

# WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

## **BOARD MEETING AGENDA THURSDAY, APRIL 1, 2021 | 1:00-3:00 P.M. VIRTUAL ONLY**

Click on the Microsoft Teams link in the meeting invitation or dial in #: 425-616-0754 / passcode: 785 436 672#

**Meeting open to the public via conference line above.**

I.	<b>Meeting Called to Order</b>		<b>Brad Smith</b> Board Chair	1:00p
II.	<b>Approval of Minutes from December 17, 2020 Meeting</b>	[Tab A]	<b>Brad Smith</b> Board Chair	1:00-1:05p
III.	<b>Mission Moment: Opportunity Scholar Story</b>	[Tab B]	<b>Mary Saray</b> CTS Scholar	1:05-1:15p
IV.	<b>Career &amp; Technical Scholarship Support Services</b>	[Tab C]	<b>Javania Polenska</b> Deputy Director	1:15-1:35p
V.	<b>Scholarship Selection Q&amp;A</b> » <i>Baccalaureate Cohort 10</i> » <i>Career &amp; Technical Cohort 2</i> » <i>Rural Jobs Initiative Cohort 1</i>	[Tab D]	<b>Steve Walker</b> Awards Director	1:35p-1:50p
VI.	<b>Fund to 2030: Feasibility Study Results</b>	[Tab E]	<b>Breakthrough Northwest</b> Barb Maduell Kate Banta-Green Natalie Lumberjack  <b>Kimber Connors</b> Executive Director	1:50-2:30p
VII.	<b>Finance &amp; Program Administrator Update</b>	[Tab F]	<b>Patrick Smith</b> Finance & Investment Committee Chair	2:30-2:40p
VIII.	<b>Executive Session</b> » Review Executive Director performance		<b>Jane Park</b> Board Member	2:40-3:00p
IX.	<b>Closing</b>		<b>Brad Smith</b> Board Chair	3:00p
	<b>Addendum – Program Update</b>	[Tab G]		

### Important Dates

- » **Upcoming Board Meetings - all meetings at Microsoft campus or by Teams from 1 to 3p**
  - Thursday, June 10, 2021
  - Thursday, September 16, 2021
  - Thursday, December 16, 2021

# **Tab A**

**Minutes from the December 17, 2020 Board Meeting**

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING  
THURSDAY, DECEMBER 17, 2020, 1-3 PM, MICROSOFT TEAMS OR DIAL IN  
MEETING MINUTES**

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) convened on December 17, 2020, via Microsoft Teams and dial in only in alignment with the Governor's suspension of the Public Meetings Act due to COVID-19 precautions. As such, the meeting was publicized as available to the public on the WSOS website though no physical location was hosted.

Board members: Miller Adams, Diane Cecchettini, Joelle Denney, Latisha Hill, Jane Park, Gary Rubens, Julie Sandler, Patrick Smith and Mike Wilson

Additional attendees: Lianda Abraham, Erin Ashley, Michelle Barreto, Gina Breukelman, Jane Broom, Tori Campbell, Meg Chambers, Kimber Connors, Karyl Gregory, Mesa Herman, Sue Ann Huang, Angela Jones, Jenna Magnotti, Jessica Monger, Joanna Moznette, Brittany Nielsen, Hannah Olson, Sydney Parmis, Cristal Rangel Peña, Javana Cross Polenska, Jeric Quiliza, Vanesa Contreras Rodriguez, Sarah Szabo, Aileen Tubo, Steve Walker, Rachel Wyers and Victor Zamora

**Meeting Called to Order**

Jane Park called the Board meeting to order at 1:03 pm and reported that Joelle Denney will join the meeting later.

Kimber Connors, WSOS Executive Director, welcomed new board members Latisha Hill and Patrick Smith. Hill gave credit to Mike Wilson for his strong recruiting efforts and expressed her excitement to join the mission of WSOS and serve on the Board. Smith expressed his gratitude to have joined a Board of influential changemakers and his dedication to students.

**Approval of Minutes**

Julie Sandler moved that the minutes of the September 17, 2020, Board meeting be approved. Diane Cecchettini seconded the motion, and it carried unanimously.

**Mission Moment: Scholar Opportunity Story**

Connors reported that WSOS Scholar Rashid Mehmood was hoping to join today's Board meeting, but a last-minute emergency prevented him from doing so. Michelle Barreto, WSOS Scholar Success Advisor, shared highlights of Mehmood's background. He is a Scholar Lead originally from Multan, Pakistan, who lives in the Spokane area. Mehmood plans to enter the field of cyber security and currently attends Spokane Falls Community College pursuing a Bachelor of Applied Science in Cyber Security. In addition to his studies, Mehmood is involved with the Applied Technology Club and serves as a data specialist at Engie Impact in Spokane. As a first-time Scholar Lead, he has been able to connect with his fellow Scholars and further develop his communication skills. Barreto has appreciated his lens as a Scholar who is completing his degree at a community college. As a Scholar Lead, he is in tune with his Scholars' needs and has leveraged this role to refine his leadership skills.

Barreto stated that many of our Scholars have faced numerous challenges this year with the loss of internships and jobs, wildfires and the emotionally charged political year. Some Scholars have been advocating for themselves with postponing their education. Scholar Leads have fostered community and provided valuable support for Scholars.

When asked by Miller Adams in what year of school Mehmood is, Barreto stated his third year. Wilson reported that career and technical colleges just received certification to offer cyber security degrees. Cecchettini asked for an update on our Scholars' attrition rate. Steve Walker, WSOS Awards Administration Director, stated that COVID-19 has been a factor as seen in the number of Scholars who

are requesting time away from the scholarship. Historically, the attrition rate of first year Scholars is 79-83%. That shifted to 85% when Scholar Leads were introduced. This year, it has increased again to 89% because of our WSOS Advisors and Scholar Leads, despite the impacts of COVID-19.

### **Legislative Report**

Walker noted that Brittny Nielsen, WSOS Marketing and Communications Manager, Rachel Wyers, WSOS Data Analyst and Connors were pivotal in creating the 2020 Legislative Report. New additions to the report include an overview of the first full Career & Technical Scholarship (CTS) cohort, the first Rural Jobs Initiative (RJI) recipients (20 selects) for fall 2020, funding for the Graduate Degree (GRD) and the partnership with the Education Research & Data Center (ERDC) to measure outcomes.

Top level highlights of the Baccalaureate Scholarship (BaS) include the following: geography – we serve the entire state; economy – we fill the jobs the state needs most; and impact – we transform the lives of our Scholars. Scholars are represented in every county. Cohort 9 Scholars are enrolled in the most needed WA industries: information technology (26%), engineering (23%), health care (19%), biology/biomedical (14%). WSOS Scholars are 2x more likely to graduate in four years than their peers and will earn 2x more than their family within five years of graduating.

CTS highlights are similar to those of the BaS – every county is represented. Cohort 1 Scholars are also enrolled in the state's most needed fields: (health care – 33%), information technology – 28%, STEM-like trades – 25% and engineering/manufacturing – 13%. By March 2021, we will have selected 1,100 CTS recipients and 50 RJI recipients. Scholars are expected to make 3x their family income (\$40K vs. \$12K).

Operational expenses for 11/1/9-10/31/20 include the following: 82% in Scholarship expenses which includes direct scholarship disbursements of \$17M, up from \$15M; 10% in Programs which includes Awards, Programs and External Affairs totaling \$2.2M, up from \$1.7M; and 8% in Administration expenses which includes Development and Management/General of \$1.7M, down from \$2.M.

### **Program Update: 2020 in Review**

Kimber Connors, WSOS Executive Director, reviewed the 5-year strategic priorities: develop scalable, statewide programs, build the brand and fund to 2030. The year of 2020 is one we will not soon forget with COVID-19, the national reckoning on racism and the contentious election year.

Against this backdrop, WSOS has still been able to move forward with developing scalable, statewide programs. The Programs team structure was reorganized to align with service delivery. We hired Sue Ann Huang, WSOS CTS Manager, and Cristal Rangel Peña, CTS Advisor, to launch our CTS support services. We received design approval for the RJI and GRD programs. Our Skills that Shine program has grown to scale from 250 to nearly 900 pairs. The goal for 2021 is to launch the GRD program in the fall and launch a key performance indicator (KPI) dashboard.

Accomplishments in 2020 for funding to 2030 include the following: expanded FTE on the Development team; launched the feasibility study; hit 2020 revenue targets which include \$1.5M in revenue above our "normal year"; ensured release of \$500K in implementation dollars; secured a RJI cornerstone partner (\$1M) and also secured a GRD cornerstone partner (\$500K). The goal for 2021 is to secure the first major gifts of the \$200M campaign and secure the first county, tribal, city fundraising gifts.

Building the brand highlights include the following: expanded FTE on the External Affairs team; strategically filled two vacant Board of Directors positions; launched the Insider pilot for the 2020-21 academic year; grew our social media presence and engagement; and capitalized on virtual meetings for interim face-time with legislators (42 meetings held). The goal for 2021 is to formalize the social and traditional media engagement strategy and cultivate the white paper/conference opportunities for national visibility.



### **Baccalaureate Selection Principles**

Aileen Tubo, WSOS Awards Manager, reported that the BaS application launched December 7 which is the earliest date ever to allow applicants a full two months to apply. The goal of today's presentation is to review the selection principles for Cohort 10 so the Board can vote to approve them.

To date, the Board has set the BaS selection criteria based on live data after the application closes each year. Moving forward, we propose approving selection principles in advance that are more likely to remain consistent each year. This provides more transparency with how state dollars are spent, clarifies the values that underlie our selection process and creates a more sustainable and efficient process for the Board. The selection principles include the following: select Scholars who are heading into high-demand careers across Washington state; select Scholars who are likely to graduate with a degree in STEM or health care; and select Scholars who are more likely to complete their degree or program if they receive a scholarship. The goal is to translate these principles into selection factors to determine who gets selected for the scholarship.

The selection model is based on these factors and focused purpose: intended major – prioritize the jobs that WA needs most; community opportunity – prioritize those communities that need these jobs the most by unemployment by zip code; family income – prioritize applicants least likely to graduate without our support; first generation – prioritize applicants least likely to graduate without our support; STEM essay – prioritize applicants most likely to graduate in STEM or health care; resilience essay – prioritize applicants most likely to graduate from college; and GPA - prioritize applicants most likely to graduate from college. The Awards team is confident these factors are equitable.

The Awards team proposes changing the point allocations as follows: increase intended major to 25 points which is a response to our applicants' economic instability to bring more of them into the highest demand jobs in our state; redistribute community opportunity across family income (20 points) and first generation (15 points) because these two factors are directly correlated and demonstrate a more direct impact on need; equalize the weight of the two essays (10 and 10 points) and equalize them with GPA (20 points) because they are reliable predictors of degree completion. Jane Park requested some context in terms of community support over the past three years. Connors indicated that the original intent of community support was geographic representation, but its impact has been minimal.

