M scheduled. During the renewal process, Walker noted that the BaS Scholars are given a satisfaction survey to assess the impact of our program on their perceived outcomes. Survey results indicate high levels of satisfaction as follows: 93% reported they are more likely to graduate because of WSOS; 93% said they are more likely to earn a degree in STEM or healthcare because of WSOS; 95% stated the financial assistance of WSOS allowed them to attend full-time; and 86% reported working fewer hours because of the financial assistance from WSOS.

Walker reported the goal of the Scholar Lead program to leverage near-peer mentoring to improve persistence outcomes, ensuring academic and social success for first- and second-year Scholars. Results indicate the pilot of the Scholar Lead program has positively impacted retention rates: between the 2017-18 and 2018-19 academic years, 78% of first year Scholars persisted to their second year. After the pilot year of the program, that rate improved to 84% persistence between 2018-19 and 2019-20.

Walker described the goal of the Skills that Shine program which is designed for third- and fourth-year Scholars to leverage industry mentoring to enhance their career readiness skills and network, ensuring a smoother transition from college to career. BaS Scholars who were surveyed for impact and satisfaction reported feeling

more prepared to seek relevant work experience in their field of study and felt they were connected well with career-related opportunities which they would not have found on their own. Survey results for fourth- and fifth-year Scholars were comparable.

Smith suggested that three talking points be compiled from this data which the board can share out. Connors indicated she would send these data points in a follow up email in the next week.

Walker reported that KPIs have been developed for regular reporting related to the impact of program expansion. Regular updates on the KPIs can be expected starting in spring 2020.

### **2019-20 Career & Technical Scholarship Selection**

Walker reported the Career & Technical Scholarship (CTS) is designed for certificates, associate degrees and apprenticeship programs in high-demand STEM, trade and health care fields. CTS recipients receive \$1,500 per quarter plus support services. The CTS application opens three times per year with the goal of selecting 275 students for the fall quarter (now closed), 165 for the winter quarter and 110 for the spring quarter.

Walker reviewed results of the criteria used in the first application cycle for CTS Cohort 1. Walker reported on the CTS recipient profile in terms of education status, age and geography. Smith noted more than one-third of recipients are 30 and older. He posited this suggests CTS has been discovered by people who are already in the workforce seek to advance their education.

Walker indicated CTS Scholars are represented in every Washington community and technical college (all 34 CTCs), in 22 of 39 counties and in 45 of 49 legislative districts. When asked by Joelle Denney how CTS is promoted to ensure cross-state representation, Walker reported it is communicated through high schools, every CTC, workforce development councils, Work Source offices and STEM Network directors. When asked by Jim Sinegal about the population of the 22 counties represented by the CTS Scholars, Walker indicated the counties represented in the eligible applicant pool were the most populous. The counties not represented were also the least populous counties and commented the legislative reporting for WSOS would include community representation per capita for better insight into state-wide representation.

Walker then compared CTS Applicants versus Selects in gender and race/ethnicity. Data was similar for race/ethnicity while fewer women (42% vs. 59%) and more men (46% vs. 33%) were selected versus those who applied. Walker commented this was largely due to the fact that more female applicants were represented in the applicant pool under healthcare while the selection model more heavily preferred applicants in non-health care fields due to over-representation of healthcare applicants.

Walker highlighted the percent of applicants versus selects and compared that data to the percent of job openings for the four major intended programs – IT, Engineering/Manufacturing, Trades and Health Care. The most notable difference was in Health Care which comprised 62% of the applicants, 35% of selects and only 16% of job openings, based on state and regional demand. Walker emphasized this was related to the selection model design which encourages alignment of selects with demand for particular fields while seeking to prevent over-representation.

Walker presented the CTS selection criteria used for the fall application cycle. Given the statutory intent of the program to advance development in high-demand areas, a majority of the presentation focused on the 35% weighting assigned to assessing demand (20% - related to the number of projected job openings) and ROI (15% - projected wages divided by program length). Walker noted representation of any one industry was limited to 2.25x demand to limit over-representation of applicants when the number of applicants with a given interest area far outpaced demand. Data was sourced as follows:  $\frac{3}{4}$  from regional data and  $\frac{1}{4}$  from statewide data.

Walker presented an overview comparison of the CTS fall versus winter applicants. He noted the percentage of applicants already in the workforce increased from 8% to 25% and posited this may be due to the timing of the application (when fewer direct-from-high-school applicants would apply). Industry representation increased

among winter applicants in IT, Engineering/Manufacturing and Trades while industry representation decreased in Health Care.

Jane Park asked if WSOS is communicating options to our Scholars in an effort to promote program variety to under-represented applicants (e.g., males in nursing or females in IT). Walker indicated we are but that we aim to partner with other organization whose work promotes awareness when students are earlier in their K-12 journey than where WSOS promotion begins. Joelle Denney asked how we partner with middle and high school students to promote breaking gender norms. She reflected it might be too late in a CTC or college setting. Diane Cecchettini noted one already proven approach is to sponsor health care camps for high school juniors and seniors.

Walker proposed the CTS selection model for winter and spring cycles for Cohort 1 be identical to the model used for the fall cycle: 45% weighting to intended program and community impact, 25% to GPA and essays which measure resilience, 20% weighting to family income and 10% weighting to first-generation status. In addition, an industry cap of 1.5 – 3 would be determined after finalizing the eligible applicants.

Smith noted CTS is reaching people who are close to CTCs and not the other areas in the state which are most in need of economic development but less easily accessible to CTC campuses. He asked whether there are any CTCs or colleges using distance or remote learning systems. Miller Adams indicated Shoreline Community College draws a lot of automotive students from a distance and the college is considering the possibility of building a residence hall. Adams suggested every CTC have a residence hall for students who live farther away. Mike Wilson stated some programs better lend themselves to a residence hall on campus. Julie Sandler indicated the higher you go on the age chart, the harder it would likely be to move to attend a CTC further away. Denney suggested a mobile learning program could be brought to remote areas of the state.

Park made a motion to approve the CTS selection model (C1 – Winter & Spring Selection) as presented by Walker. Sinegal seconded the motion, and it passed unanimously.

#### **JLARC Preliminary Report Overview**

Keenan Konopaski, Washington State's Legislative Auditor/Joint Legislative Audit & Review Committee (JLARC), reported the Legislature created WSOS and the Opportunity Expansion Programs in 2011 to help make college more affordable and increase bachelor's degrees in high-demand fields. The legislation also directed a JLARC review. JLARC functions as the non-partisan program evaluation unit for the Legislature.

Casey Radostitz, JLARC Research Analyst, reported the overall process for analyzing outcomes for WSOS Scholars. JLARC first defined specific outcome measures by which to evaluate WSOS Scholars. Then they conducted interviews with staff, students, agencies and experts. In addition, they reviewed WSOS administrative and financial processes and records as well as associated literature. They also analyzed five years of state comparative student-level data from multiple sources.

JLARC's Preliminary Report concluded that WSOS complies with the statute and highlighted the following outcomes: Scholars pay less out of pocket expenses, borrow less and are more likely to return to school than their peers, specifically with those returning to school for their second year. JLARC's report noted that WSOS Scholars also receive federal and state grants and scholarships. The Preliminary Report further noted that more WSOS Scholars are employed in Washington one year after graduation, make higher salaries for those who are employed full-time and are more likely to earn middle income wages.

After their comprehensive two-year review, the Legislative Auditor made two recommendations. First, JLARC recommended WSOS develop and implement a plan to coordinate with state agencies to provide additional information in its annual legislative reports. Konopaski acknowledged implementing this recommendation would be within the confines of state and federal privacy laws and did not represent a recommendation that WSOS repeat the in-depth study conducted by the JLARC team on an annual basis. Second, JLARC recommended WSOS include its overall non-scholarship costs in their annual reports.

The proposed final report will become available in December and the full report is accessible on JLARC's website: [www.leg.wa.gov/jlarc](http://www.leg.wa.gov/jlarc).

### **WSOS Next Steps**

Kimber Connors expressed appreciation to the JLARC team for their thorough review process of WSOS over the past two years. She further shared her excitement over the notable, successful outcomes achieved by our WSOS alumni and the continuing impact of WSOS on future Scholars. The Board celebrated the excellent outcomes by clapping.

Connors provided WSOS' response to each of the JLARC recommendations. Recommendation 1: Concur; we understand we will have some follow up work with JLARC in 2020 to build the plan to follow through on this recommendation. Recommendation 2: Concur; we will include the cost of direct services such as the stipend paid to Scholar Leads and all other operating costs in the annual reports Connors stated this recommendation would be fully implemented beginning with the December 1, 2019 report.

Connors then presented a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) highlight summary and identified three strategic priorities – design for scale, build the brand and fund to 2030. In order to fund the program to 2030 with cohort sizes of 1,000 each year in each program, Connors proposed reinvigorated fundraising efforts. Connors reported that, in private dollars, \$92M has been raised for BaS, and WSOS would need to raise another \$75M. To date, \$34M has been raised for the CTS with another \$37M needed.

Connors reported that the total "Series B" fundraising need is \$200M (\$100M private plus the state match). This \$200M would cover scholarship dollars for the BaS and CTS expansion, launch and expansion of the GRD (Advanced Health Care Degree) and cover BaS retention improvement and non-scholarship costs.

Smith recommended fundraising strategies to raise \$100M be developed for discussion. Wilson noted that our support services, such as our mentoring program, have yielded strong positive impacts. In light of that, Wilson asked if any college grant dollars could be given to WSOS based on our proven track record. Cecchetti suggested a feasibility study be conducted for raising \$100M.

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

Connors noted she represented Mack Hogans with the update. She reported WSOS has \$100.5M in net assets and \$5M in pledge receivables. Regarding the ongoing reconciliation, Connors reported that \$1.9M has been collected of the outstanding \$2.8M. By year-end, WSOS anticipates receiving the balance of \$0.9M less around \$100K. Connors further reported that salaries and benefits are slightly over budget because a market analysis was performed which raised salaries. In addition, a bonus was given to the former Executive Director that was not included in the budget plus professional fees were higher due to IT and temp support as well recruiting costs for the new Executive Director. Connors reported that Boeing released their Endowment Account funds to CTS. With the goal of de-risking the investment as it moved from a long-term endowment to a spend-down scholarship, WSIB shifted that money to a new account with the same asset allocation as our baccalaureate scholarship. WSIB is performing a reallocation study to ensure appropriate allocations within the new scholarship account and will report back to the Board with their recommendation in spring 2020.

Connors reported Board action is needed to appoint Brad Faulhaber to the Finance & Investment Committee. Adams made the motion as presented and Cecchetti seconded the motion; it carried unanimously.

Connors introduced Angela Jones, Washington STEM's new CEO, who started August 1<sup>st</sup>. Jones shared her excitement with her new role and highlights of her work experience.

Connors reported that Board action is also needed to delegate contract negotiation authority to the Executive Director for the program administrator renewal. Adams made the motion as presented and Wilson seconded the motion; it carried unanimously.

**OpportunityTalks Overview**

Erin Ashley, WSOS Development Director, reported our 5<sup>th</sup> annual OpportunityTalks fundraising breakfast is one week away. The goal is to raise \$500,000 so it becomes \$1M with the state match. The Challenge Fund match pool allows us to offer a 4:1 match for gifts of \$250 and above. The goal for the Challenge Fund is \$150,000 and, to date, \$123,000 has been received in pledges. Ashley expressed great appreciation for the Board's 100% giving participation again this year. She noted registrations for the breakfast are lagging slightly behind last year and called for the Board to engage their networks.

Smith announced that Jim Sinegal will be cycling off the Board in January 2020 and, since our December meeting has been postponed until January, this is Sinegal's last meeting. Smith expressed sincere gratitude to Sinegal for his ability to cut to the quick and his common sense. Ashley announced that in fall 2020, WSOS will designate eight awardees as Sinegal Opportunity Scholars in honor of Jim's eight years of service on the Board.

The meeting adjourned at 3:05 pm.

Respectfully submitted,

Karyl Gregory

DRAFT

## SCHOLAR SPOTLIGHT

### EDWIN ANTONIO

**Chemical Engineering; Biochemistry**

**University of Washington**

#### ABOUT EDWIN

Edwin is a senior at the University of Washington where he is pursuing degrees in Chemical Engineering and Biochemistry. He has received multiple scholarships, grants and awards including the Washington NASA Space Grant and a research award from the Clean Energy Institute. This year, he is a volunteer coordinator for the UW Chapter of the American Institute of Chemical Engineers as well as a department coordinator with COPE Health Scholars where he oversees students assisting in basic medical care in the Oncology and HIV Departments at the Seattle Swedish Medical Center. He is also an undergraduate research assistant in the Pozzo research group within the Chemical Engineering Department where he is researching innovations involving ultrasound contrast agents. This year, he is a Scholar Lead with WSOS, mentoring a caseload of first- and second-year students pursuing majors in engineering.

#### IN HIS OWN WORDS

“Not only did the Washington State Opportunity Scholarship help immensely with funds, but it provided me with an outlet to help others by allowing me to mentor other undergraduate students through the WSOS Scholar Lead Program. Being a Lead allows me to make meaningful connections with students and help them have a successful and worthwhile experience at UW. My plans after graduation include entering industry, in what field I am not entirely sure of, but I know I would prefer there to be some form of data science involved. Somewhere down the line, I would like to further my education by attending medical school.”