To ensure scholarship attainability, Tubo reported that another component, limitation factors, has been added which will protect us against unintended impacts which make it impossible for eligible applicants to be considered for selection. For example, we learned that allocating 20 points to family income makes the scholarship unattainable for middle-income applicants to be selected. To make it attainable, we would need to reduce the weight for family income. By setting a limitation factor for family income, middle-income applicants could qualify for scholarship selection. Wilson asked if real applicants' data was analyzed to establish the principles. Walker confirmed that applicant data from 2020 had been used to inform the principles proposed.

Tubo reaffirmed that last year's data was utilized to form the 2021 proposed selection principles. Three limitation factors were proposed. For intended major, applicants who select the highest demand major should not be 5x more likely to be selected than those who select the lowest demand major. For family income, low-income applicants should not be 3x more likely to be selected than middle-income applicants. For first generation, these applicants should not be 4x more likely to be selected than non-first-generation applicants. All points deducted from the three factors above will be evenly distributed between GPA and the essays. No limitation factors were needed for the STEM essay, resilience essay or GPA.

Joelle Denney asked if data from past years was used to assist in creating the limitation factors in addition to the principles. Tubo confirmed. Patrick Smith asked if these limitation factors and principles, once created, were applied to last year's data to look for any unintended impacts. Tubo confirmed. Jane Park asked about intended major impacts. Walker stated that last year's impact with first generation

would have made anyone qualify who was not first generation. As a result of this major impact, the Awards team recommended a lower level.

Park stated that the Board trusts the thoughtfulness of the team but also added that framing the criteria so that some applicants are disqualified is acceptable as long as the qualifying criteria meet the needs of the scholarship. Walker stated that if a decision is made to support only first-generation or low-income applicants, then we need to make this distinction clear in advance to applicants. He also noted there is a possible statutory complication.

Wilson asked about the number of majors and their point allocation based on higher demand to lower demand. Connors stated that we have 160 approved majors. Of the 25 points allocated for intended major, applicants seeking certain high demand majors would receive all 25 points whereas lesser demand majors would receive fewer points.

Cecchettini commended the Awards team for their thoughtful analysis with formulating the selection principles.

**Board Action:** Cecchettini made a motion to approve the selection principles for Baccalaureate Cohort 10. Miller Adams seconded it, and it carried unanimously. Park requested that the Awards team report on the impact at the next Board meeting of the selection decision without using live data since this is a new process.

#### **Fund to 2030: Progress on \$200M**

Erin Ashley, WSOS Development Director, reported that our virtual OpportunityTalks event on November 12, greatly exceeded our expectations and generated a remarkable fundraising response. 1,092 people registered which is 302 more than last year's registrants. There were about 700 live viewers and 2,045 unique video views as of December 7. There were 74 virtual tables compared to 78 in-person tables last year. There were 490 individual donors compared to 301 in 2019. There were 296 new donors this year compared to 239 last year. There were 35 increased donors compared to 48 in 2019. Clearly, enthusiasm remained high even with the virtual environment. The total raised to date, including the state match, is \$826,807 and we still have two more weeks until year end. For comparison sake, the total raised last year by December 31 was \$864,000.

Opportunity Scholar Michelle To served as our outstanding game show host for "Are You Smarter than an Opportunity Scholar" with Brad Smith and *The Daily Show's* Trevor Noah. Michelle To was also featured on our end of the year gratitude card. Gary Rubens stated that the virtual event was amazing, enjoyable and so well done. Rubens asked regarding the profitability of the virtual event compared to our previous in-person events. Ashley reported the virtual event greatly increased profitability because there were no costs for food, hotel or on-site video equipment.

Ashley stated that next year's OpportunityTalks will be a hybrid event – an online fundraiser in addition to a hoped-for, in-person event. This will remove the geographic barrier for attending and will broaden our audience. Going forward, we will continue the online peer-to-peer fundraising through a mobile platform and go paperless for credit card donations for both in-person and virtual events. Ashley noted that 394 gifts were given this year through online giving. We knew instantly what money was raised, and we could immediately offer a receipt and thank you. It also saved processing time.

Ashley asked Board members what stood out for them regarding the production, communication and execution of this year's event. Rubens suggested that we ask donors to pay the 3% credit card fee. Cecchettini said that a virtual event removed the challenge of travelling to the in-person event, and it also removed all overhead expenses. Miller Adams and Joelle Denney both expressed their disappointment with not interacting with Scholars. Ashley reported that about 300 Scholars joined this year's virtual event

compared to roughly 100 Scholars who attended last year's in-person event. We also saw that three times as many alumni viewed the livestream.

Adams highlighted the advantage with a virtual event of inviting people from across the United States. Sandler commended the team for recruiting Trevor Noah as a guest because his participation in the program attracted more people and elevated our program given all the competition. Ashley gave all the credit for Trevor Noah's involvement to Microsoft. Wilson shared how superbly Trevor Noah as guest and Jane Park as host embraced their parts. Jane Broom enjoyed the lively text and chat interactions during the event. Broom stated that both mailing the game in advance to key partners and the creativity of the Scrabble game added tremendous energy to the event. Broom also shared that this was the finest virtual fundraiser she attended all year. Gina Breukelman agreed. Breukelman added that, because of it being virtual, she could promote the event to other Boeing employees which enlarged our base of WSOS champions.

Ashley reported that the money raised from OpportunityTalks is only one sliver of our revenue. This year, revenues exceeded budget by \$4M due to increased contributions, investment income and other income. We know these gains are still small compared to our ambitious \$200M fundraising goal over five years, starting in 2021. Our feasibility study consultant has developed a \$100M campaign gift chart based on three cornerstone partners giving a combined total of \$50M, which represents 50% of the total goal.

Up until now, our fundraising fell into annual giving of up to \$99,999 with corporate partners comprising the largest base and Achievement partners who give \$100K to \$500K. This group includes the named scholarship program and large grants. Historically, our fundraising has been event-based with funding intended to cover yearly operating costs. There was no need for a major gifts program because of sufficient money in the bank to fund scholarship commitments through 2021, then 2025. We were in a sunset model as of 2025 and therefore did not need to fundraise. Now our fundraising strategy has pivoted because we are no longer sunsetting.

To embrace this new strategy, Ashley introduced Sarah Szabo as our new WSOS Philanthropy Advisor to serve as our major gifts expert. Szabo's training and experience at The Center for Wooden Boats, Town Hall Seattle and the Pacific Science Center make her ideal to serve in this role. Szabo described herself as a data-driven relationship person whose interests and skills synchronize perfectly in the field of philanthropy. Szabo expressed her eagerness to help WSOS raise our goal of \$100M, which will be matched by the state of Washington.

Szabo reported that we are launching a five-year fundraising cycle where ongoing support is the new message: there is one WSOS with four impactful programs. Pledges are paid over five years. Reliance on cornerstone support will be reduced by expanding our donor pool. Because this is a cyclical approach, we intend to keep refilling the donor pipelines every five years. Our major giving approach is based in best practices. We will first lay the foundation by doing a feasibility study to widen the pool and test the message. In addition, we will transition to Salesforce which is a tool we need to plan, track and evaluate for transparency and accountability. The next step builds donor engagement by making the ask for new and renewed support. We will also identify and qualify approximately 500 prospects with the goal of identifying 150 major donors. Finally, we will refill the pipelines through OpportunityTalks; high end cultivation events called Eat, Drink, Talk Opportunity; and mentor and alumni engagement.

Szabo stated that our WSOS Board members are our major partners and their feedback is critical to the work. Connors and Szabo will schedule a meeting with each board member next year to garner prospects and elicit ideas for events or touch points with your prospects.

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

Julie Sandler, WSOS Board member and Finance & Investment Committee member, reported that we had a productive Finance & Investment Committee meeting on December 8 although she felt somewhat adrift without the presence of Mack Hogans who served so valiantly as our committee chair for years.

After approving the minutes, Sandler reported that the Committee received a financial report from Matt Poth, WA STEM's Director of Finance, and an investment update from Chris Phillips, our fund manager at WSIB.

As of 9/30/2020, Sandler reported total assets of \$115.8M which is a 4% decrease from 7/31/20, the last reported period. This decrease is due primarily to net scholarship disbursements in August of \$6.48M (\$5.6M BaS and \$891K CTS). This includes new BaS Cohort 9 and new CTS Cohort 2. The decrease in total assets was offset by the Brad Smith & Kathy Surace-Smith pledge of \$1M for the Rural Jobs Initiative which was paid in full in August, WSAC state match funds of \$2.89M, the Costco payment of \$100K and \$156K in scholarship refunds. Half of the Brad Smith & Kathy Surace-Smith pledge (\$500K) is eligible for the state match now due to existing state appropriations. The remaining half will be eligible in FY2022 once additional appropriations are made. This is shown as unbilled state match revenue along with the offset for transparency on our financial statements.

Total liabilities are \$29.9M which is a 6% increase since 7/31/20 and a 22% decrease since 9/30/19. Compared to 07/31/2020, BaS scholarship liability increased ~1% from \$26.83M to \$27M. This is due to recording the Cohort 9 liability in August which resulted in a net increase in the liability despite also paying scholarship disbursements during this time. Additionally, CTS scholarship increased by ~104% due to reaching the second year of the program. We have now recorded cohorts for fall, winter and spring 2019-2020 as well as for fall 2020-2021. Fall 2020-2021 also included our first round of RJI Scholars. Compared to 09/30/2019, BaS decreased by 27% primarily due to the smaller cohort size of Cohort 9. In addition, CTS increased by 95% because in September 2019 we would have only recorded the liability for fall 2019-2020.

General accounts payable is higher due to the timing of the Scholar Leads' stipend accrual. Scholar Lead payouts, however, are far lower than budget due to fewer Leads being selected for the 2020-21 academic year than budgeted.

Yields total net assets is \$85.9M which represents a 4% decrease due to reasons already stated. The August and September private contributions include Boeing's \$100K, Costco's \$100K, Oracle's \$10K along with several Board member gifts.

The Scholarship Account totals \$105.4M. This excludes cash held in the primary checking account and money market at the time of reporting. 87.7% is from private funds and 12.3% is from state match funds. The Endowment Account is \$5.9M and is all held at WSIB. 90% is from private funds and 10% is from state match funds.

Sandler reported that the Committee approved the new Undesignated Gifts policy which handles how undesignated gifts are applied between the BaS and CTS programs.

Sandler further reported that the Committee did a procedural update to the Short-Term Investment policy which updated titles for WA STEM staff and updated references to newer WSIB policies. The policy has a required review by the Committee every three years which this update fulfills. This update must be approved by the Board.

Adams asked about the delay in receiving the state match revenue. Connors noted that this is due to a statutory change. We used to estimate and now we report what we have received and what pledges we anticipate. Connors reported there will be no issue in absorbing this delay.

**Board Action:** Cecchetti made a motion to approve the update to the Short-Term Investment policy. The motion was seconded by Adams, and it carried unanimously.



Connors presented Patrick Smith for the Board's approval as the new WSOS Finance & Investment Committee chair.

**Board Action:** Cecchetti made a motion to approve Patrick Smith as the new chair of the WSOS Finance & Investment Committee. The motion was seconded by Sandler, and it carried unanimously.

Connors presented Joseph Walker's bio to the Board as a proposed new member to the WSOS Finance & Investment Committee. He comes highly recommended by Beau Damon, a long-time committee member.

**Board Action:** Cecchetti made a motion to approve Joseph Walker as a member of the WSOS Finance & Investment Committee. The motion was seconded by Sandler, and it carried unanimously.

Connors presented the proposed 2021 WSOS budget. Total scholarship expense and non-scholarship expenses remain largely the same while total revenues increase dramatically with the kickoff of the Cornerstone campaign.

Connors noted that 2020 revenues were down compared to 2019 (\$24.8M to \$6.3M) because major gift payouts reached the end of their pledge cycles. Fundraising will ramp up in earnest in 2021 (\$6.3M to \$27.8M) with the kickoff of the \$200M campaign. The proposed 2021 budget includes securing two new cornerstone pledges in 2021, and payments and state match to begin in 2022. Connors noted that there is a new delay in the state match revenue receipt due to statutory changes.

Scholarship spending is relatively stable. There was a decrease from 2019 to 2020 (\$24.3M to \$11M) because of the last cohort of Rubens Scholars accepted and accrued in 2019, and an adjustment was made to the scholarship modeling to improve accuracy based on actuals. Scholarship spending from 2020 to 2021 will remain largely unchanged (\$11M to \$10.7M) because cohort sizes are stabilized per the scholarship model. If major gifts are secured in 2021, scholarship spending for 2022 will likely increase.

Non-scholarship spending will grow by ~\$169K (4%) with these variances: Scholar Lead stipends will decrease by \$100K due to smaller cohorts in first- and second-year; salaries/benefits increased 2019 to 2020 due to 6 new FTE and the 1.6% COLA; salaries/benefits will increase 2020 to 2021 by \$241K or 9.7% due to being fully staffed through the whole year and holding a reserve for a 3% COLA; the program administrator fee increased by \$44K or 8.3% because of the new two year contract and the ~\$20K cyber security insurance which is now included in the fee; and all other operating expenses will decrease by \$15K or 1.8% due to the change in business norms with COVID-19, and releasing sublet office space in favor of a hoteling model.

The WSOS Finance & Investment Committee reviewed and formally voted to recommend that the Board approve the proposed 2021 budget.

**Board Action:** Adams made a motion to approve the 2021 proposed budget. The motion was seconded by Cecchetti, and it carried unanimously.

### **Executive Session**

The meeting went into Executive Session at 2:53 pm.

Following the Executive Session, the Board reconvened at 3:01 pm. Broom reported that Connors' performance review will be completed in January and a recommendation will be brought to the Board at their next meeting.

Broom expressed appreciation for the Board's understanding with Brad Smith not being able to attend today's meeting due to another rescheduled meeting.

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The meeting adjourned at 3:03 pm.

Respectfully submitted,  
Karyl Gregory

DRAFT

## **Tab B**

**Mission Moment: Opportunity Scholar Story**



## SCHOLAR SPOTLIGHT



### **MARY SARAY**

**Computer Programming and Web Development  
Clover Park Technical College**

#### **ABOUT MARY**

Mary Saray is in her third quarter of the Computer Programming and Web Development Associate of Applied Technology degree program at Clover Park Technical College. Mary was born and raised in Tacoma, Washington. She is from a low-income family and has five siblings. She graduated from Henry Foss High School in 2009 and delayed any further education due to some health issues.

Mary worked as a Medical Records Clerk for six years prior to returning to school at Clover Park Technical College. She is currently fascinated by blockchain and distributed ledger technology and is planning to finish her AA and graduate at the end of winter 2022. She is excited about her new path to be finally pursuing education for a career she wants to be in. She is grateful for the opportunity to make her life better through this new education and career path.

Mary participated in a Listening Session in February and will be participating in the Industry Mentorship Pilot in April and May.

#### **IN HER OWN WORDS**

“I want to give back to my community and be a beacon of light to others so they can have the motivation to go for their dream regardless of their income level, age, gender, or ethnic background.”

# **Tab C**

## **Career & Technical Scholarship Support Services**

# CAREER & TECHNICAL SUPPORT SERVICES UPDATE

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# Our goal this academic year has been to learn, test and scale.

## Guiding questions:

- How do we increase accessibility to the career and technical scholarship (CTS) to those furthest away from opportunity?
- What are the highest leverage point actions we can take to increase the likelihood of program completion and job attainment for Scholars?
- How do we get more Scholars to opt into campus-based and WSOS-initiated programming?

# Improving CTS access requires representation, relationships and information.

## Learn

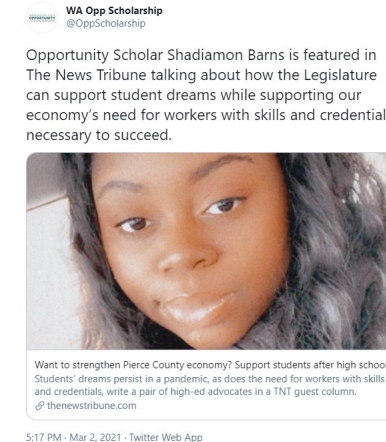
- If you can see it, you can be it! Scholars need to see themselves.
- Applicants learn about WSOS from trusted people in their lives.
- Students need to know that our scholarship is available to them.

## Test

- Amplified issues and resources for Black, Indigenous, and other Scholars of color
- Increased communication with community-based organizations
- Hosted information sessions with community
- Improved visibility to and accessibility of WSOS content

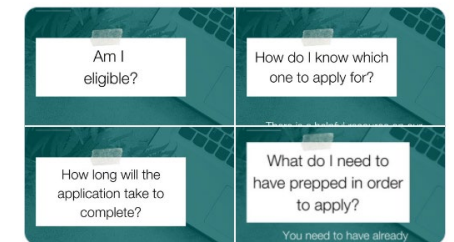
## Scale

- Test programs are paying off – will scale these efforts in 2021-22
- Explore increased promotional advertising



WA Opp Scholarship @OppScholarship · Feb 8

Did you join the Q&A on our Instagram account last week? If you missed it, here are the top four questions our community had about our scholarship applications! We hope they help you as you finish your application. Make sure you apply before February 11!



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# Once Scholars are with us, we need to connect them to the right resources.

We can't afford to lose sight of marginalized populations in our program design.

## Learn

- Community and technical colleges resources vary across the state – there is no single experience for CTS Scholars.
- There is no need to reinvent the wheel.

## Test

- Listening sessions
- Putting information in the hands of our Scholars
- Resource guides focused on essential needs
- Building social networks
- Resume review for CTS Scholars
- Two-month industry mentorship program



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# We will continue to test and learn so we can scale what works in 2021-22.

We are still learning what works and have been reminded of perhaps the most important thing we know to be true.

## Learn

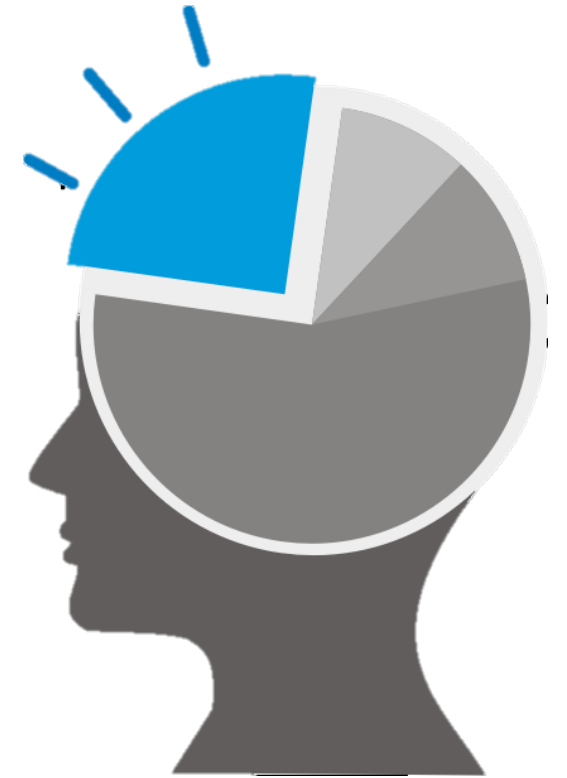
- Campus and WSOS-based programming is fighting for share of mind.

## Test

- Targeted outreach – personal invitations, phone calls
- CTS Scholar Ambassadors
- Priority access to internship opportunities

## Scale

- What works – positive engagement
- Iterate to great



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# **Tab D**

## **Scholarship Selection Q&A**

# SCHOLARSHIP SELECTION

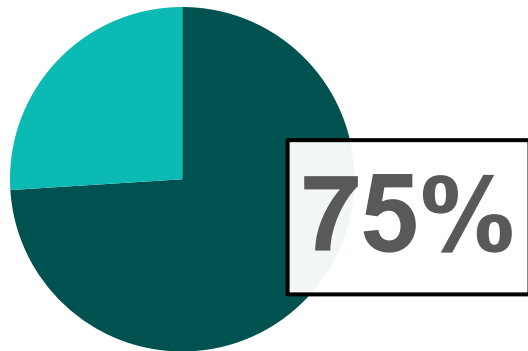
## Q&A

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# BaS COHORT 10 SUMMARY

## Access

First Generation



MFI

(Median Family Income)

**\$37K**

## Jobs

Field	Apps	Selects	Jobs
Computer Science	20%	40%	41%
Engineering	17%	20%	16%
Nursing	16%	18%	11%
Health Services	13%	11%	10%
Biology	25%	9%	5%