# **Tab B**

**Legislative Report 2019**

# GOAL

- Share and answer questions about:
  - New additions
  - Top-level highlights

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# NEW ADDITIONS IN 2019

- CTS data
- JLARC findings
- Operational expenses

# TOP-LEVEL HIGHLIGHTS

- **Geography:** We serve the entire state
- **Economy:** We fill the jobs the state needs most
- **Impact:** We transform the lives of our scholars







WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

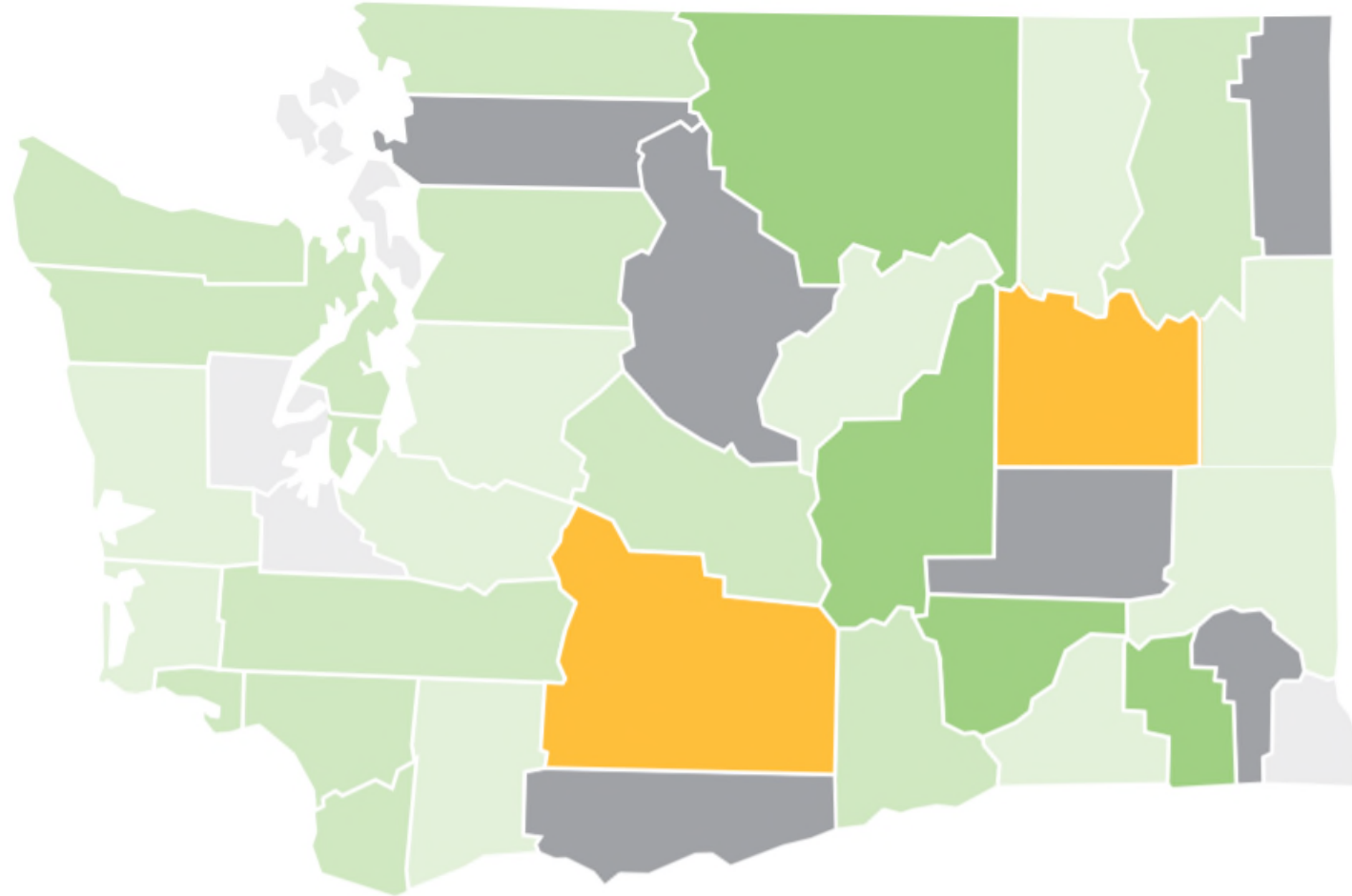
# GEOGRAPHY

We serve the entire state

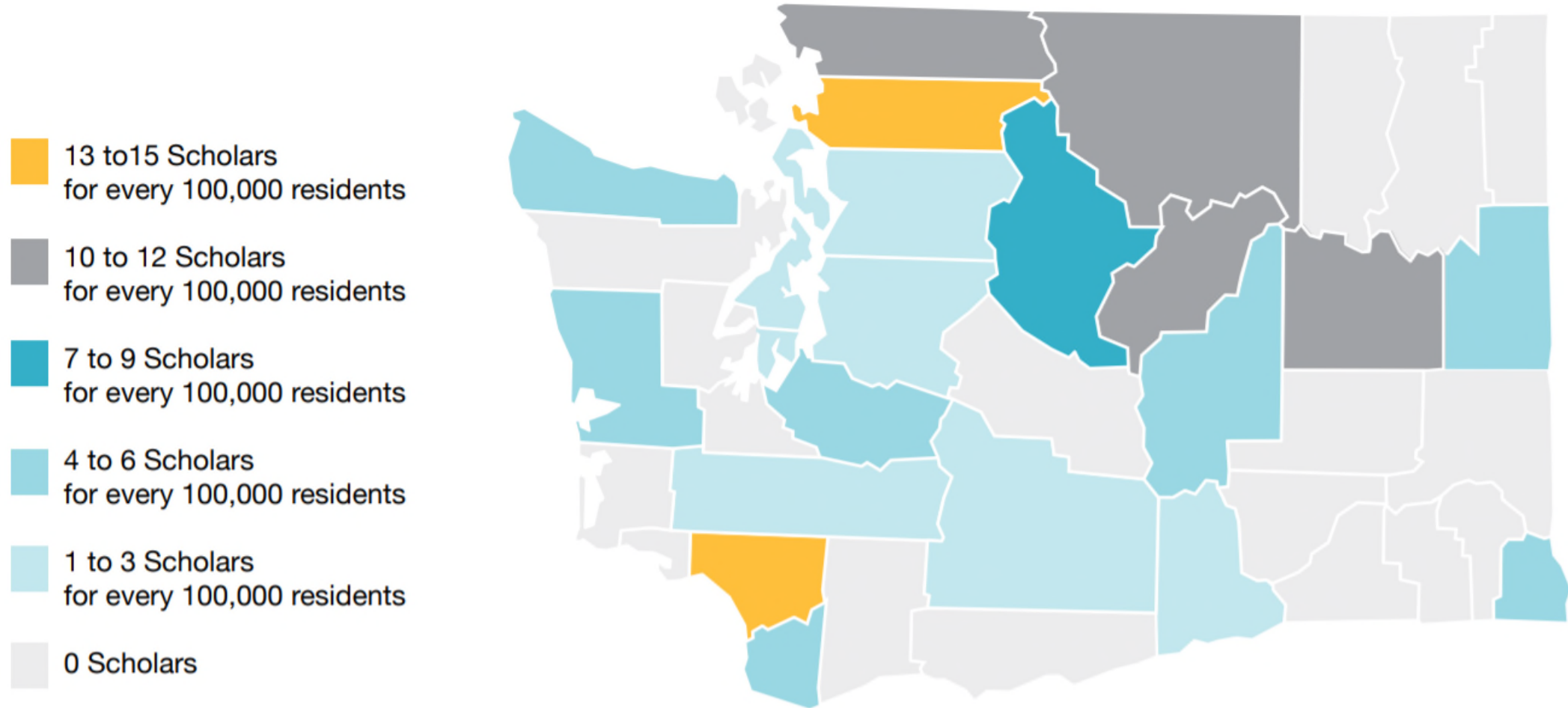
WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# SCHOLARS PER CAPITA: BaS

-  More than 300 Scholars for every 100,000 residents
-  251 to 300 Scholars for every 100,000 residents
-  201 to 250 Scholars for every 100,000 residents
-  151 to 200 Scholars for every 100,000 residents
-  101 to 150 Scholars for every 100,000 residents
-  51 to 100 Scholars for every 100,000 residents

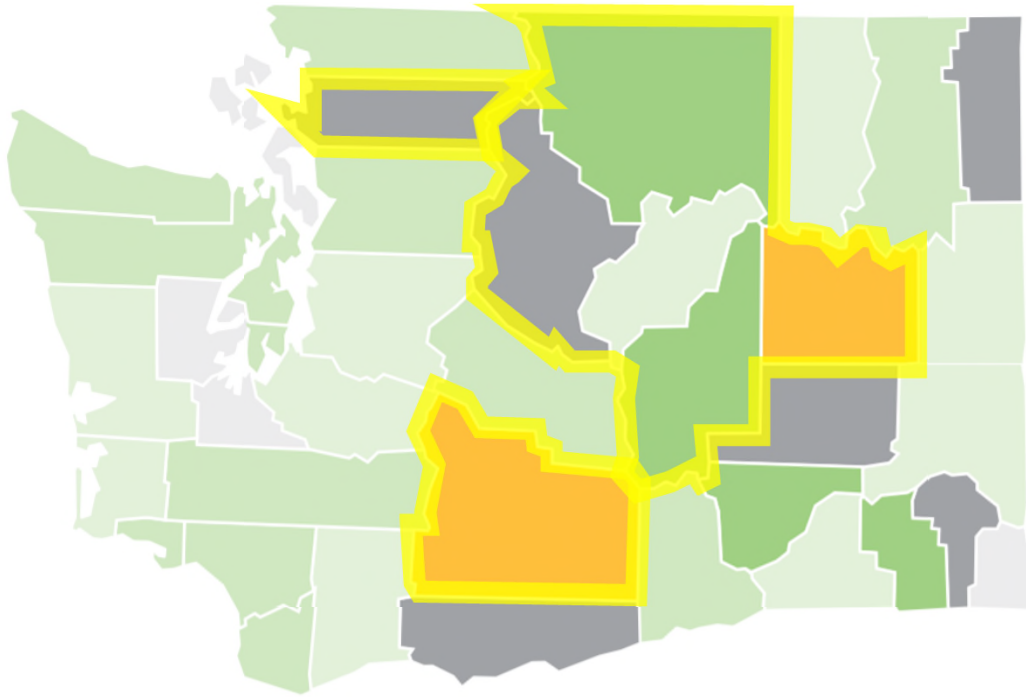


# SCHOLARS PER CAPITA: CTS

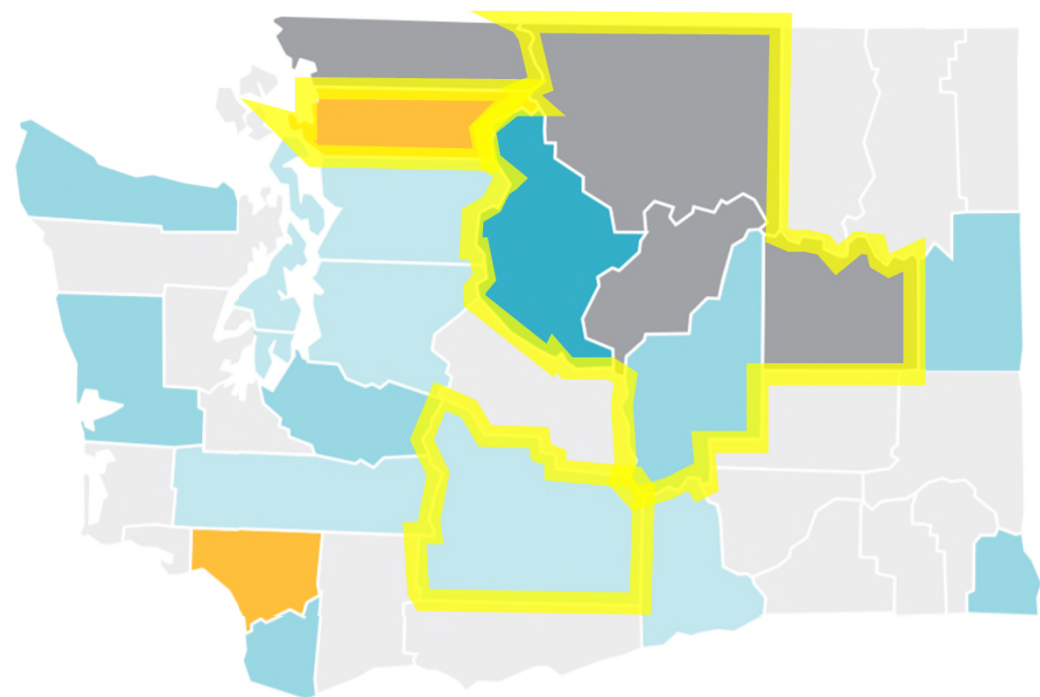


# SCHOLARS PER CAPITA

## Baccalaureate



## Career and Technical





# ECONOMY

We fill the jobs the state needs most

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# CTS INDUSTRY REPRESENTATION