## Geography

Counties

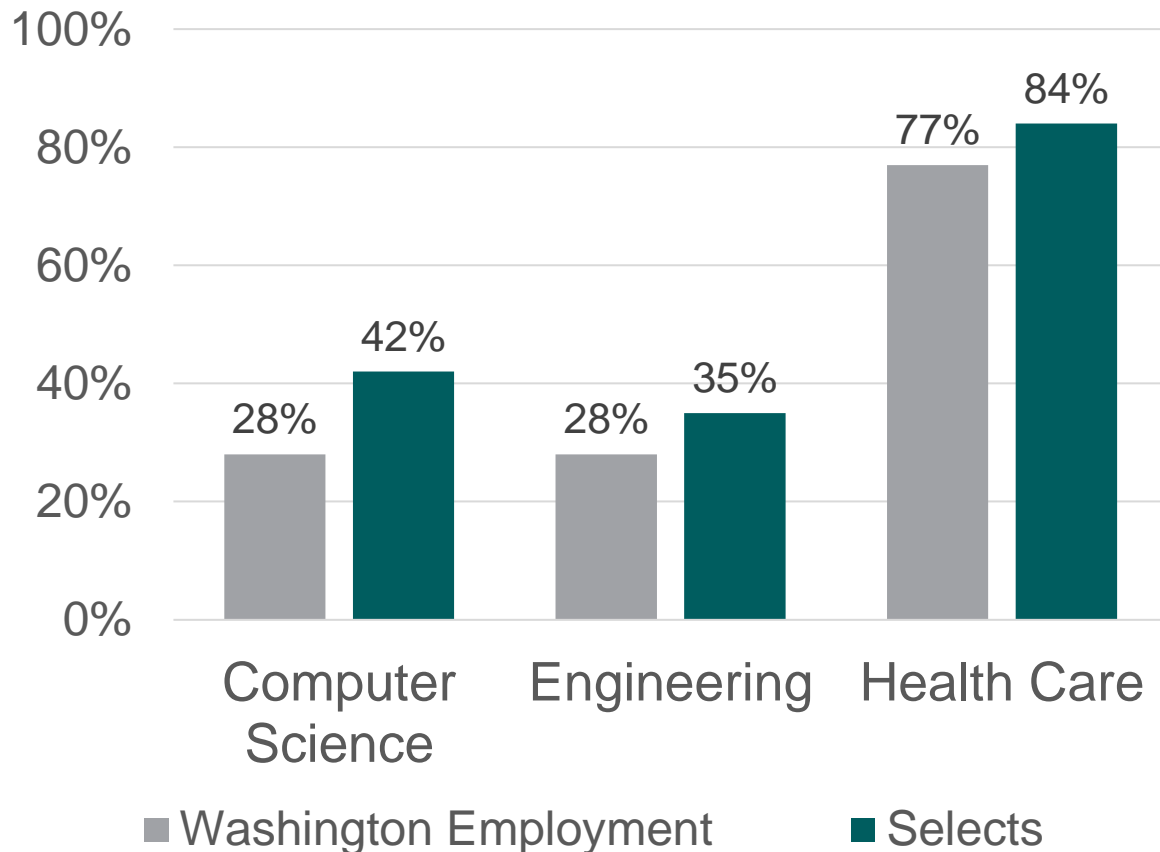
**34 / 39**

Legislative Districts

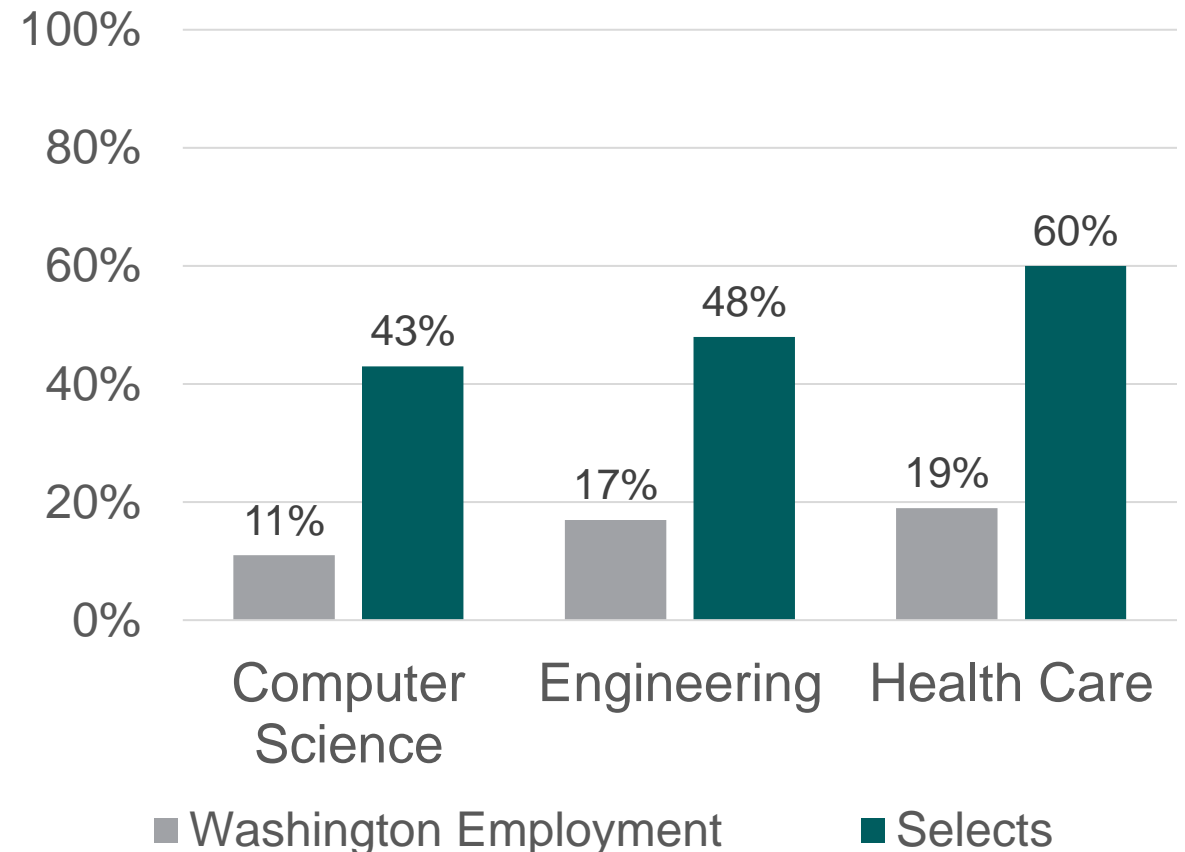
**49 / 49**

# BaS C10 INDUSTRY REPRESENTATION

## % Women by Industry



## % Underrepresented Race or Ethnicity by Industry



Washington employment data from Census Bureau 2018 ACS 1-year Estimate

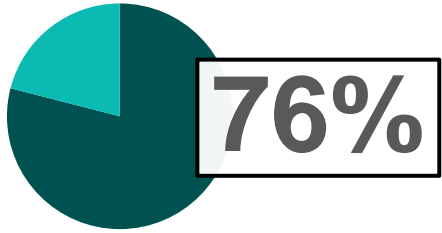
# BaS COHORT 10 vs. COHORT 9

- **Applications:** 94% of C9 total
- **Recipients:**
  - **Fields:** Similar representation across industries
  - **Median family income:** Up \$1K
  - **First generation:** Up by 4%
  - **Women:** Up by 1%
  - **POC:** Up by 1%

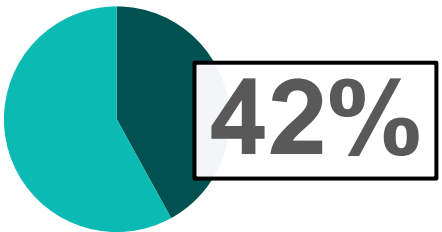
# CTS COHORT 2 SUMMARY

## Access

First Generation



Single Parents



MFI: \$16K

## Jobs

Field	Apps	Selects	Jobs
Health Care	48%	44%	32%
Trades	19%	19%	35%
Information Technology	14%	15%	8%
Engineering / Manufacturing	10%	10%	14%
Accounting	6%	7%	5%

## Geography

Counties

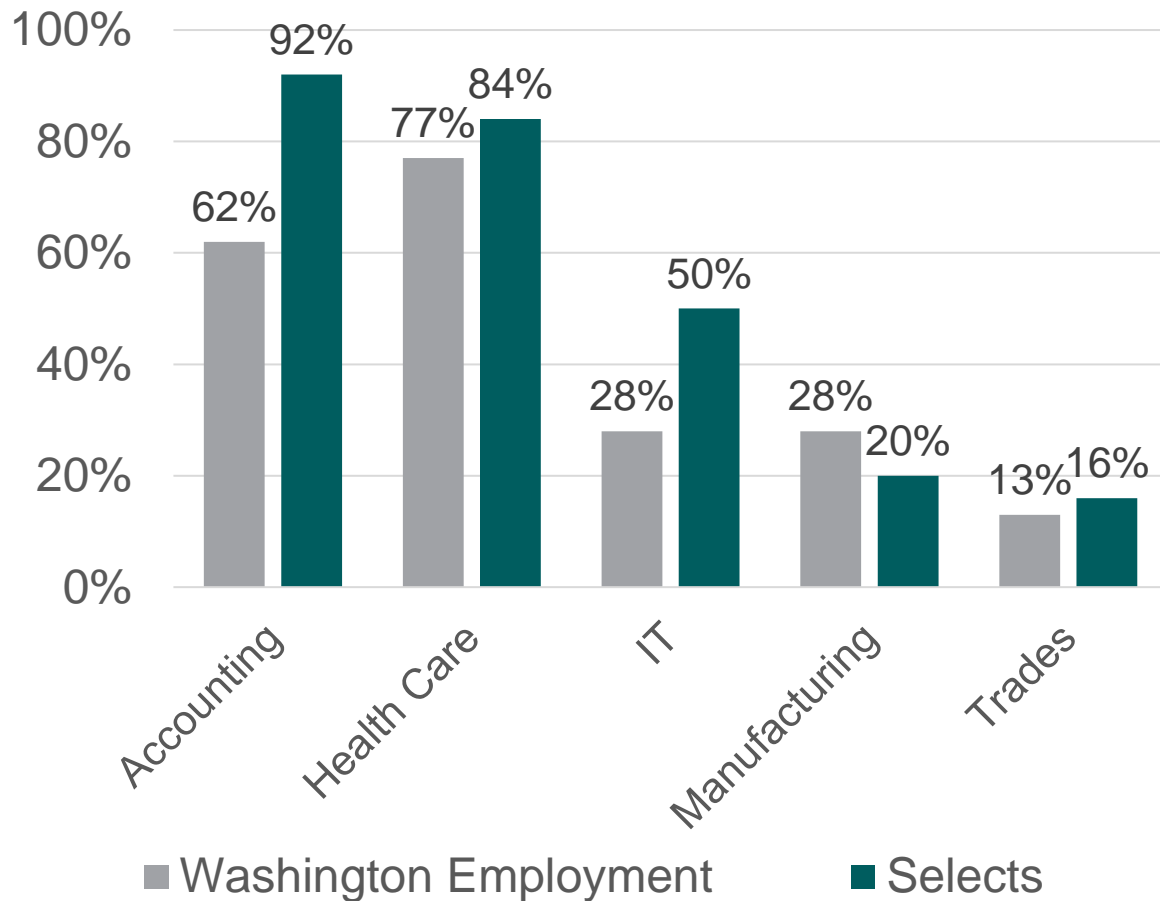
32 / 39

Legislative Districts

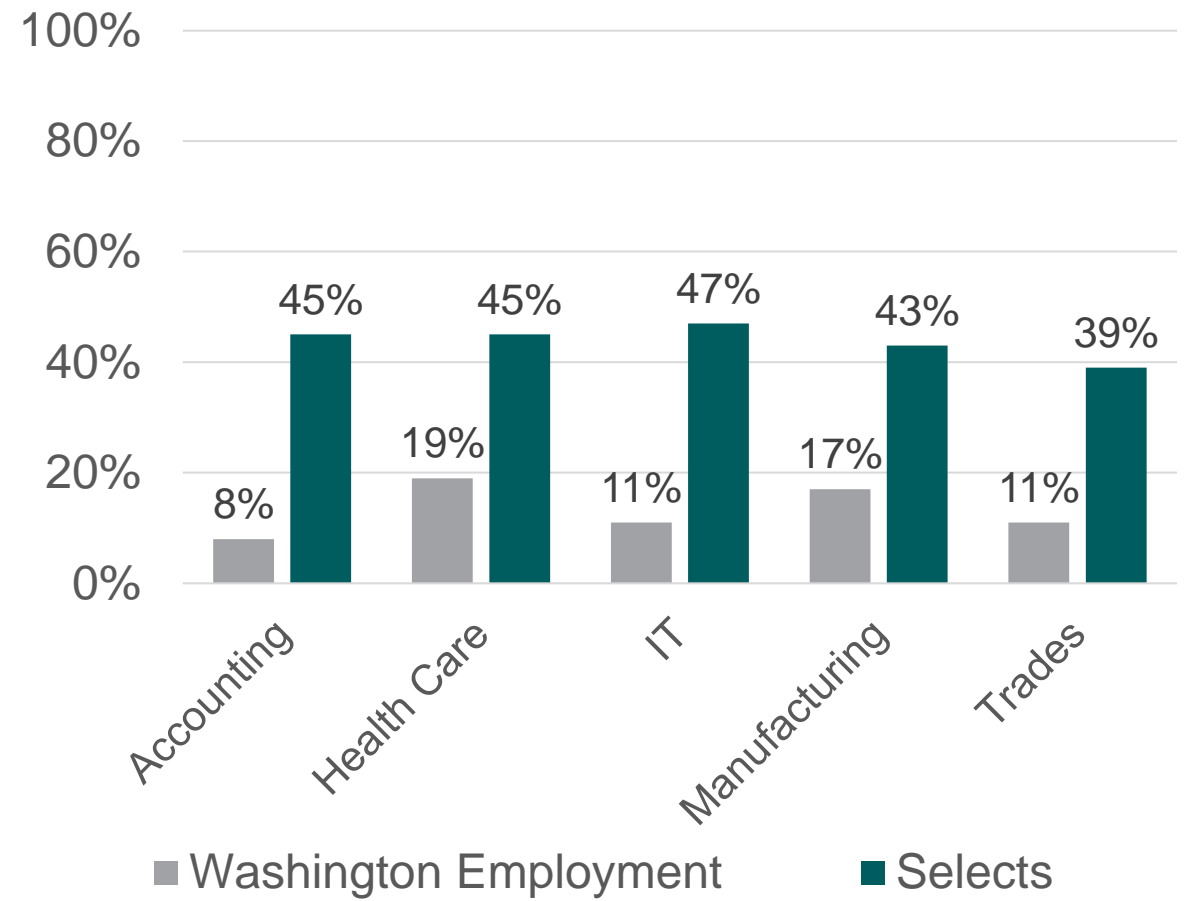
49 / 49

# CTS C2 INDUSTRY REPRESENTATION

## % Women by Industry



## % Underrepresented Race or Ethnicity by Industry



Washington employment data from Census Bureau 2018 ACS 1-year Estimate



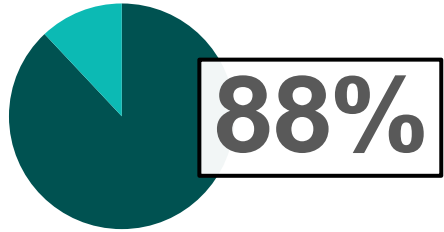
# CTS COHORT 2 vs. COHORT 1

- **Applications:** Similar totals (1,926 vs. 1,946)
- **Recipients:**
  - **Fields:** Health care and accounting saw more selects, while trades, IT and manufacturing saw fewer selects
  - **Median family income:** Similar (\$16,000 vs. \$15,400)
  - **First generation:** Down by 11%
  - **Women:** Up by 12%
  - **POC:** No change

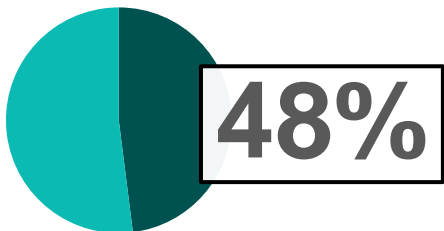
# RJI COHORT SUMMARY

## Access

First Generation



Single Parents



MFI: **\$13K**

## Jobs

Field	Apps	Selects
Health Care	58%	64%
Trades	29%	16%
Agriculture	3%	6%
Accounting	3%	6%
IT	2%	6%
Engineering / Manufacturing	4%	2%

## Geography

Rural Regions

**8 / 8**

Eligible Colleges

**11 / 14**

Avg. Miles from Campus

**35**

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

**Baccalaureate Scholarship**  
**Cohort 10 Selection Overview**

This document describes the selection criteria for and profile of the tenth cohort of Baccalaureate Scholarship recipients. This cohort saw 3,146 applicants, of which we selected 750.

**Baccalaureate Scholarship Results**

**Selection Criteria**

Based on the Board's directive, the selection criteria below were used:

Category	Factor	Target Allocation	Limitation Factor	Final Allocation
Equity of Access	Income	20%	Low-income apps no more than 3x as likely to be selected than middle income apps	18%
	First Generation Status	15%	First gen apps no more than 4x as likely to be selected than non-first gen apps	13%
Economic Impact	Major field	25%	Highest demand field no more than 5x as likely to be selected than lowest demand field*	21%
	STEM Interest Essay	10%	Points reallocated from the top three criteria will be evenly divided between these criteria (half to GPA, half to the essays).	12%
Likelihood of Completion	Resilience Essay	10%		12%
	GPA	20%		24%

\* Only fields with at least 100 eligible applicants were included in this calculation to ensure the selection status of any individual applicant did not have disproportionately large impacts on the entire selection pool.

**Profile of Selected Scholars**

These Scholars have a median family income of \$37,100. They represent 34 of 39 counties and 49 of 49 legislative districts. In terms of programs, the table below shows how the proportion of Scholars selected (% of Selects) compares to the share of job openings across the state led to by industry (% of Job Openings).

Industry	% of Eligible Applicants	% of Selects	% of Job Openings
A/V Technology and Comms	1%	0.4%	5%
Biology	25%	9%	5%
Computer Science	20%	40%	41%
Education	1%	1%	5%
Engineering	17%	20%	16%
Health Services	13%	11%	10%
Nursing	16%	18%	11%
Physical and Env. Sciences	8%	1%	7%

The table below shares additional demographic data about Scholars by income, first generation status, race / ethnicity and gender. The acceptance rate reflects the percent of eligible applicants who were selected.

Category	% of Eligible Applicants	% of Selects	Acceptance Rate
<b>Income Category</b>			
Low-income (bottom 5 eligible deciles)	57%	80%	46%
Middle-income (top 5 eligible deciles)	43%	20%	15%
<b>First Generation</b>			
Yes	50%	75%	49%
Associate degree only	11%	10%	30%
No	37%	13%	11%
Unknown	2%	1%	30%
Zero Parents	0.6%	1%	62%
<b>Race / Ethnicity</b>			
American Indian / Alaska Native	0.5%	0.3%	17%
Asian	17%	25%	47%
Black or African American	9%	11%	41%
Latinx	30%	32%	35%
Native Hawaiian or Other Pacific Islander	0.8%	0.5%	21%
Two or More Races	6%	4%	22%
White	30%	21%	22%
Did not report	6%	6%	32%
<b>Gender</b>			
Women	59%	54%	30%
Men	34%	38%	37%
Other	2%	2%	31%
Did not report	5%	6%	37%

WASHINGTON STATE  
**OPPORTUNITY**  
 SCHOLARSHIP

**Career and Technical Scholarship  
 Cohort 2 Selection Overview**

This document describes the selection criteria for and profile of the second cohort of Career and Technical Scholarship recipients, including the first recipients of the Rural Jobs Initiative. This cohort saw 1,926 applicants, of which we selected 550 for CTS and 50 for Rural Jobs.

**Career and Technical Scholarship Results**

**Selection Criteria**

Based on the Board’s directive, the selection criteria below were used:

Category	Factor	Board Criteria	Final Allocation
Economic Impact	Program	50%	45%
	Community Indicator		5%
Likelihood of Completion	Essay	15%	15%
Financial Need	Income	20%	20%
Equity of Access	First Generation Status	15%	7.5%
	Single Parent Status		7.5%

**Profile of Selected Scholars**

These Scholars have a median family income of \$16,000 and represent 33 of 34 colleges, 32 of 39 counties and 49 of 49 legislative districts. The top 5 colleges they’re heading to are Spokane Community College, Bellingham Technical College, Bates Technical College, Everett Community College and South Seattle College. In terms of programs, the table below shows how the proportion of Scholars selected (% of Selects) compares to the share job openings across the state led to by industry (% of Job Openings).

Industry	% of Eligible Applicants	% of Selects	% of Job Openings
Accounting and Logistics	6%	7%	5%
Engineering / Manufacturing	10%	10%	14%
Health Care	48%	44%	32%
Information Technology	14%	15%	8%
Trades	19%	19%	35%

The table below shares additional demographic data about Scholars by first generation status, single parent status, race / ethnicity, gender and age. The acceptance rate reflects the percent of eligible applicants who were selected.

Category	% of Eligible Applicants	% of Selects	Acceptance Rate
<b>First Generation</b>			
Yes	60%	76%	51%
No	32%	15%	19%
Unknown	5%	6%	49%
Zero Parents	3%	3%	37%
<b>Single Parent</b>			
Yes	27%	42%	61%
No	72%	58%	31%
<b>Race / Ethnicity</b>			
American Indian / Alaska Native	1%	1%	38%
Asian	6%	6%	36%
Black or African American	8%	10%	50%
Latinx	22%	23%	41%
Native Hawaiian or Other Pacific Islander	1%	1%	10%
Two or More Races	6%	6%	39%
White	49%	48%	40%
Did not report	6%	6%	41%
<b>Gender</b>			
Women	53%	55%	42%
Men	41%	38%	39%
Other	2%	2%	50%
Did not report	4%	4%	41%
<b>Age</b>			
18 or under	14%	13%	38%
19-22	14%	12%	36%
23-29	30%	28%	38%
30-39	29%	31%	43%
40+	14%	16%	47%



## Rural Jobs Initiative 2020-21

For the inaugural cohort of Rural Jobs recipients, we selected 50 of 188 eligible applicants. 36 of these 50 recipients were also selected for the Career and Technical Scholarship.

### Selection Criteria

Based on the Board's directive, we selected the first 50 Rural Jobs recipients based on two criteria:

1. The applicant's points for the Career and Technical Scholarship
2. The applicant's distance from campus

To ensure an equitable geographic distribution of recipients, we included a "regional cap" that limited selects per eligible workforce development region to 1.5 times its share of the state's rural population.