Intended Program	Percent of Applicants	Percent of Selects	Percent of Job Openings
Engineering / Manufacturing	11%	13%	15%
Health Care	56%	34%	16%
Information Technology	15%	26%	22%
Trades	15%	25%	42%

# BaS INDUSTRY REPRESENTATION

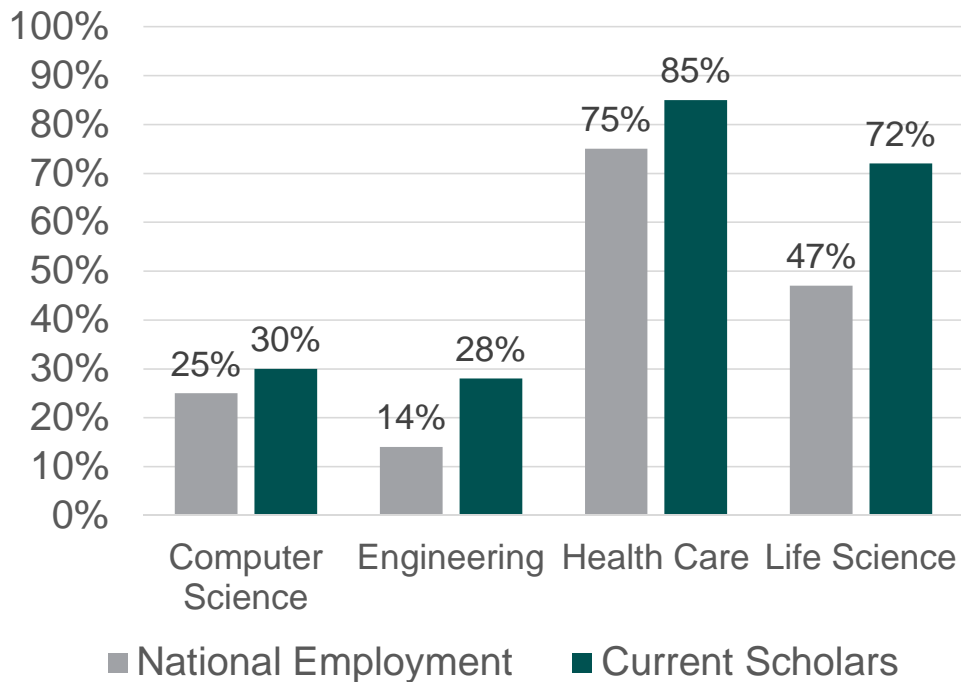
Intended Program	Percent of Applicants	Percent of Selects	Percent of Degrees Earned	Percent of Job Openings
Biology and Biomedical Sciences	20%	18%	19%	15%
Engineering	21%	23%	20%	13%
Health Care	30%	29%	16%	27%
Information and Computer Sciences	11%	14%	10%	32%

## BaS INDUSTRY REPRESENTATION: C8

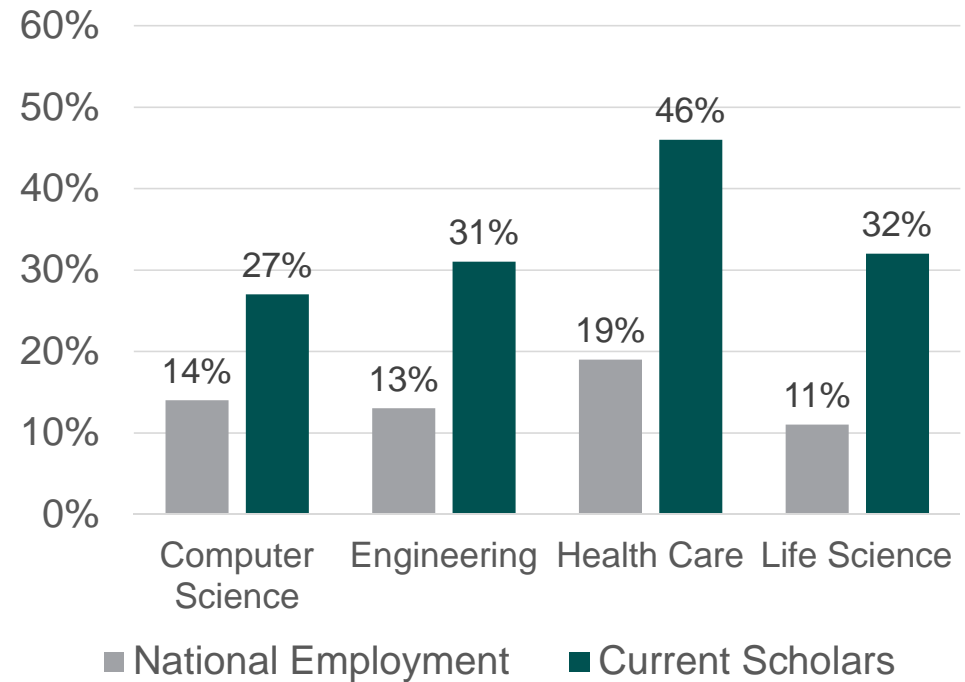
Intended Program	Percent of Applicants	Percent of Selects	Percent of Job Openings
Biology and Biomedical Sciences	22%	21%	15%
Engineering	20%	29%	13%
Health Care	25%	19%	27%
Information and Computer Sciences	12%	16%	32%

# BaS INDUSTRY REPRESENTATION

## % Women by Industry



## % Black or Latinx by Industry



Representation in the 2016 STEM workforce by industry as calculated [January 2018 by Pew Research](#)

# IMPACT

We transform the lives of our Scholars

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# WSOS IMPACT: OUR SCHOLARS

In college

**2x**

**more likely to  
graduate**

in 4 years

1 year after college

**Earn**

**\$8K**

**more than  
their peers**

5 years after college

**Earn**

**2x**

**more than  
their family**

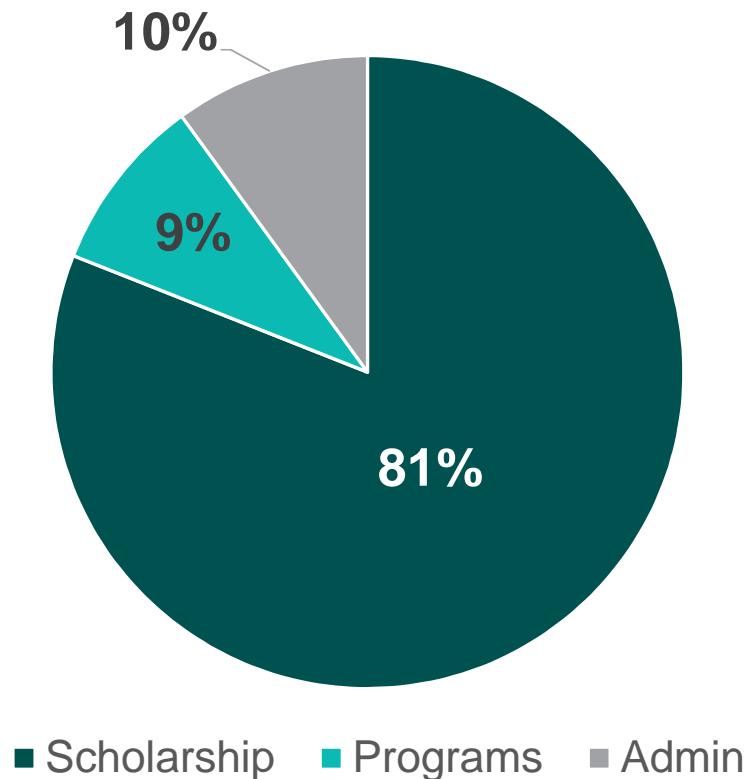
# OPERATIONAL EXPENSES

What it takes to make this impact

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP



# OPERATIONAL EXPENSES: 11/1/18-10/31/19



- **Scholarship** includes direct scholarship disbursements (\$15m)
- **Programs** includes Awards, Success, Placement and Programs (\$1.7m)
- **Admin** includes Development and Management/General (\$2m)

# TOP-LEVEL HIGHLIGHTS

- **Geography:** We serve the entire state
- **Economy:** We fill the jobs the state needs most
- **Impact:** We transform the lives of our Scholars

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# **Tab C**

## **WSOS Next Steps**

# STRATEGIC PRIORITIES

## Design for Scale.

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

## Build the Brand.

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

## Fund to 2030.

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



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# STRATEGIC PRIORITIES – Q&A

**Design for Scale.**

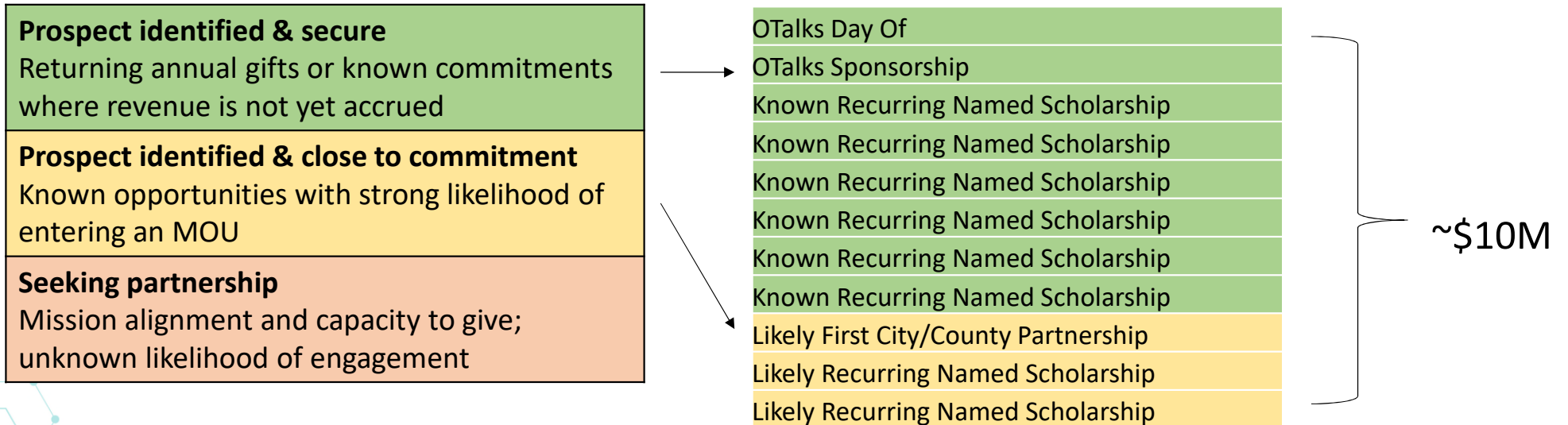
**Build the Brand.**

**Fund to 2030.**



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# FEASIBILITY OF \$200M GOAL



+Assume \$5M in interest earnings

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

FLOOR

CEILING

CONFIDENCE RATING

# FEASIBILITY OF \$200M GOAL

Giving Amount	Donor Type	Amount to Be Raised	# of Donors Needed
\$15M+	Cornerstone Partners	\$45M	2 to 3
\$5M to \$14.9M	Major Gifts – Level 2	\$20M	3 to 4
\$500K to \$4.9M	Major Gifts – Level 1	\$15M	4 to 8
\$50K to \$499K	Mid-Level Gifts	\$5M	10 to 20
<\$50K	Individual/Small Corporate or Foundation Gifts	N/A – included in \$10M estimate	Many

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# FEASIBILITY OF \$200M GOAL

Actively seeking partnership  
Mission alignment and capacity to give;  
unknown likelihood of engagement

~\$85M in Pledges Over Time

Pledge Year (Accrual)	2020	2021	2022	2023	2024	2025	TOTAL
Cornerstone (\$15M+)	\$-	\$-	\$15M	\$15M	\$15M	\$-	\$45M
Major Gifts – Level 2	\$-	\$-M	\$5M	\$5M	\$5M	\$5M	\$20M
Major Gifts – Level 1	\$1M	\$2M	\$3M	\$3M	\$3M	\$3M	\$15M
Mid-Level Gifts	\$500K	\$500K	\$500K	\$1M	\$1M	\$1.5M	\$5M



# REQUESTED BOARD ENGAGEMENT

- **Bios & Contact Information**
  - Update your individualized document (print or email to Karyl)
- **Term Renewals and Succession Planning**
- **Committees**
  - Finance & Investment Committee
  - *New:* Strategic Vision Committee
- **Networks**
  - Building connections



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# REQUESTED BOARD ACTION

- Vote to formally adopt strategic priorities and approve fundraising goals.

# **Tab D**

## **Program Update**

# Celebrating 2019 - Programming

- **Launched Career & Technical Scholarship**
  - Created of new scholarship accounts & processes with WSIB, WSAC and WA STEM
  - Released Boeing endowment funds to support
- **Refined Scholar Lead Program in Year 2**
  - Strong pilot success in improving retention year one to year two
  - Refined supports to be more online, accessible and impactful
- **Revamped Skills that Shine Program**
  - Transitioned to a brand-new curriculum platform
  - Primed to grow to from 250 to 1,200 mentor-mentee pairs in 2020



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# Celebrating 2019 - Operations

- **Cleared JLARC Audit**
  - Clear, strong program impacts & low operating costs at 7%
  - Concur with two recommendations
- **Hosted 5<sup>th</sup> Annual OpportunityTalks 2019**
  - Met \$1M fundraising goal
  - Consistent attendance
- **Designed new legislative report**
  - Design incorporates JLARC recommendations & CTS
- **Transitioned leadership**
  - ED hired (7/19); new DD hired (11/19)



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# 2020 Goals - Programming

- **Grow Career & Technical Scholarship**
  - Secure additional investments
  - Launch support services
- **Scale Skills that Shine Program**
  - Primed to grow from 250 to 1,200 mentor-mentee pairs in 2020
- **Pilot Industry Insider Program**
  - Initial design phases launched
  - Design delivery system for opportunities and grow industry engagement



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# 2020 Goals - Operations

- **Secure cornerstone partner for GRD (advanced health care)**
  - Program design to be presented to the Board at March meeting
- **Secure cornerstone partner for Rural Jobs**
  - Sub-program of CTS; seeking launch for fall 2020
- **Expand office capacity.**
  - Sublet available on second floor of current space
- **Access \$500K implementation dollars**
  - Budget proviso language has been included in Governor's budget



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

## PROGRAM UPDATE | JANUARY 2020

### INTRODUCTION

Since the October 2019 Washington State Opportunity Scholarship (WSOS) Board meeting, the WSOS team has been busy! We hired an amazing new Deputy Director, selected the winter cohort of CTS recipients, hosted the fifth annual OpportunityTalks breakfast, published the 2019 Legislative Report and prepped to launch the application for Cohort 9 of the Baccalaureate Scholarship. Select updates related to program activities are below. Additionally, this document contains an external affairs overview of legislative priorities and social media coverage as well as information on the upcoming fundraising efforts for 2020.

### AWARDS ADMINISTRATION

The Awards team closed the fall by apply the selection model approved by the Board to welcome 165 new CTS recipients from a pool of 600 eligible applicants. These Scholars have a median family income of \$8,080 and represent 31 of 34 colleges, 26 of 39 counties and 45 of 49 legislative districts. The top 5 colleges of attendance are Spokane, Seattle Central, Centralia, Clark and Yakima Valley. The table below shows how the proportion of Scholars selected (% of Selects) compares to the share of job openings across the state (% of Job Openings).

Industry	% of Eligible Applicants	% of Selects	% of Job Openings
Computer Science	18%	33%	22%
Engineering / Manufacturing	12%	10%	15%
Trade	17%	25%	42%
Health Care	52%	28%	16%

In November, the External Affairs and Awards teams partnered to produce the 2019 Legislative Report. This report includes an overview of all Baccalaureate cohorts as well as a detailed profile of the newest Baccalaureate cohort and the fall 2019 Career and Technical Scholarship cohort. It also summarizes the key results of the recent JLARC report on WSOS. The full report is available on the Outcomes page of the WSOS website.

Over the last two weeks, the Awards team opened the 2020 Baccalaureate Scholarship application and the spring CTS application. The team is focused on promoting these scholarships to students, families, high schools, colleges and community-based organizations, while also preparing to review and process the applications for selection.

So far in the 2019-20 academic year, 4,806 Baccalaureate Scholars have received \$10,259,549 and 419 Career and Technical Scholars have received \$955,280.

### SCHOLAR SUPPORT SERVICES

#### SCHOLAR SUCCESS – NEAR-PEER MENTORING

Since the start of the 2019-20 academic year, Scholar Leads have delivered two of five planned workshops targeting the 2,900 mentees in the Scholar Lead program. Each workshop is designed to support the academic success of our first- and second-year Scholars, increasing the likelihood they will



persist from year one to year two and from year two to year three. Our workshop model is a change from last year's execution as we seek to build community for our scholars on campus. Early learnings indicate Scholars desire greater scheduling flexibility to participate in workshops.

As of the start of the current semester/quarter, we have retained 95% of the Scholar Leads hired to support the program at the beginning of the year. We continue to evaluate our hiring and retention efforts, in addition to the impact of our programmatic elements on Scholars and will use those learnings to optimize future iterations.

#### **CAREER AND TECHNICAL SCHOLARSHIP**

With the implementation of the Career and Technical Scholarship (CTS), there is a need to differentiate our Success programming to align with the needs of the CTS Scholar demographic. For one, CTS programs vary in length. Further, CTS recipients on average are older, have been disconnected from school for varying lengths of times and typically have different life experiences than students in BaS cohorts. We know we will need to function differently to serve them.

WSOS seeks the approval of the Board to hire two CTS Success advisors to support western and eastern WA, respectively. CTS Advisors will: 1) research, identify and compile available school and community resources; 2) facilitate connections between Scholars and existing resources; and 3) assist Scholars in accessing campus career planning services to ensure employment after graduation.

#### **SCHOLAR PLACEMENT – INDUSTRY MENTORSHIP AND ENGAGEMENT**

220 Scholars in their third year of the program are participating in the Skills that Shine (StS) industry mentoring program this year. 97% of the enrolled Scholars met the first milestone, submitting a tailored resume and cover letter by December 1. Mentorship pairs will continue to advance Scholars' networking skills and explore career resources this spring.

This fall, we also piloted the Industry Insider program. This program seeks to provide priority access for Opportunity Scholars to valuable career offerings in their field. We have secured commitments from 10 employers to date, including USAFacts, Seattle Genetics and Avalara, to provide preferential access to career opportunities exclusive to Opportunity Scholars. We continue to work to scale this program to better connect Scholars to internships and full-time employment opportunities.

In the coming months, mentor recruitment efforts will be accelerated to meet the needs of up to 1,700 StS mentees in fall 2020. In addition, industry volunteers are being solicited to assist with the review of application essays submitted to both the Baccalaureate and Career and Technical Scholarships. We invite Board members to engage in our career-readiness efforts as an essay reviewer or by partaking in our closing, networking event with StS Scholars (see event details below):

- Our second annual essay review work party will be held **February 11, 2020**, from 5-7 p.m. at Coterie Worklounge. Invitations to register as an essay reviewer and attend this event were sent out in early January.
- Our annual Skills that Shine networking event is slated for **April 14, 2020**, at 415 Westlake. Formal invitation forthcoming.

## DEVELOPMENT UPDATE

### **OPPORTUNITYTALKS BREAKFAST 2019**

The 5<sup>th</sup> annual OpportunityTalks Breakfast took place on November 6, 2019, at the Sheraton Grand Seattle hotel. The event was another fundraising success with over 800 attendees representing a broad cross section of STEM and health care industry leaders, philanthropists, education partners and elected officials. Keynote speaker Adam Grant was very well received as was Scholar speaker Mariam Mayanja, a UW Seattle junior pursuing a degree in Computer Science. A new video showcased the Scholar speakers of the last four years, showing where they are in their careers and their appreciation for WSOS supports. The breakfast also marked the official introduction of Kimber Connors as WSOS' new executive director.

We raised just over \$1M through corporate sponsorships and foundation grants, the Challenge Fund match pool, individual and day-of giving and the state match. The Challenge Fund allowed us to once again offer a 4:1 match for gifts of \$250 and above. Thanks again to every Board member for contributing to this important fund pre-event. We had 100% Board giving participation again in 2019!

### **OPPORTUNITYTALKS BREAKFAST 2020**

Save the date for the 6<sup>th</sup> annual OpportunityTalks Breakfast on **Wednesday, November 12, 2020**. This year's presidential election falls on Tuesday, November 3 and given the potential for donor distraction, WSOS will host our event nine days later. We want our partners to be fully focused and engaged when they join us for breakfast. With this date determined well in advance, we are in a strong position to secure an outstanding keynote presenter and Scholar speakers. The theme is "2020 Vision".

### **NAMED SCHOLARSHIPS**

At the close of 2019, WSOS received confirmation of our largest, single named scholarship contribution to date: BECU Foundation committed \$162,500 in support of five Baccalaureate Opportunity Scholarships and five Career and Technical Scholarships. With the state match doubling this investment, 20 BECU Foundation Opportunity Scholars will be selected this year.

In addition to BECU Foundation, WSOS has named scholarships sponsored by Battelle, Hanson Consulting Group, the Castner family, Kaiser Permanente, Celgene Corporation and Juno Therapeutics. Additionally, two scholarships have been named in honor of service: five baccalaureate Opportunity Scholars in 2019 for Naria Santa Lucia and this year we'll name eight in honor of Jim Sinegal.

As we create and execute on the first year of a five-year fundraising strategy for WSOS, the Development department is excited to request the Board approve the proposed budget which includes the addition of two new staff members in 2020: a Major Gifts Officer to support large donations of \$500,000 and above and a Development Officer to support grant writing, donor research and prospecting, and to grow the named scholarship program. With four state matches available for the Opportunity Scholarships (baccalaureate, career and technical, advanced health care and rural jobs initiative), we are eager to engage new funders to maximize taxpayer investment. Additionally, our department looks forward to continuing to develop, acknowledge and renew existing funders.

In 2020, Board members will see the addition of a Connections List prepared in advance of each of our quarterly meetings. This will highlight companies and individuals with which we'd like help making contact. We greatly appreciate Board members opening their networks and assisting staff with introductions in support of our Scholars.

## **EXTERNAL AFFAIRS UPDATE**

### **2020 LEGISLATIVE SESSION**

Our top priority for the 2020 legislative session is a statutory fix to allow us access to \$500,000 appropriated to WSOS for use in implementing House Bill 1452 in 2018. The language needed to make the fix was included in the Governor's budget in December 2019, and we will work with legislators in both chambers to ensure the language is included in the final budget.

In addition, we will continue working with legislators to lay the groundwork for a potential reconsideration of state residency requirements for veterans and their families who are interested in pursuing an Opportunity Scholarship in 2021. We want to ensure we can meet the needs of this unique population and enable future veteran applicants to pursue an education and high-demand career in Washington following military service.

In addition, we will be working with the legislators who championed the Rural Jobs program and the Native American matching opportunity in order to see those programs are implemented in a way that works for the communities we serve and to match legislative intent.

### **TRIBAL, COUNTY AND MUNICIPAL PARTNER UPDATE**

We continue to pursue partnerships with municipal and tribal communities and will ramp up this work in 2020. To date, conversations are ongoing with the City of Seattle, City of Bremerton and the City of Spokane. Both the City of Seattle and City of Spokane have included exploration of a municipal match program in their current budgets. We've also met with the Sauk-Suiattle and Squaxin Island Tribes as well as the Yakima Nation. Several other municipalities have expressed initial interest to learn more in early 2020.

Collateral as well as contractual documentation will be finalized in the coming weeks and used to promote and secure partnerships. The goal is to reach out strategically to municipal, county and tribal partners around the state in early 2020 to promote in order to secure funding in budgets this fall.

### **STAFFING UPDATE**

The External Affairs team is grateful to the Board for considering the expansion of the team in 2020. Additional staff will handle marketing and communications which will free up the capacity necessary to handle a growing body of government relations work (including the municipal, county and tribal partnerships) in 2020.

With a staff of four, External Affairs will have more capacity to better tell our story in three areas: data visualizations, social media and earned media outside of the Seattle and Spokane regions – including regional and national news. New staff will also be vital in our ability to expand our brand, website, collateral and communications to new scholarship programs coming online. We can better manage and respond to the needs of our multi-faced audiences through segmented communications and more thoughtful alignment to our mission and the needs of the state.

### **MEDIA COVERAGE**

Media coverage this fall including promotion of WSOS via the ongoing FAFSA/WASFA completion campaign in Washington as well as in the Puget Sound business Journal's recognition of Board Chair Brad Smith as 2019 Executive of the Year.

Coverage summary:

- Labyrinth of opportunities: Seeking financial help for education | Kitsap Daily News, December 12
- How Microsoft's Brad Smith became the conscience of an industry | PSBG, December 13

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

**SOCAL MEDIA COVERAGE (OCTOBER TO DECEMBER)**

**TWITTER**

- Number of impressions: 35,500
- New followers: +20

**Top Tweet:**

Our top tweet was a shout out to OpportunityTalks sponsor RealNetworks.

**Top media Tweet** earned 1,133 impressions

Shout out to **#OpportunityTalks2019**  
partner **@RealNetworks** for the BIG check!  
Together we are breaking down barriers for  
**#OpportunityScholars**. See you on  
November 6! [pic.twitter.com/hDO63MHJUx](http://pic.twitter.com/hDO63MHJUx)



↻ 1   ♥ 4

[View Tweet activity](#)

[View all Tweet activity](#)

# WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

## FACEBOOK


- 3,827 page likes

### Top Post:

Our most engaging post was related to preparing for OpportunityTalks.

 **Washington State Opportunity Scholarship**  
Published by Jessica Monger [?] · November 5, 2019 · 🌐

Just the finishing touches left before our big day! Can't wait to see hundreds of change makers, investors, supporters and #OpportunityScholars fill the ballroom at #OpportunityTalks2019! Thank you to partners like Kaiser-Permanente Healthcare for making our morning of impact a reality!