### Profile of Selected Scholars

These Scholars have a median family income of \$13,292, typically live more than 35 miles from campus, and represent 8 of 8 eligible regions and 11 of 14 eligible colleges. The table below details selects by [workforce development region](#).

Region	% of Eligible Applicants	% of Selects	% of WA Rural Pop.
Benton-Franklin	5%	4%	7%
Eastern	9%	12%	17%
North Central	12%	14%	8%
Northwest	27%	22%	23%
Olympic	4%	4%	3%
Pacific Mountain	24%	24%	20%
South Central	9%	10%	13%
Southwest	11%	10%	9%

In terms of programs, the table below shows how the proportion of applicants compares to selects by industry. At the Board's directive, a targeted list of programs for each region was developed with the guidance of local workforce development and education officials. The most popular programs were chemical dependency studies, medical assisting, nursing, welding, auto mechanic and accounting.

Industry	% of Eligible Applicants	% of Selects
Accounting and Logistics	3%	6%
Agriculture	3%	6%
Engineering / Manufacturing	4%	2%
Health Care	58%	64%
Information Technology	2%	6%
Trades	29%	16%

The table below shares additional demographic data about Scholars by first generation status, single parent status, race / ethnicity, gender and age. The acceptance rate reflects the percent of eligible applicants who were selected.

Category	% of Eligible Applicants	% of Selects	Acceptance Rate
<b>First Generation</b>			
Yes	65%	88%	36%
No	27%	6%	6%
Zero Parents	4%	4%	29%
Did not report	4%	2%	13%
<b>Single Parent</b>			
Yes	30%	48%	42%
No	70%	52%	20%
<b>Race / Ethnicity</b>			
American Indian / Alaska Native	3%	6%	50%
Asian	2%	0%	--
Black or African American	1%	0%	--
Latinx	29%	28%	26%
Native Hawaiian or Other Pacific Islander	0%	--	--
Two or More Races	4%	2%	13%
White	57%	60%	28%
Did not report	3%	4%	33%
<b>Gender</b>			
Women	51%	54%	28%
Men	45%	40%	24%
Other	1%	2%	100%
Did not report	4%	4%	29%
<b>Age</b>			
18 or under	12%	8%	17%
19-22	13%	6%	13%
23-29	31%	30%	26%
30-39	28%	26%	25%
40+	16%	30%	48%

## **Tab E**

### **Fund to 2030: Feasibility Study Results**



WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

**CAMPAIGN PLANNING STUDY REPORT  
EXECUTIVE SUMMARY  
MARCH 25, 2021**



Washington State Opportunity Scholarship (WSOS) engaged Breakthrough Fundraising Group (Breakthrough) to conduct a campaign planning study in August 2020. The study, conducted over seven months, assessed WSOS's readiness to raise the next round of investment for scholarships and programs through 2030. The potential campaign would create opportunities for thousands of low- and middle-income students pursuing high-demand credentials across Washington.

### **Context**

The study took place during a global pandemic, and its unprecedented strain on the healthcare system and the economy. Higher education institutions grappled with remote learning, safely opening campuses, enrollment declines, and deep budget cuts. During the study, WSOS held its first virtual annual breakfast and saw the departure of its long-time development director.

### **Process**

The Breakthrough team interviewed 20 supporters including both current and former WSOS board members, OpportunityTalks sponsors and attendees, and those representing Washington-based companies spanning technology, healthcare, and engineering. WSOS's legacy Cornerstone Partners and their peer prospects were not included among study participants. Breakthrough audited the WSOS fundraising program and interviewed key staff members. The study assessed a potential campaign against elements essential for success, outlined below.

### ***Community Perceptions***

Interviewees shared positive impressions of WSOS after its first decade of impact. The group spoke to WSOS's dual mission of advancing educational opportunity and addressing Washington's workforce needs. Interviewees overwhelmingly rated WSOS as successful in meeting its mission, citing Scholar success metrics and the state legislature's funding match as unique assets. Study participants identified statewide awareness as a challenge to address.

### ***Case for Support***

Interviewees appreciated learning about WSOS's plans to grow programs and increase Scholars over the next decade, as well as to become a longstanding and sustainable organization. There is widespread support for WSOS's model of flexible funding focused on those furthest away from educational opportunity – and an urgency in light of equity concerns highlighted over the past year. Interviewees raised questions such as: how many Scholars stay in Washington; how many students and employers participate in Eastern Washington; and what are the outcomes of WSOS's newer scholarship and support programs.

### ***Leadership***

The study sought feedback on both staff and board leadership, and interviewees' willingness to assist with campaign fundraising. Those who have had the opportunity to meet WSOS Executive Director Kimber Connors are highly impressed with her leadership, sharing that she is talented, passionate, organized, and respected. Although new to fundraising, Kimber is perceived as very

capable at building the strong relationships needed to succeed in this area. The WSOS Board of Directors is respected as a group of high-profile leaders, representing key industries and corporations. Board members shared that they have not been engaged in fundraising and expect to increase involvement through this campaign. Four board members were named repeatedly as those most influential in securing the lead gifts needed for campaign success. Most interviewees shared that they would be willing to help deepen relationships between WSOS and their companies or peers to help support the campaign effort.

### ***Donor Readiness***

Interviewees reviewed a \$100 million gift chart and provided feedback on the feasibility of the overall goal. Many acknowledged that seven- and eight-figure gifts are what will guarantee success, but few felt they had influence over such gifts. Asked if they or their companies would support this effort, all said “yes” (15 participants) or “maybe” (5 participants). Of the 13 participants ready to share a level of support (including some annual gifts over a five-year period), the collective sum totaled a range of \$450,000 to \$900,000.

### ***Fundraising Infrastructure***

OpportunityTalks has served as WSOS’s anchor fundraising event in its annual program and has been successful as a point of entry for supporters and a way to engage companies as sponsors. WSOS has not had the plan, systems, or volunteer leadership model to conduct the donor cultivation required to build an annual major gifts program, though a new Philanthropy Advisor position was added fall 2020 to aid in this area. Newly acquired donor analytics tools and an upcoming database upgrade will be leveraged to identify and deepen relationships with prospects.

### ***External Landscape***

While interviewees acknowledged fundraising in the college scholarship space is competitive, they also understood that WSOS’s mission is more relevant than ever. Several shared that, due to the disparate economic impacts of COVID-19, many campaign prospects are doing well and continue to give generously. Those representing healthcare suggested strong alignment with WSOS’s goals in addressing workforce needs, though giving decisions would likely come after widespread vaccine distribution and COVID cases fall.

### **Conclusions and Recommendations**

WSOS supporters are true believers in its mission and clear impact demonstrated through Scholar success metrics. The caliber of board leadership, funding match by the state legislature, and opportunities to partner with corporate supporters differentiate it from other organizations focused on access to education and scholarships. WSOS should move ahead with its \$100 million working goal to expand scholarships and intentionally transition from a start-up model to a sustainable program.

### ***Emphasize Corporate Partnerships***

WSOS has a unique opportunity to grow corporate support for its mission. WSOS provides a tangible return-on-investment: diverse and supported job candidates ready to succeed and

positioned for retention. WSOS should partner strategically with corporations at an organizational level that includes multiple connection points to teams, such as HR/Hiring/ Recruitment; Diversity, Equity, and Inclusion; Marketing; and Philanthropy/ Community Impact. This may begin with introductions through OpportunityTalks, build with job fairs and employee engagement opportunities, develop into thought leadership collaboration (round tables, white papers, podcasts), and result in WSOS developing targeted proposals for support that align with corporate goals.

Individuals and foundations will round out a strong campaign. Grantwriting and prospect research are additions that will strengthen WSOS's program and help create more stability in fundraising year-over-year.

### ***Invest in Infrastructure***

Investments in staffing and data systems are required to help WSOS build a well-rounded and sustainable fundraising program that develops support along a spectrum – from WSOS alumni to philanthropists, from regional funders to corporate leaders. This will be important to help donors at all levels see themselves as vital to WSOS's success, and to ensure WSOS becomes less reliant over time on a small handful of well-resourced investors.

Breakthrough recommends expanding WSOS's fundraising team from 5.0 to 8.5 FTE with staff representing two, integrated areas: corporate support and individual giving. The recommended staffing structure will allow for greater cross-team collaboration, and a higher level of support for executive and volunteer leadership in fundraising. Furthermore, a campaign of this scale also requires that Kimber Connors is available to play a greater role with external relationships.

### **Key Decisions and Immediate Next Steps**

Over the next nine months, Breakthrough encourages WSOS to take the following actions to confirm its \$100 million campaign goal and build the team and infrastructure to be successful:

- Solicit reinvestment support from all legacy Cornerstone Partners
- Identify current funders capable of making seven-figure-plus gifts to the campaign over the next 12 months; assign staff and volunteers with influence to advance relationships
- Invest in, and hire for, the fundraising team to develop a sustainable program and allow for high-touch interaction with donors and volunteers
- Transition to Salesforce and incorporate iWave research for analytics-based fundraising

### **Closing**

Breakthrough was honored to conduct this campaign planning study and is grateful for the partnership of WSOS staff and the Study Advisory Committee, as well as the thoughtful input of interviewees. We conclude our engagement with excitement for the future of Washington State Opportunity Scholarship and high regard for all those who will lead it forward.

Barbara Maduell, JD CFRE | Principal & Co-Founder  
Natalie Lamberjack, MPA CFRE

Kate Banta-Green, MPA CFRE | Principal & Co-Founder  
Kristin Barsness, PhD CFRE



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Kimber Connors, Executive Director

Sarah Szabo, Philanthropy Advisor

### **WSOS Board of Directors**

Brad Smith, Chair; Microsoft Corporation

R. Miller Adams; Pier 70 Ventures

Diane Cecchetti; MultiCare Health System, retired

Joelle Denney; Boeing Commercial Airplanes

Latisha Hill; Avista

Jane Park; Tokki

Gary Rubens; Start It Labs, Rubens Family Foundation

Julie Sandler; Pioneer Square Labs

Patrick Smith; B.T. Loftus Ranches, Inc.

Mike Wilson; Providence Health Care Spokane, retired

### **Study Advisory Committee**

Douglas Barrancotto, Chair; Microsoft Corporation

Emily Anthony; Clover Search Works

Mary Kate Eaton; Providence St. Joseph Health

Miranda Lewis; Amazon

Meg Lindsay; Innovia Foundation

Susan Morgensztern; Strategic Development Consultant

Jane Park; Tokki

Jeff Peacock; Parametrix

Gary Rubens; Start It Labs, Rubens Family Foundation

### **Campaign Planning Study Interviewees**

Melissa Albert; O'Neill Consulting

Emily Anthony; Clover Search Works

Doug Barrancotto; Microsoft Corporation

Russ and Svane Castner

Diane Cecchetti; MultiCare Health System, retired

Justin Crowe; Providence Health Care

Kevin Fitzgerald; Coldstream Wealth Management

Latisha Hill; Avista

J. Elizabeth (Beth) Jackson; Battelle

Mary Knell; Wells Fargo

Miranda Lewis; Amazon

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Kris Overleese; KBA, Inc.