**720** People Reached

---

**24** Reactions, Comments & Shares ⓘ

<b>18</b> Like	<b>18</b> On Post	<b>0</b> On Shares
<b>4</b> Love	<b>4</b> On Post	<b>0</b> On Shares
<b>2</b> Comments	<b>2</b> On Post	<b>0</b> On Shares
<b>0</b> Shares	<b>0</b> On Post	<b>0</b> On Shares

**39** Post Clicks

<b>15</b> Photo Views	<b>0</b> Link Clicks ⓘ	<b>24</b> Other Clicks ⓘ
--------------------------	---------------------------	-----------------------------

---

**NEGATIVE FEEDBACK**

<b>0</b> Hide Post	<b>0</b> Hide All Posts
<b>0</b> Report as Spam	<b>0</b> Unlike Page

Reported stats may be delayed from what appears on posts

# **Tab E**

## **Proposed 2020 WSOS Budget**

# STRATEGIC PRIORITIES

## Design for Scale.

- Transition staff resources to GRD design & fundraising
- Hire two CTS advisors to launch CTS services for ~1,000 participants by fall 2020

## Build the Brand.

- Transition staff resources to advocacy work (in-state and out-of-state) to focus on tribal/county/municipal fundraising, protecting state-level investment
- Expand External Affairs team by two FTE to improve branding and marketing work

## Fund to 2030.

- Hire Major Gifts Officer plus a Development Officer to support reinvigorated fundraising efforts
- Secure first funders for GRD, Rural Jobs (passed in spring 2017) to protect state-level support



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# PROPOSED 2020 WSOS BUDGET

	2018 Budget	2019 Budget	2020 Budget	2019 to 2020 Variance
<b>TOTAL REVENUES</b>	<b>3,960</b>	<b>24,817</b>	<b>6,277</b>	
<b>TOTAL SCHOLARSHIP EXPENSE</b>	<b>24,071</b>	<b>24,339</b>	<b>10,998</b>	
<b>TOTAL NON-SCHOLARSHIP EXPENSES</b>	<b>3,082</b>	<b>3,404</b>	<b>4,202</b>	<b>798</b>
SCHOLAR LEAD STIPENDS	189	360	360	0
SALARIES, TAXES, BENEFITS	1,922	1,895	2,490	595
PROGRAM ADMIN FEE (WA STEM)	419	514	530	16
ALL OTHER OPERATING COSTS	552	636	821	185

*2019 Projected Revenues exclude \$500K in CTS implementation dollars*

WASHINGTON STATE  
**OPPORTUNITY**  
 SCHOLARSHIP



# VARIANCE NOTES

- **Revenue changes over time:**

- Comprised of event, investment income, private gifts and state match
- Fell below revenue goals for 2019 significantly (decision made to release Boeing funds rather than seek CTS cornerstone partnership; Rubens Family Fdn restructured gift)
- Fundraising to ramp up in 2020 but new hires likely not onboarded until April; strategy/relationship building in 2020 with revenue generation not likely to hit until 2021
- *Note:* New delay in state match revenue receipt

- **Scholarship expense decrease:**

- Budgeted 2019: \$25M; actuals closer to \$16M (scholarship modeling update)
- \$11M in 2020 due largely to reduction in cohort post-Rubens Family Foundation cohort size increases

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# VARIANCE NOTES

- **Operating costs increases due to:**

- **Salaries, benefits, taxes up approx. \$595K**

- Key drivers: 6 new FTE, 1.6% COLA for all staff

- 2 CTS Advisors (\$160K)

- *Launch CTS services for approx. 1,000 CTS recipients*

- 2 Communications Officer positions (\$169K)

- *No growth in this dept. since 2016; will enable launch of tribal/county/municipal work & launch of new social and traditional media campaigns*

- 2 Development roles (\$223K)

- *Take ownership of growing fundraising strategy – Major Gifts Officer & Development Officer roles*

- **Other operating expenses up approx. \$185K**

- Expansion of office space in 2020 (currently in 2,000 square feet with 17 employees)

- Expenses related to new hires (computers, desks, travel, etc.)

- Lobbying costs (2019 budget does not reflect actual spending)

- **Administrative fee up approx. \$16K**

- Contract negotiation likely leaves admin fee largely unchanged; slight increase due to coverage of CTS



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# REQUESTED BOARD ACTION

- Vote to approve WSOS 2020 Budget.

# **Tab F**

## **Finance & Program Administrator Update**

## Agenda

### **WSOS Investment & Finance Committee Meeting** *January 8, 2020 | 2:00 pm - 3:00 pm*

Washington STEM, 210 S Hudson Street, Seattle, WA 98134  
or  
Call-in: 800-582-3014 – PIN: 13389906

- |    |   |           |          |
|----|---|-----------|----------|
| 1. | <b>Call to Order &amp; Introductions</b>                                | Mack H    | (5 min)  |
| 2. | <b>Approval of October 22, 2019 Minutes</b>                             | Mack H.   |          |
| 3. | <b>Program Administrator Report</b>                                     | Matt P.   | (15 min) |
| 4. | <b>WSIB Quarterly Performance Report</b>                                | Chris P.  | (15 min) |
| 5. | <b>WSIB Asset Allocation Update</b>                                     | Chris H.  | (5 min)  |
| 6. | <b>Program Update</b>   | Kimber C. | (15 min) |
|    | ➤ <b>Action:</b> <i>Vote to recommend WSOS Board adopt 2020 budget.</i> |           |          |
| 7. | <b>Executive Session</b>  | Mack H.   | (5 min)  |

#### **UPCOMING MEETINGS:**

Tuesday, February 25, 2020 at 2-3 pm  
Tuesday, June 2, 2020 at 2-3 pm  
Tuesday, September 8, 2020 at 2-3 pm  
Tuesday, December 8, 2020 at 2-3 pm

## **Section 2**

Approval of October 22, 2019 Minutes

**FINANCE & INVESTMENT COMMITTEE MEETING MINUTES |  
TUESDAY, OCTOBER 22, 2019**

**Members present:** Mack Hogans (Committee Chair); Beau Damon, DeShay Gould, Manish Jain, Carolyn Kelly and Bob Moser by phone

**Other participants:** Kimber Connors (WSOS Executive Director), Karyl Gregory (WSOS), Chris Hanak (WSIB), Chris Phillips (WSIB), Blair Peterson (Washington STEM), Matt Poth (Washington STEM) and Yoko Shimomura (Washington STEM)

Mack Hogans called the meeting of the Washington State Opportunity Scholarship (WSOS) Finance and Investment Committee to order at 2:05 pm and conducted a roll call with self-introduction of all participants and noted a quorum was present.

Hogans reported that Beau Damon is retiring from Microsoft and will continue serving on this committee. Damon shared that he will remain involved in the investment management space via some committee and consulting work. Brad Faulhaber, also from Microsoft, has been dialing into our committee meetings with Damon over the past few years. It would provide a smooth transition for Faulhaber to join the committee with his passion for investments and markets.

Bob Moser moved that the F&I committee formally recommend Faulhaber be elected a member of the committee. Carolyn Kelly seconded the motion and it carried unanimously. Kimber Connors indicated that the WSOS Board will vote on Faulhaber's appointment at their next board meeting.

With great enthusiasm, Hogans introduced Connors as the newly selected Executive Director of WSOS. He reported that he and Yoko Shimomura were part of the search committee. Connors expressed her gratitude and shared her excitement with this new role.

**Approval of Minutes from June 12, 2019 Finance and Investment Committee**

Kelly made a motion to approve the minutes of the June 12, 2019 meeting. Damon seconded the motion, and it carried unanimously.

**Program Administrator Report**

Matt Poth, Director of Finance at Washington STEM, presented financial statements through 6/30/19. Total Assets: \$127.9 million. This is a 2% increase from 4/30/19 due to investment gains in both Scholarship and Endowment accounts with total unrealized gains during the first six months of \$7.96M. Poth reported receipt of \$3M in state match funds through the beginning of the year. Total liabilities: \$27.39M. This represents a 13% decrease since YE 2018 due to the \$4M baccalaureate scholarship disbursements during the first six months.

Yields Total Net Assets: \$100.5M, or a 12% increase from YE 2018. Poth noted that the two net assets of Boeing's \$12.5M from releasing their contribution to the Endowment Fund plus the state match funds are now recorded in the Temporarily Restricted Net Assets.

Pledge Receivables include the \$6.15M Rubens Family Foundation as of 6/30/2019, of which \$1.15M was paid in early July (in support of CTS) leaving \$5M to be paid out (\$2.5M in 2020 and \$2.5M in 2021) in support of WSOS baccalaureate scholarships.

Poth also reported on the ongoing reconciliation of funds from when the College Success Foundation served as the program administrator for WSOS. Of the original \$2.8M outstanding, \$1.9M has been collected as of 9/30/19. The majority of the remaining \$0.9M is expected to be received by YE 2019. Any

amounts for which no supporting documentation is available will be less than the original 10% allowance of \$280K and will likely be under \$100K.

The private revenue budget for the first six months of year was \$3.1M, with \$2.5M in CTS and \$600K in the baccalaureate scholarship based on the 2019 Budget Plan. Actual results to this point are much lower. A meeting will be scheduled with Connors in mid-November to get an update on the revenue plan for both scholarship programs.

Salaries and Benefits are slightly over YTD, with salary bumps and the Executive Director bonus a bit higher than the 2018 accrual. It is likely by year end that the actual personnel costs will be right on par with the budget due to some vacancies on staff. It will depend, however, on the timing of the new Deputy Director hire and the level of bonus payouts.

Professional Fees were slightly over budget because of I.T. and Temp support as well as the recruiting costs for the new Executive Director.

The new Career & Technical Scholarship (CTS) account is in the process of being created for private investments and a new CTS account was opened in KeyBanc for public dollars. A true-up will be done between accounts in the coming months. It may be worthwhile to engage in a future committee discussion regarding the management of treasury functions now that WSOS has multiple scholarship programs with investment accounts to support them with different asset allocations.

WSOS investments as of 6/30/19: Scholarship Account is \$85.1M (includes investments held at WSIB and KeyBanc, but excludes cash held in primary checking account and money market at time of reporting). 87.1% is from private funds and 12.9% is from state match funds. 72.9% is in fixed income, 22% is equity and 5% is cash. Endowment Account is \$30.3M (all held at WSIB) with 57.2% from private funds and 42.8% from state match funds. 47.1% is equity, 10.1% is fixed income and 42.8% is cash.

Both recommended that the Investment Policy be updated to reflect title changes as provided in the pre-read materials. DeShay Gould made a motion to this effect. Kelly seconded the motion and it carried unanimously.

### **WSIB Report**

Chris Phillips, WSIB's Director of Institutional Relations and Public Affairs, introduced Chris Hanak from their Risk Management and Asset Allocation team. Hanak will tag-team on WSIB's work with WSOS.

Phillips provided a performance review of WSOS funds invested through June 30, 2019. The Scholarship Account totals \$74.2M while the Endowment Account totals \$30.3M.

Private funds in the Scholarship Account are up 3.02% in the first quarter and up 5.43% for the one-year period ending June 30. Private funds in the Endowment Account are up 3.38% and up 5.52% for the same one-year period.

Moser asked a question regarding the higher one-year Equity (6.61%) and Fixed Income (8.48%) performance compared to the lower performing private funds in the Scholarship (5.43%) and Endowment (5.52%) Accounts. Phillips will analyze this further, coordinate with Connors and Connors will send a follow up email to the committee in the next two weeks.

Phillips reported on the bond fund characteristics and top ten issuers. Unofficial returns for the third quarter show continued strong growth despite some volatility.

### **WSIB CTS Scholarship Account Process**

Hanak reported that with Boeing's release of their gift held in the Endowment Account for redirected use toward the College & Technical Scholarship (CTS), the timeline of setting up new CTS accounts is underway. In the interim, the risk allocation of the CTS will be temporarily adjusted to match the baccalaureate scholarship account.



It was suggested that a further discussion and a possible vote on the risk allocation be completed at our next committee meeting on December 11<sup>th</sup> with the goal of sending the decision onward to WSIB to be discussed at their two-day board meeting on December 12-13. Consideration was given as to whether this committee or the WSOS Board should approve the risk allocation before it goes to the WSIB Board. Connors indicated that Dave Stolier from the Attorney General's Office recommends the WSOS Board vote on this since our committee meetings are not public but our board meetings are. Given that status, it would be better if the WSOS Board gave their approval.

Damon noted that the two scholarships accounts are very similar on the liability side and he predicts the allocation will be similar.

### **Program Update**

Connors thanked Hanak for his assistance with de-risking the funds. Connors then reported on the launch of the new Career & Technical Scholarship and its first award to students. The process looks different from the baccalaureate scholarship because CTS Scholars are accepted at three different times during the year. Support services will become available in 2020. A total of 5,500 students will be accepted through 2029.

For the early part of the baccalaureate program, WSOS was operating on a spend-down plan from large, upfront gifts from four major donors. Over the next five years, the goal is to increase cohort sizes of both scholarships to 1,000 per year. WSOS will be talking to the Board about a new development strategy which will ramp up in 2020.

There was a change to WSOS statute last spring which allows matching funds to be accessed by county, municipal and tribal donors. As these new revenue sources become real, WSOS will be able to fund more Scholars and extend the life of the program. To date, conversations have been held with five to six tribes who are considering a lower investment level. Four cities are seriously considering their investment which is more likely to materialize in 2021 than 2020. Conversations have also been held with county agencies to see if the partnership would work with the restrictions of the dollars they would receive. There is less traction here. Tribal funds would be treated as private funds whereas county and municipal would be treated as public funds. WSOS also has the opportunity to start an advanced healthcare program for graduate healthcare degree programs.

Connors reported conversations have begun with Washington STEM regarding the renewal of our contract in June 2020. An RFP is only needed if substantive changes are made to the scope of work. Shimomura stated their board is in full support of renewing the contract. Angela Jones, Washington STEM's new CEO, is also in full support of renewing the contract. Connors indicated a vote for the renewal of the contract will be held by the WSOS Board during the upcoming Board meeting.

Hogans reported the WSOS Board meeting will be held next week, and Connors will present the committee report on his behalf since he will be unable to attend.

### **Executive Session**

The Committee went into Executive Session at 2:57 pm.

The meeting adjourned at 3:03 pm.

Respectfully submitted,  
Karyl Gregory

## **Section 3**

### Program Administrator Report

# FINANCE & PROGRAM ADMINISTRATOR UPDATE

September 30, 2019

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# WSOS Balance Sheet

Comparative Balance Sheets  
September 30, 2019

	Comparison to Last Reported Period			Notes	Comparison to Same Period LFY		
	6/30/19	% Change	9/30/19		9/30/18	% Change	9/30/19
<b>Assets</b>							
Cash	4,283,017	-59%	1,772,710	1	4,919,677	-64%	1,772,710
Investments	115,460,475	0%	115,582,518	2	111,178,014	4%	115,582,518
Accounts Receivable	59,320	-73%	16,114		63,270	-75%	16,114
Pledges and Grants Receivable, net	6,153,505	-18%	5,019,245	3	9,500,000	-47%	5,019,245
State match receivable, net	1,792,103	-57%	764,320	4	6,110,986		764,320
Prepaid Expenses	96,737	23%	118,812		109,498	9%	118,812
Property and equipment, net	37,236	-8%	34,341		40,371	-15%	34,341
<b>Total Assets</b>	<b>127,882,393</b>	<b>-4%</b>	<b>123,308,060</b>		<b>131,921,816</b>		<b>123,308,060</b>
<b>Liabilities and Net Assets</b>							
Accounts Payable	76,610	-16%	64,628		66,465	-3%	64,628
Payroll Related Liabilities	66,245	9%	72,433		63,309	14%	72,433
Scholarship Commitments Bacc., net	27,243,627	36%	36,991,599	5	41,531,784	-11%	36,991,599
Scholarship Commitments CTS, net	-	100%	1,357,281	5	-		1,357,281
<b>Total Liabilities</b>	<b>27,386,482</b>	<b>41%</b>	<b>38,485,941</b>		<b>41,661,558</b>	<b>-8%</b>	<b>38,485,941</b>
<b>Net Assets</b>							
Temporarily Restricted Net Assets	100,495,911	-16%	84,822,119		65,260,258	30%	84,822,119
Permanently Restricted Net Assets	-	0%	-		25,000,000	-100%	-
<b>Total Net Assets</b>	<b>100,495,911</b>	<b>-16%</b>	<b>84,822,119</b>		<b>90,260,258</b>	<b>-6%</b>	<b>84,822,119</b>
<b>Total Liabilities and Net Assets</b>	<b>127,882,393</b>	<b>-4%</b>	<b>123,308,060</b>		<b>131,921,816</b>	<b>-7%</b>	<b>123,308,060</b>

# WSOS Balance Sheet

## Notes:

1. Decrease in cash June to September largely due to net Scholarship disbursements of \$6.47M. These were offset by WSAC match of \$2.35M as well as \$1.3M of cash from donors (primarily Rubens Family Foundation pledge payment of \$1.17M).
2. Investments balance as of 9/30/19 includes WSIB Scholarship \$77.4M, WSIB Endowment \$30.5M and KeyBank Capital \$7.7M. The KeyBank investment account (public dollars) provides cash needs first in order to fund scholarship demands.
3. Pledges and Grants Receivable, net, decreased largely due to payment by Rubens Family Foundation pledge payment of \$1.17M. Balance includes Gary Rubens' pledge of \$5M, corporate \$16.5K, and other individuals of \$2.5K.
4. WSAC matched \$2.35M between July and September. This was made up of match on 2019 private receipts of \$2.1M and resubmission from FY16 of \$238K. Remaining accrual comprised of \$147K for Aug/Sep private receipts with the remaining balance related to resubmission.
5. In August we recorded adjustments to our scholarship liabilities for the Baccalaureate and CTS programs of \$15.9M and \$1.77M, respectively. These increases were offset by disbursements between August and September for the Baccalaureate and CTS programs of \$6.14M and \$414K, respectively.

# WSOS Income Statement

## Actual vs. Budget

Nine Months Ending September, 2019

	Nine Months Ending September, 2019			December 31, 2019	
	Actual	Budget	Variance Fav (Unfav)	Notes	Annual Budget
<b>Revenue</b>					
Private	358,128	4,650,000	(4,291,872)	1	6,200,000
Public	4,900,457	5,600,000	(699,543)	2	15,700,000
Investment Income	9,321,563	2,187,900	7,133,663	3	2,917,200
<b>Total Revenue</b>	<b>14,580,148</b>	<b>12,437,900</b>	<b>2,142,248</b>		<b>24,817,200</b>
<b>Program Expense</b>					
Salaries and Benefits	1,342,303	1,280,606	(61,697)	4	1,898,633
Professional Fees - Program Admin fees	385,155	385,155	-		513,540
Professional Fees - Contractors & Lobbying	295,117	359,375	64,258		523,500
Conferences, Conventions & Meetings	77,756	81,880	4,124		233,045
Operating Expenses	204,638	170,267	(34,371)	5	239,800
	<b>2,304,968</b>	<b>2,277,283</b>	<b>(27,685)</b>		<b>3,408,518</b>
<b>Income (Loss) before Scholarship Exp</b>	<b>12,275,179</b>	<b>10,160,617</b>	<b>2,114,563</b>		<b>21,408,682</b>
<b>Scholarship Expense</b>	<b>16,857,812</b>	<b>24,509,506</b>	<b>7,651,694</b>	6	<b>24,338,506</b>
<b>Net Income (Loss)</b>	<b>(4,582,633)</b>	<b>(14,348,889)</b>	<b>9,766,257</b>		<b>(2,929,824)</b>

# WSOS Income Statement

## Notes:

1. Revenue Private: The 2019 Budget included \$1.2MM for 4-year scholarship and \$5MM for CTS/Pathways, divided evenly by quarter throughout the year. New revenues between July and September OTalks Sponsorships of \$129.5K (Costco, Sinegal Foundation, Boeing, et al).
2. Revenue Public: State Match revenues accrued based on \$1.32M of private contributions received between July and September, including \$1.17M Rubens Family Foundation payment.
3. Investment income: Actual YTD includes unrealized+realized gains of \$8.92M, interest & dividend income of \$433K and investment expense of \$45K. Budget does not include forecasting unrealized/realized gains & losses.
4. Salaries and benefits; Slightly over as CEO bonus paid in 2019 for 2018 was higher than 2018 accrual. Also, salary increases occurred.
5. Operating Expenses-Actual expenses over budget with primary driver being printing costs, which was under budgeted in 2019.
6. Scholarship expense for CY 2019 was recorded in August. Budget was prepared based on prior Scholarship model, which has since been revised to be more accurate using average historical pay rate date. This led to a larger liability, and therefore, larger expense represented in the budget. Scholarship expense will increase in Q4 for CTS Scholar additions in December.

# WSOS Cash Flow

## Cash Flow Summary

Inception-To-Date  
September 30, 2019

### CASH FLOW

#### Cash Inflow:

Boeing	12,610,000	12,500,000		25,110,000
Microsoft	35,000,000	-		35,000,000
Other Private	33,082,355	-	1	33,082,355
State	79,732,860	12,500,000	2	92,232,860
Investment Income*	13,198,928	5,463,183	3	18,662,111
<b>Total Cash Inflows</b>	<b>173,624,143</b>	<b>30,463,183</b>		<b>204,087,326</b>

#### Cash Outflow:

Scholarships	(70,188,860)	-	4	(70,188,860)
Program Expenses	(16,537,425)	(5,812)		(16,543,237)
<b>Total Cash Outflows</b>	<b>(86,726,285)</b>	<b>(5,812)</b>		<b>(86,732,097)</b>

#### Net Cash Flow Inception-To-Date

**86,897,858**      **30,457,371**      **117,355,229**

### Composition of Net Cash Flow

KeyBank Checking Account	1,772,710	-	5	1,772,710
Investment Accounts at WSIB and KeyBank	85,125,148	30,457,371		115,582,519
<b>Total</b>	<b>86,897,858</b>	<b>30,457,371</b>		<b>117,355,229</b>

\* Includes unrealized gains and losses.



# WSOS Cash Flow

## Notes:

1. Cash Inflow: Other Private - \$1.3M received on cash basis between July and September (primarily Rubens Family Foundation pledge payment).
2. State - Received \$2.35M from WSAC between July and September.
3. Investment Income - Includes net unrealized gains from inception of \$11.3M (Scholarship: \$7.7M & Endowment: \$3.6M). July-September 2019 the total unreal gain is \$1.02M, YTD Unrealized Gain of \$8.9M.
4. Scholarship disbursements were \$6.55M (\$6.14M Baccalaureate & \$414K CTS) between July and September 2019. Scholarship refunds during this time totaled \$81.5K.
5. WSOS KeyBank Account - Excess private dollars received after Rubens payment in July were invested in WSIB and excess state match dollars were invested with KeyBank.

**Washington State Opportunity Scholarship (WSOS)  
Statement of Cash Flows  
2019**

\*Note: State Match to WSAC reflected in A/R, net once invoice submitted.

	2019 Jul	2019 Aug	2019 Sep	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 YTD
<b>OPERATING ACTIVITIES</b>								
Change in net assets	1,360,354	(17,602,914)	568,768	4,960,712	6,130,448	(15,673,792)	-	(4,582,632)
Adjustments to reconcile change in net assets to net cash used by operating activities-								
Add: Depreciation & Amortization	964	965	965	2,754	2,871	2,894	-	8,519
Add: Loss (Subtract: Gain) on disposal of fixed assets	-	-	-	-	-	-	-	-
Add: Loss (Subtract: Gain) on realized/unrealized investments	(382,511)	(255,191)	(572,345)	(5,287,491)	(2,845,522)	(1,210,047)	-	(9,343,060)
Add: Accretion of prepaid loan fees	-	-	-	-	-	-	-	-
Add: Loss on extinguishment of debt	-	-	-	-	-	-	-	-
Changes to balance sheet accounts:								
Accounts receivable, net	34,002	11,988	(2,784)	11,496	(24,628)	43,206	-	30,074
Prepaid expenses & other assets	(23,711)	7,474	(5,838)	(79,888)	12,563	(22,075)	-	(89,400)
Pledges receivable	1,151,007	(6,837)	(9,910)	8,881	3,381,038	1,134,260	-	4,524,179
State match receivable	(239,380)	-	1,267,163	(84,624)	1,252,626	1,027,783	-	2,195,785
Accounts payable	(9,271)	10,469	(13,180)	(4,052)	(9,467)	(11,982)	-	(25,501)
Scholarship commitments	-	11,314,800	(209,546)	(3,914,189)	(45,219)	11,105,254	-	7,145,846
Accrued expenses and other	138	7,119	(1,069)	(54,028)	(33,782)	6,188	-	(81,622)
Net Cash (used) provided by operations	1,891,592	(6,512,127)	1,022,224	(4,440,429)	7,820,928	(3,598,311)	-	(217,812)
<b>INVESTING ACTIVITIES</b>								
Purchases of property & equipment	-	-	-	(1,628)	(1,161)	-	-	(2,789)
Proceeds from sale of property & equipment	-	-	-	-	-	-	-	-
Proceeds from sale of investments	-	3,200,000	-	4,521,497	101,107	3,200,000	-	7,822,604
Purchases of investments	-	(2,111,996)	-	(937,816)	(4,635,790)	(2,111,996)	-	(7,685,602)
Proceeds from sale of subsidiary	-	-	-	-	-	-	-	-
Other investing activities	-	-	-	-	-	-	-	-
Net Cash (used) by investing activities	-	1,088,004	-	3,582,053	(4,535,844)	1,088,004	-	134,213
<b>FINANCING ACTIVITIES</b>								
Cash contributions and pledges collected for endowment purposes	-	-	-	-	-	-	-	-
Payments on capital leases	-	-	-	-	-	-	-	-
Net Cash (used) provided by financing activities	-	-	-	-	-	-	-	-
Cash Flow	1,891,592	(5,424,123)	1,022,224	(858,376)	3,285,084	(2,510,307)	-	(83,599)
Cash at Beginning of Period	4,283,017	6,174,609	750,486	1,856,309	997,933	4,283,017	1,772,710	1,856,309
Cash at End of Period	6,174,609	750,486	1,772,710	997,933	4,283,017	1,772,710	1,772,710	1,772,710