Jeff Peacock; Parametrix

Srilakshmi Remala; Bill & Melinda Gates Foundation; Satya and Rao Remala Foundation

Julie Sandler; Pioneer Square Labs

Jim Sinegal; Sinegal Family Foundation

Patrick Smith; B.T. Loftus Ranches, Bale Breaker Brewing

John Wenstrup; Boston Consulting Group





# CAMPAIGN PROSPECTUS

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# Washington's win-win-win

Far too few Washington students are pursuing the postsecondary education and training necessary to compete for the high-demand STEM, health care and trade jobs vital to our state's economy.

The Washington State Opportunity Scholarship (WSOS) addresses workforce shortages and the opportunity gap in higher education. We connect our state's leading industries to top students from diverse backgrounds by reducing barriers to education and providing a supportive pathway for academic progression and career development.

This powerful public-private partnership is the first of its kind in the country, and a win-win-win for students, industry and Washington state residents.



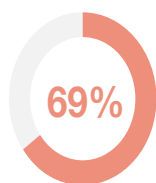
## A bipartisan bet delivers big returns

Bipartisan support launched WSOS in 2011 with the state legislature agreeing to match private contributions dollar for dollar. Industry leaders, **including founding partners Boeing and Microsoft**, helped match state funds to develop a robust pipeline of Washington students for Washington jobs.

---

**Today, our programs are delivering tremendous impact:**

**WSOS WILL SERVE 20,000 SCHOLARS BY 2025.**



students  
of color



first-generation  
college students



women

## Reinvesting at a critical time

WSOS is evaluating plans for the next round of funding for scholarships and programs through 2030 and beyond. Reinvesting in WSOS now will scale our strategy of financial aid paired with mentorship to make continued progress towards racial equity. And, we will harness the talent of Washington students to rebuild our economy in the aftermath of COVID-19.

The potential \$200M public-private investment will create opportunities for thousands of low- and middle-income students pursuing high-demand credentials across Washington.

# Results worthy of reinvestment

WSOS was originally created as a 10-year program. In 2019, a Washington state Joint Legislative Audit Review Committee (JLARC) report found that WSOS exceeded all expectations in improving student outcomes and addressing the state's workforce challenges.

## Nearly 5,000 Baccalaureate Scholars have graduated to date.



When compared with peers, our Scholars are:

- **More than twice as likely** to graduate in four years
- **28% less likely** to take on debt than peers; and those who do, take on 22% less debt
- More likely to be employed a year following graduation and **earn 14% more**

---

## In its first cohort (2019-20), 552 students were awarded Career & Technical Scholarships (CTS).



**87%** identified as first-generation college students and **48%** identified as women



**33%** are pursuing education and training in the health care industry; **26%** are aiming for careers in information technology and **26%** in trade industries



The median family income for Cohort 1 Career & Technical Scholars upon application was **\$12,022**; after graduating, they will enter high-demand jobs with a projected median income of **\$60,000**



The top five counties for CTS students per capita are **Wahkiakum, Cowlitz, Lewis, Skagit and Whatcom**

WSOS breaks the cycle of intergenerational poverty and has the power to change individuals, families and communities.



# What comes next

In 2011, corporate partners like Microsoft and Boeing, along with private foundations such as Ballmer Group and the Rubens Family Foundation, invested in a new and unique program. Nearly a decade later, WSOS is no longer just a vision. We have created the tools and compiled the track record. Our model solves our state's talent gap by investing in Washington students.

## But it requires reinvestment.

To build on this successful program and broaden our reach, we are seeking our next round of capital. This reinvestment will fully fund and increase our scholarship commitments through the 2025-26 academic year. It will also expand our scholarship portfolio to include graduate scholarships and fund sustained growth through academic year 2030-31.

## Round two reinvestment: \$100M private funding goal to match WA state commitment



### \$99M Baccalaureate Scholarships

1,225 students per year

Scholars are selected based on their interest in pursuing a bachelor's degree in the highest-demand areas of study including health care, engineering, biology and computer science.



### \$54M Career & Technical Scholarships

1,225 students per year with extra support for 900 rural students

Scholars are seeking associate degrees, certificates and apprenticeships through Washington's community and technical colleges. Our Rural Jobs Initiative ensures geographically remote students have a pathway that leads to a family-wage job in their rural community.



### \$42.5M Student and Programmatic Support

All Opportunity Scholars

Funds cover critical student support programs and mentoring services as well as programmatic and administrative staffing.



### \$4.5M Graduate Scholarship

20 students per year

This new program will address Washington's health care provider shortage by building a pipeline of nurse practitioners ready to serve in our state's rural and underserved communities with particular focus on behavioral health and primary care medicine.

---

More students will be served year-over-year with Round Two funding with approximately 14,800 new students across our three scholarship programs. These Scholars will benefit from increased mentoring and support services that ensure they graduate on time and find work in their field of study, right here at home.

# Changing the face of Washington's workforce



*“My mentor not only provided excellent guidance herself, but she put me in contact with other mentors. I couldn’t be happier with the opportunities and knowledge this program has brought me.”*

---

Opportunity Scholars represent those historically left out of opportunity including women, students of color and first-generation college students.



# Opportunity + Persistence = Success

Opportunity Scholars receive more than just money for school. We provide a continuum of support services to help systemically underserved students persist through graduation, improve their job readiness skills and launch their careers in Washington state.

- WSOS supports Scholars beyond the cost of tuition. Our financial aid is flexible and can be used to pay for tuition, transportation, childcare, food and housing.
- Our peer mentorship program provides Baccalaureate Scholars with a positive role model on campus, and our Skills that Shine program matches Scholars with industry mentors.
- Scholars near completion of their studies have access to personalized support from WSOS career development staff who offer coaching, resumé review and connections to industry partners for internship and job opportunities.

Flexible financial aid, coupled with student support services and industry connections, results in our Scholars graduating faster, taking on less debt and earning a higher average salary than their peers.

*“We want everyone in our state to have access to the education and training needed to join our leading companies. This is key to helping businesses grow and helping our students achieve their hopes and dreams.” -Joelle Denney, Vice President of Human Resources, Boeing*

## Education as a tool for equity

Washington Roundtable and the Partnership for Learning report that people of color, young adults and those with only a high school education are disproportionately impacted during periods of economic downturn, including the current COVID-19-induced recession.

Additionally, the report found that workers who complete a post-high school credential fare far better during downturns and benefit more in recovery. WSOS is uniquely positioned to leverage education as a tool for equity—to advance those furthest from opportunity—and ensure our economic recovery extends to all people across Washington state.





# The State of Opportunity

The Washington State Opportunity Scholarship connects emerging leaders with our workforce needs of tomorrow. In our first decade of service, we developed a first-of-its-kind program of flexible scholarships and mentoring. Our outcomes demonstrate this program model can unlock the potential of our state's top talent. With additional investment, WSOS will continue to lead the way.

We appreciate your review of this prospectus and invite your feedback on our plans.

This is Washington's opportunity to redefine WSOS from a successful start-up to a sustainable model at a time when our state is more reliant than ever on STEM, health care and trade industries to reignite our economy.

## Build with us.

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Philanthropy Advisor  
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# **Tab F**

## **Finance & Program Administrator Update**

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**FINANCE & INVESTMENT COMMITTEE  
MEETING AGENDA  
TUESDAY, MARCH 10, 2021 | 2:00-3:30 P.M.**

See the meeting invitation for the video meeting link

I.	<b>Meeting Called to Order &amp; Introductions</b>		<b>Patrick Smith</b> Board Member Committee Chair	2:00p-2:10p
II.	<b>Approval of Minutes from December 8 Meeting</b>	[Tab A]	<b>Patrick Smith</b> Board Member Committee Chair	2:10-2:15p
III.	<b>Asset Allocation</b> <ul style="list-style-type: none"><li>» History</li><li>» Current Allocation</li><li>» Q&amp;A</li></ul>	[Tab B]	<b>Chris Hanak</b> WSIB	2:15-2:35p
IV.	<b>WSIB Quarterly Performance Report</b>	[Tab C]	<b>Chris Phillips</b> WSIB	2:35-2:55p
V.	<b>Program Administrator Report</b> <ul style="list-style-type: none"><li>» Benchmark for short-term investment policy</li></ul>	[Tab D]	<b>Matt Poth</b> WA STEM	2:55-3:15p
VI.	<b>Program Update</b> <ul style="list-style-type: none"><li>» Feasibility Study Update</li><li>» GRD Scholarship Model Cash Decision</li></ul>	[Tab E]	<b>Kimber Connors</b> WSOS	3:15-3:30p
VII.	<b>Meeting Adjourned</b>		<b>Patrick Smith</b> Board Member Committee Chair	3:30p

**UPCOMING MEETINGS:**

Thursday, June 3, 2021 at 2-3:30p  
Thursday, September 9, 2021 at 2-3:30p  
Wednesday, December 8, 2021 at 1-2:30p

**Committee Questions for Consideration:**

- » What stresses might be coming our way (e.g., inflation) that could require we re-examine our scholarship modeling (e.g., re-assess the number of students served or the amount of money they each receive)?
- » What is the internal trigger for further discussion on the need for an asset allocation for the GRD Scholarship (dollar amount or time horizon)?

## **Tab A**

Approval of December 8, 2020 Minutes

**FINANCE & INVESTMENT COMMITTEE MEETING MINUTES |  
TUESDAY, DECEMBER 8, 2020**

**Members present via Zoom:** Julie Sandler (Committee Chair), Elisa La Cava, Brad Faulhaber, Bob Moser and Matt Rubright

**Other participants present via Zoom:** Kimber Connors (WSOS Executive Director), Karyl Gregory (WSOS), Chris Hanak (WSIB), Chris Phillips (WSIB), Javana Polenska (WSOS), Blair Peterson (Washington STEM), Matt Poth (Washington STEM), Yoko Shimomura (Washington STEM) and Patrick Smith (Loftus Ranches)

As temporary host, WSOS Board member Julie Sandler called the meeting of the Washington State Opportunity Scholarship (WSOS) Finance & Investment Committee to order at 2:03 pm. Sandler conducted a roll call with self-introduction of all participants and noted a quorum was present.

**Approval of Minutes from September 8, 2020 Finance and Investment Committee**

Brad Faulhaber moved to approve the minutes of the September 8, 2020 meeting. Elisa La Cava seconded the motion, and it carried unanimously.