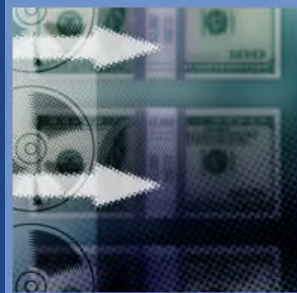
## **Section 4**

### WSIB Quarterly Performance Report



**Washington State  
Investment Board**

**WSOS Finance and Investment Committee  
Performance Review 3Q19  
January 8, 2020**



**Chris Phillips  
Director of Institutional Relations**



# WSOS Scholarship/Endowment Funds – Growth of Assets

September 30, 2019



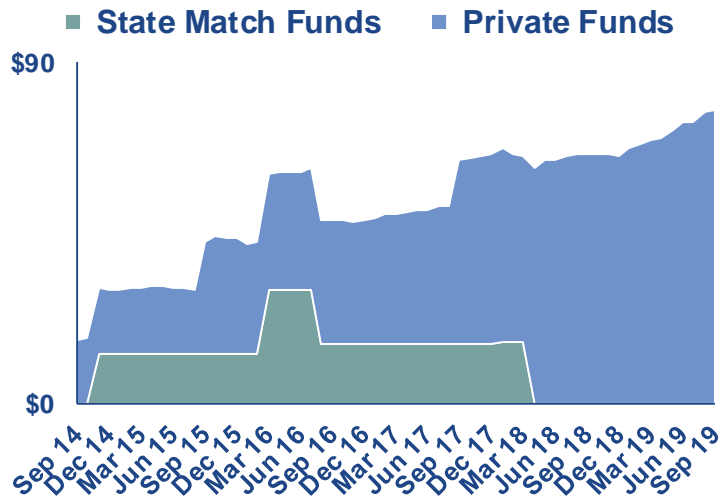
## Scholarship Account

- Total assets: \$77.4 million
- 100% private funds

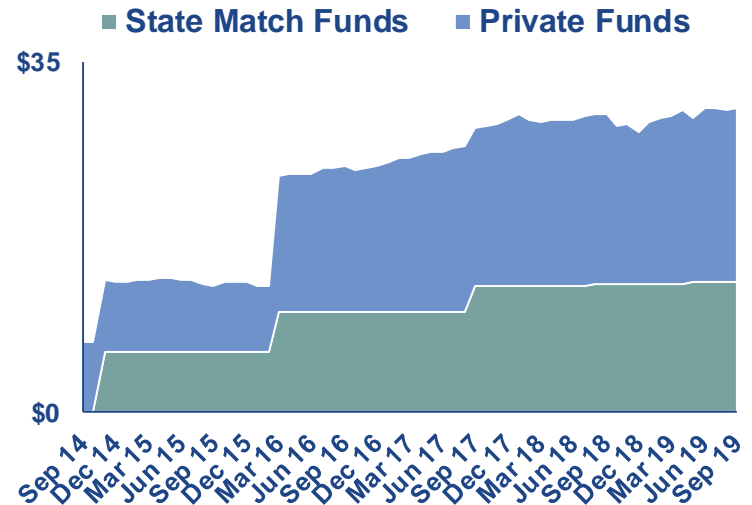
## Endowment Account

- Total assets: \$30.5 million
- 57% private funds and 43% state match funds

### Growth of Scholarship Assets



### Growth of Endowment Assets





# Market Values and Asset Allocation for Private Funds

September 30, 2019

## Equity

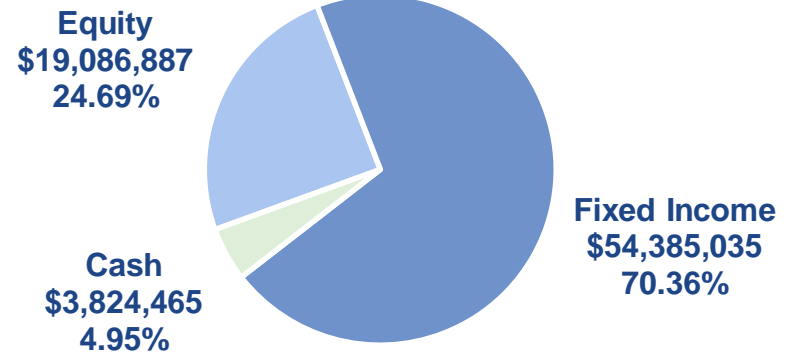
- Passive equity strategy managed by BlackRock
- Expected to closely track the MSCI All Country World Investable Market Index

## Fixed Income

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

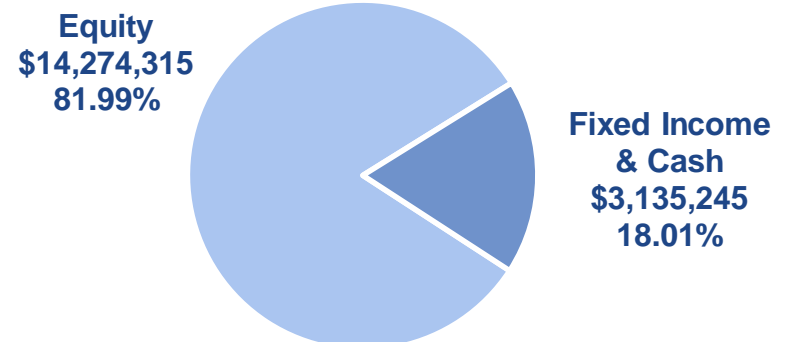
## Scholarship Account – Private Funds

Market Value \$77,296,388



## Endowment Account – Private Funds

Market Value \$17,409,560





# Market Values and Asset Allocation for Private Funds

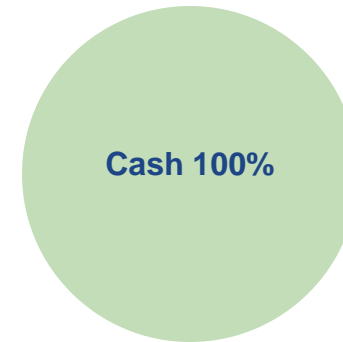
*September 30, 2019*

## State Match Funds

Scholarship Market Value	\$85,373
Endowment Market Value	\$13,047,811

- ▣ Allocations for state funds are 100% cash
- ▣ Cash is invested in a money market fund managed by BlackRock

## Asset Allocation for All State Match Funds

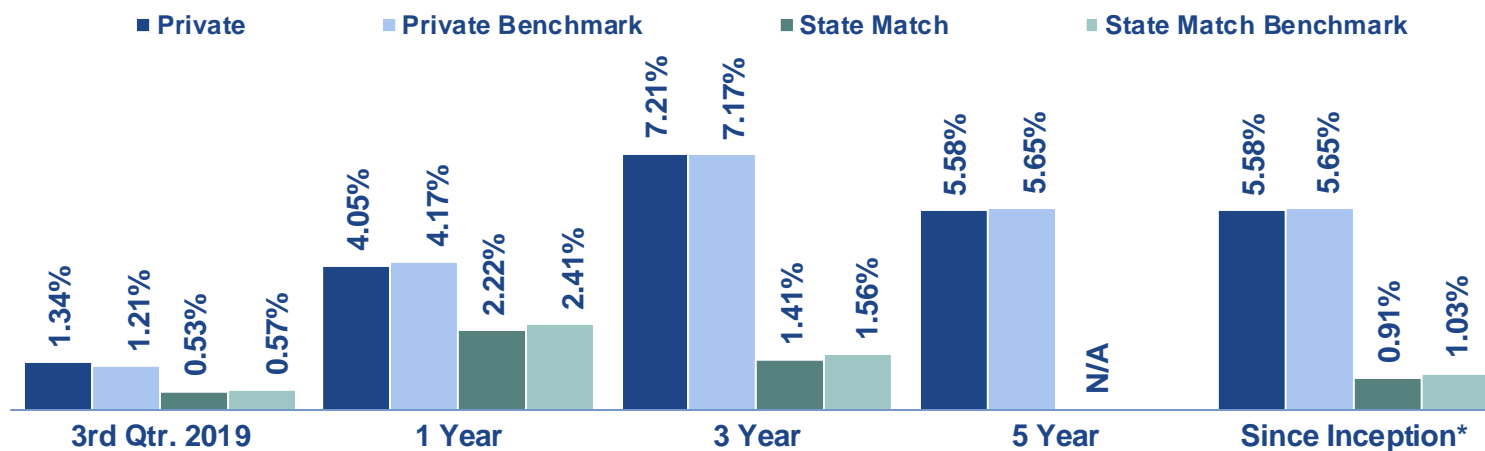




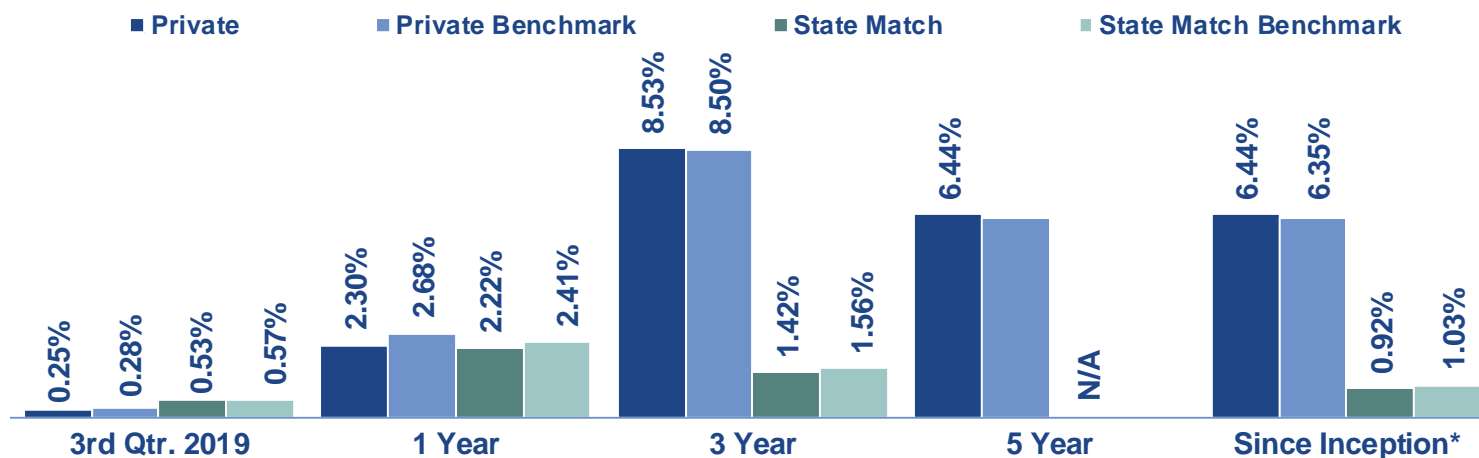
# Fund Performance Updates

September 30, 2019

## Private and State Match Scholarship



## Private and State Match Endowment



\*Scholarship Benchmarks: Private 25% MSCI ACWI IMI w/U.S. Gross & 70% Bloomberg Barclays Intermediate Credit & 5% 90 Day Tbill, State Match 90 Day Tbill  
 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

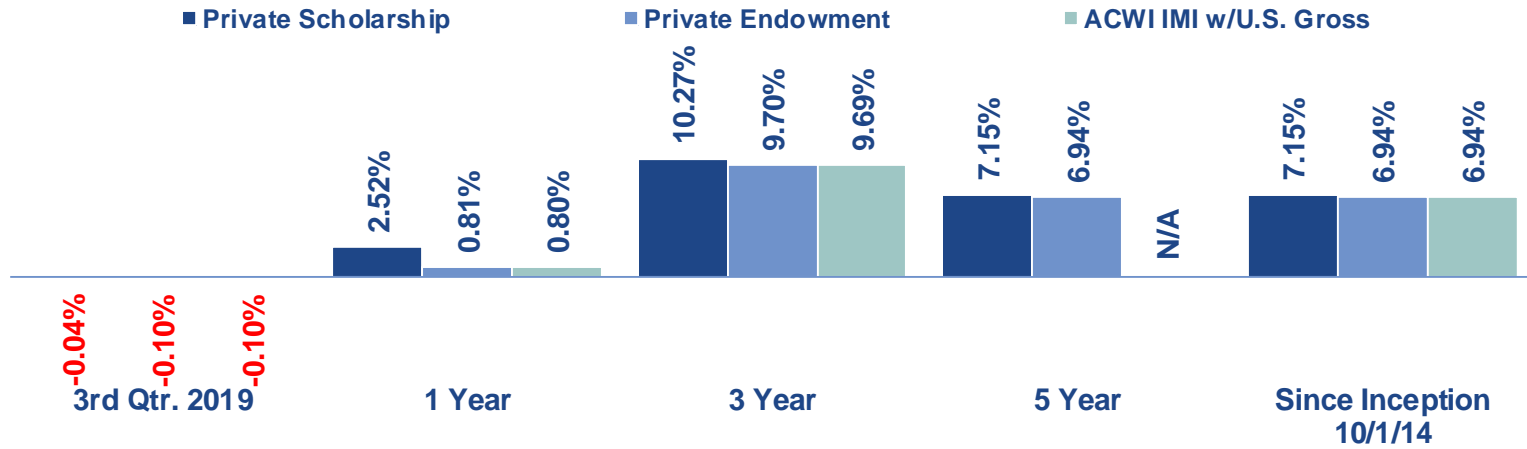




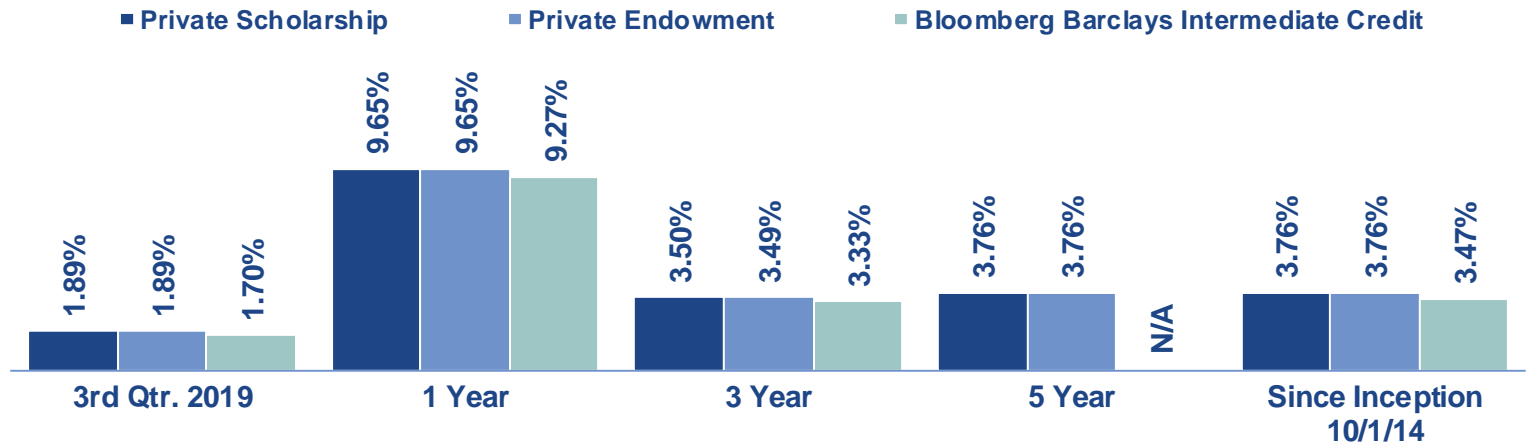
# Fund Performance Updates

## September 30, 2019

### Equity Returns



### Fixed Income Returns



\*Scholarship Benchmarks: Private 25% MSCI ACWI IMI w/U.S. Gross & 70% Bloomberg Barclays Intermediate Credit & 5% 90 Day Tbill, State Match 90 Day Tbill  
 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



# Bond Fund Characteristics & Top 10 Issuers

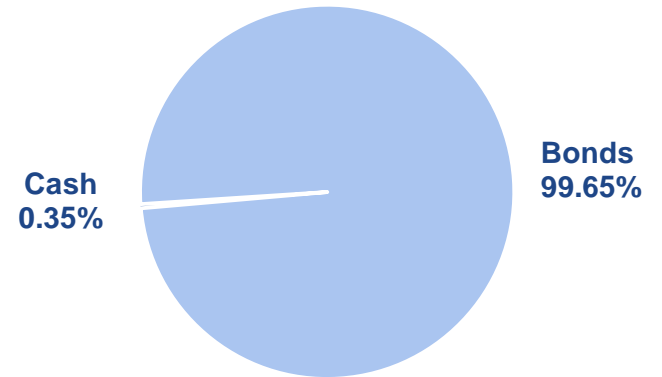
September 30, 2019

## Top 10 Issuers

United States Treasury	1.49%
SP PowerAssets Ltd.	1.13%
UnitedHealth Group Inc.	1.08%
Blackrock Inc.	1.03%
Standard Chartered Bank	0.87%
HSBC Bank	0.85%
Alibaba Group Holding Ltd.	0.85%
Indonesia Republic	0.85%
APT Pipelines Ltd.	0.84%
Tencent Holdings Ltd.	0.84%

## Allocation & Market Value

\$1,884,054,350



## Characteristics

	Fund	Index
Average Maturity	4.9 years	4.8 years
Yield to Maturity	2.56%	2.44%
Modified Duration	4.49	4.15
Average Coupon	3.29%	3.46%
Number of Holdings	241	4,445



## Capital Markets at a Glance

September 30, 2019

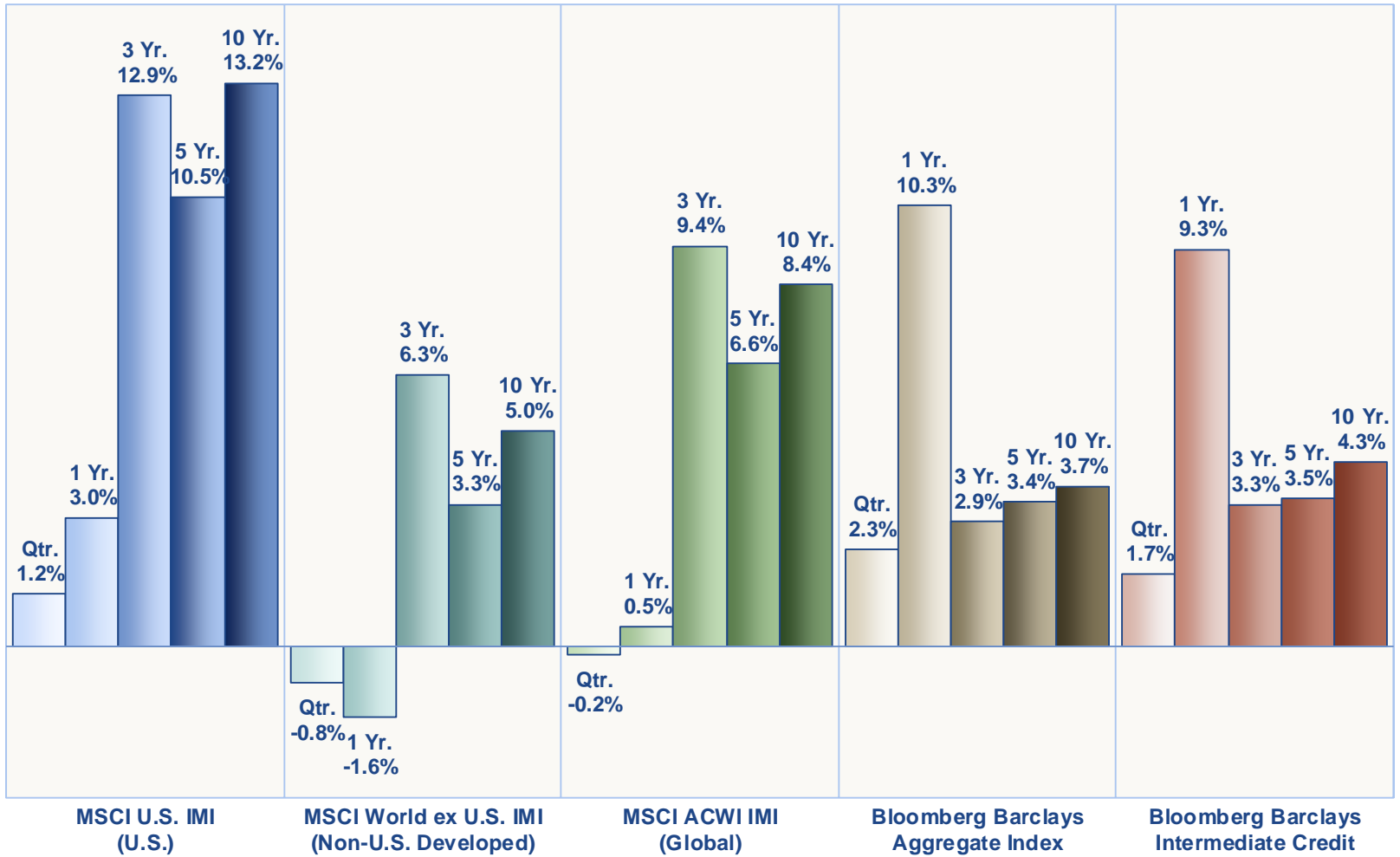


- ❑ Global equity markets were mostly flat for the third quarter, despite a rally in risk assets in September
- ❑ Fixed income markets were strong for the quarter, fueled by lower interest rates
- ❑ Economic data pointing to a slowdown was offset by easing monetary policies in the U.S. and Europe
- ❑ The Federal Reserve cut interest rates by a quarter-point in both July and September, putting the target range at 1.75 to 2.00%
  - ❑ October's cut puts the range another quarter-point lower
- ❑ The rate on 10-year Treasuries ended the quarter at 1.67%, down 1.40% over the last 1-year period
- ❑ Commodities posted -1.84% for the quarter, mostly driven by a -8.67% return in the oil market. Gold gained 4.47% for the quarter



# Capital Markets at a Glance

September 30, 2019





## Contact Information



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



**Address:**  
2100 Evergreen Park Drive SW  
P.O. Box 40916  
Olympia, WA 98504-0916  
  
(360) 956-4600

## **Section 6**

Program Update

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

**Program Update**

**01.08.2020**

# 2019 in Review

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP



# Celebrating 2019 - Programming

- **Launched Career & Technical Scholarship**
  - Created of new scholarship accounts & processes with WSIB, WSAC and WA STEM
  - Released Boeing endowment funds to support
- **Refined Scholar Lead Program in Year 2**
  - Strong pilot success in improving retention year one to year two
  - Refined supports to be more online, accessible and impactful
- **Revamped Skills that Shine Program**
  - Transitioned to a brand-new curriculum platform
  - Primed to grow to from 250 to 1,200 mentor-mentee pairs in 2020



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# Celebrating 2019 - Operations

- **Cleared JLARC Audit**
  - Clear, strong program impacts & low operating costs at 7%
  - Concur with two recommendations
- **Hosted 5<sup>th</sup> Annual OpportunityTalks 2019**
  - Met \$1M fundraising goal
  - Consistent attendance
- **Designed new legislative report**
  - Design incorporates JLARC recommendations & CTS
- **Transitioned leadership**
  - ED hired (7/19); new DD hired (11/19)



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# 2020 Priorities & Budget Request

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# STRATEGIC PRIORITIES

## Design for Scale.

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

## Build the Brand.

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

## Fund to 2030.

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



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# STRATEGIC PRIORITIES

## Design for Scale.

- Transition staff resources to GRD design & fundraising
- Hire two CTS advisors to launch CTS services for ~1,000 participants by fall 2020

## Build the Brand.

- Transition staff resources to advocacy work (in-state and out-of-state) to focus on tribal/county/municipal fundraising, protecting state-level investment
- Expand External Affairs team by two FTE to improve branding and marketing work

## Fund to 2030.

- Hire Major Gifts Officer plus a Development Officer to support reinvigorated fundraising efforts
- Secure first funders for GRD, Rural Jobs (passed in spring 2017) to protect state-level support



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# PROPOSED 2020 WSOS BUDGET

	2018 Budget	2019 Budget	2020 Budget	2019 to 2020 Variance
<b>TOTAL REVENUES</b>	<b>3,960</b>	<b>24,817</b>	<b>6,277</b>	
<b>TOTAL SCHOLARSHIP EXPENSE</b>	<b>24,071</b>	<b>24,339</b>	<b>10,998</b>	
<b>TOTAL NON-SCHOLARSHIP EXPENSES</b>	<b>3,082</b>	<b>3,404</b>	<b>4,202</b>	<b>798</b>
SCHOLAR LEAD STIPENDS	189	360	360	0
SALARIES, TAXES, BENEFITS	1,922	1,895	2,490	595
PROGRAM ADMIN FEE (WA STEM)	419	514	530	16
ALL OTHER OPERATING COSTS	552	636	821	185

*2019 Projected Revenues exclude \$500K in CTS implementation dollars*

WASHINGTON STATE  
**OPPORTUNITY**  
 SCHOLARSHIP

# VARIANCE NOTES

- **Revenue changes over time:**

- Comprised of event, investment income, private gifts and state match
- Fell below revenue goals for 2019 significantly (decision made to release Boeing funds rather than seek CTS cornerstone partnership; Rubens Family Fdn restructured gift)
- Fundraising to ramp up in 2020 but new hires likely not onboarded until April; strategy/relationship building in 2020 with revenue generation not likely to hit until 2021
- *Note:* New delay in state match revenue receipt

- **Scholarship expense decrease:**

- Budgeted 2019: \$25M; actuals closer to \$16M (scholarship modeling update)
- \$11M in 2020 due largely to reduction in cohort post-Rubens Family Foundation cohort size increases



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# VARIANCE NOTES

- **Operating costs increases due to:**
  - **Salaries, benefits, taxes up approx. \$595K**
    - Key drivers: 6 new FTE, 1.6% COLA for all staff
      - 2 CTS Advisors (\$160K)
        - *Launch CTS services for approx. 1,000 CTS recipients*
      - 2 Communications Officer positions (\$169K)
        - *No growth in this dept. since 2016; will enable launch of tribal/county/municipal work & launch of new social and traditional media campaigns*
      - 2 Development roles (\$223K)
        - *Take ownership of growing fundraising strategy – Major Gifts Officer & Development Officer roles*
  - **Other operating expenses up approx. \$185K**
    - Expansion of office space in 2020 (currently in 2,000 square feet with 17 employees)
    - Expenses related to new hires (computers, desks, travel, etc.)
    - Lobbying costs (2019 budget does not reflect actual spending)
  - **Administrative fee up approx. \$16K**
    - Contract negotiation likely leaves admin fee largely unchanged; slight increase due to coverage of CTS



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP



# REQUESTED F&I ACTION

- Vote to recommend approval of WSOS 2020 Budget