**Program Administrator Report**

Matt Poth, Director of Finance at Washington STEM, presented financial statements through 9/30/20. Poth reported total assets of \$115.8M which is a 4% decrease from 7/31/20, the last reported period. This decrease is due primarily to net scholarship disbursements in August of \$6.48M (\$5.6M BaS and \$891K CTS). This includes new BaS Cohort 9 and new CTS Cohort 2. The decrease in total assets was offset by the Brad Smith & Kathy Surace-Smith pledge of \$1M for the Rural Jobs Initiative which was paid in full in August, WSAC state match funds of \$2.89M, the Costco payment of \$100K and \$156K in scholarship refunds. Half of the Brad Smith & Kathy Surace-Smith pledge (\$500K) is eligible for the state match now due to existing state appropriations. The remaining half will be eligible in FY2022 once additional appropriations are made. This is shown as unbilled state match revenue along with the offset for transparency on our financial statements.

Net investment gains for August and September were about \$790K. Most of the investments are held at WSIB and some at KeyBank Capital. The KeyBank investment account (public dollars) provides cash needs first in order to fund scholarship demands.

Total liabilities are \$29.9M which is a 6% increase since 7/31/20 and a 22% decrease since 9/30/19. Compared to 07/31/2020, BaS scholarship liability increased ~1% from \$26.83M to \$27M. This is due to recording the Cohort 9 liability in August which resulted in a net increase in the liability despite also paying scholarship disbursements during this time. Additionally, CTS scholarship increased by ~104% due to reaching the second year of the program. We have now recorded cohorts for fall, winter and spring 2019-2020 as well as for fall 2020-2021. Fall 2020-2021 also included our first round of RJI Scholars. Compared to 09/30/2019, BaS decreased by 27% primarily due to the smaller cohort size of Cohort 9. In addition, CTS increased by 95% because in September 2019 we would have only recorded the liability for fall 2019-2020.

General accounts payable is higher due to the timing of the Scholar Leads' stipend accrual. Scholar Lead payouts, however, are far lower than budget due to fewer Leads being selected for the 2020-21 academic year than budgeted.

Yields total net assets is \$85.9M which represents a 4% decrease due to reasons already stated. Pledges and grants receivable, net, decreased primarily due to the \$1M Smith/Surace-Smith pledge payment. The balance includes Gary Rubens's pledge of \$2.5M to be paid out in June 2021, \$20K from Avista Corp., \$25K from Jim Sinegal, and other Board members' and OpportunityTalks pledges.

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The Q1 and Q2 state match was received in early August to support the fall scholarship disbursements. Q1 FY21 (Jul-Sep 2020) implementation funds of \$62,500 for CTS are also part of the receivable. This was paid in December.

Regarding the ongoing reconciliation of funds with the College Success Foundation (CSF), the remaining ~\$258K needs supporting documentation for WSAC to match. This will require further assistance from CSF in order to fulfill WSAC standards, and likely will not be resolved until 2021.

The August and September private contributions include Boeing's \$100K, Costco's \$100K, Oracle's \$10K along with several Board member gifts.

Salaries and benefits are under budget by \$200K primarily due to the timing of new hires. Kimber Connors, WSOS Executive Director, noted that all hiring is now complete except for one position. Next year, the funding for staffing will increase due to funding salaries for the full twelve-month period. Poth reported that there were savings across other program expense categories including professional/consulting, travel/conferences and operating expenses due to the change in business norms because of COVID-19. Poth noted he expects to see this impact through Q3 in 2021.

Poth reported that the program administration fee from WA STEM increased starting 7/1/20. This increase was negotiated between WA STEM and WSOS after the budget was already established. The budget also did not include the \$250K implementation funds received from WSAC for CTS. An additional \$250K will be received for FY21 which will impact 2020 revenue by half as invoicing is quarterly.

Poth reported that the Graduate Degree (GRD) is not expected to roll out until 2021. Planning is already underway for it.

The Scholarship Account totals \$105.4M. This excludes cash held in the primary checking account and money market at the time of reporting. The Endowment Account is \$5.9M and is all held at WSIB.

Sandler recommended we consider the next potential cornerstone gift partners. Connors suggested that committee members send their ideas of potential prospects to her.

## **WSIB Quarterly Performance Report**

Chris Phillips, WSIB's Director of Institutional Relations and Public Affairs, reported on the growth of assets through 9/30/20. The BaS Account is \$76.9M, all comprised of private funds. The Endowment Account is \$5.9M and is comprised of 90% in private funds/10% in state match funds. The CTS Account is \$27.6M with 56% in private funds and 44% in state match funds.

Connors asked what the Committee should be aware of in terms of market impacts as we look ahead to the Biden administration. Chris Hanak, from WSIB's Risk Management and Asset Allocation team, stated that he sees restrained fixed income returns. In a negative interest rate environment, the Fed is looking at inflation and whether it rises above its average of 2%. Matt Rubright added that the outcome of the Senate runoff could lead to less market volatility.

Elisa La Cava asked if there is a goal for maintaining a certain threshold in the Endowment Account. Phillips stated that the goal is to maintain the account's asset allocation; balances will vary and there is no floor or gate for the market value. Connors stated that we will continue to support 550 CTS Scholars and 750 BaS Scholars each year until those funds are spent down in alignment with the Board-approved scholarship model but that no plan is currently in place for use of the endowment monies. We are looking for a new cornerstone partner which would extend the spend down and give us reason to revisit our scholarship model (and potentially increase cohort sizes). Boeing released its \$12.5M donated funds from the Endowment Account in fall 2019 for the new CTS program. The interest accrued from Boeing's original donation is all that remains in the Endowment Account. The larger BaS and CTS programs are aligned

# WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

around a strong allocation (nearly 70%) to fixed income. The smaller Endowment Account is the inverse, with a strong allocation to equities for greater long-term growth potential.

Market values for all three accounts are as follows: Scholarship Account - \$10; Endowment Account - \$585K; CTS - \$12M. Both target and current allocations for state match funds are 100% cash, and the cash is invested in a money market fund managed by BlackRock. State law requires public funds remain invested in cash vehicles, absent a constitutional amendment.

Phillips provided fund performance updates for the three WSOS accounts. Historical performance is annualized with all periods ending 9/30/20. Despite multiple systemic uncertainties in the economy (COVID, election, etc.), the markets have continued to generate strong returns during 2020. The Q3 returns for both BaS and CTS was 3.2%. The Q3 return for the Endowment Account was 6.8%. Returns for the 12 months ending 9/30/20 were 7.7% for the BaS Account and 5.6% for the Endowment Account. Cash yielded 0% for the quarter as interest rates remain exceedingly low. In response to past Committee member questions, WSIB advised WSOS to evaluate investment performance by comparing account performance against benchmarks in the near term, and against the assumptions identified in the recent asset allocation study for the longer term. A copy of the asset allocation study has been provided to staff. The current 1-year return for the Endowment Account significantly lags the benchmark because of the approved de-risking done during fall 2019 in preparation for transferring assets to the new CTS Account.

La Cava stated that it is helpful to receive this specific information about meeting or exceeding benchmarks. Phillips noted that for long term impact, we compare against benchmarks and for short term impact, we compare against asset allocations.

Phillips reported on the breakdown of performance for both asset classes (equities and fixed income) across all three accounts. Equities posted 8.16% for Q3, and more than 9% for the 1-year period ending 9/30/20. Fixed income posted 1.65% for Q3 and mid-7% returns for the 1-year period ending the same period.

La Cava asked how the performances compare to what we hoped for. Phillips stated that we continue to focus on the assumptions for the asset allocations.

Phillips reported on the WSIB bond fund characteristics. Average maturity of bonds is holding steady at 5.6 years, up from 5.1 years in early 2020. Yield to maturity and average coupon (yield) are both down slightly from the previous quarter.

Hanak provided an update on the current market environment. Global equity markets continued to enjoy strong performance, although individual sector performance has varied widely due to COVID-19 creating headwinds/tailwinds for various business models. In broad strokes, energy is losing and technology is winning. Interest rates are projected to remain low for an extended period as the Fed is willing to allow inflation to run above its targets. Other central banks are poised to adopt similarly relaxed monetary policy for the near future.

## **Program Update**

Connors announced that this is Bob Moser's and Beau Damon's final meeting and thanked them for their extraordinary service as two of the original committee members. Moser shared his personal reflections on how WSOS has grown from infancy to adulthood. He stated that WSOS is a remarkable organization through which thousands of students' lives have been changed. Both men received a warm round of applause.

Connors announced that Latisha Hill and Patrick Smith were formally appointed by Governor Inslee as WSOS Board members. Connors presented the name of Joseph Walker as a proposed committee member. Walker was highly recommended to Connors by Brad Faulhaber. Faulhaber shared how he and Walker worked closely together at Microsoft. Faulhaber describes Walker as an investment professional

# WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

with great insights who has provided strong mentoring to him over the years. Walker now serves as Senior Vice President, Corporate Treasurer at Providence St. Joseph Health.

**Committee Action:** Moser made a motion to recommend Joseph Walker to the WSOS Board as a member of the WSOS Finance & Investment Committee. The motion was seconded by Matt Rubright, and it carried unanimously.

## **Policy Updates: Short-term Investment Policy and the Undesignated Funds Policy**

Connors asked committee members to identify what WSOS should keep in mind when evaluating KeyBank's benchmark recommendation, and if there are any concerns or recommendations to improve the policies as proposed. Rubright stated that the short-term policy should dovetail with a benchmark outside of WSIB. Smith advised that Barclay's intermediate benchmark not be used for short term cash. Hanak recommended the 3-month T-bill. Smith added that it is slightly above zero and gives us a target. Connors reported STEM will work with KeyBank to establish a benchmark and is committed to reporting back at the next Committee meeting.

**Committee Action:** Moser made a motion to approve the update to the Short-Term Investment policy. The motion was seconded by Faulhaber, and it carried unanimously. This policy will move on to the Board for final approval.

Connors reported that the pre-read materials outline how the undesignated funds are handled.

**Committee Action:** La Cava made a motion to accept the Undesignated Funds policy. The motion was seconded by Rubright, and it carried unanimously.

## **Committee Self-Evaluation**

Connors reviewed the purpose of the Committee according to our Charter. The Committee is tasked with providing oversight of WSOS investment strategy and investment guidelines; providing oversight of WSOS financial matters; and performing such related functions as may be assigned to it by the Board. Specific responsibilities are two-fold: 1) review the investment policies and strategies and provide policy guidance to the Board as directed; 2) review and make recommendation to the Board regarding the annual budget.

An additional responsibility of this Committee is to perform an annual self-evaluation of its own performance in the fourth quarter with respect to the previously stated requirements in the Committee Charter. These evaluation findings must be reported back to the Board during one of the quarterly Board meeting updates. Connors reported that the self-evaluation survey was recently sent to Committee members and five members to date had completed it. These survey results will be shared with the Board at their next meeting. Connors asked if any member who completed the survey wanted to share anything for the group to discuss that was or was not included in the evaluation. La Cava offered to help improving Committee performance in any way.

## **Proposed 2021 Budget**

Connors presented the proposed 2021 WSOS budget. The three main sections of the budget include totals for revenue, scholarship expenses and non-scholarship expenses which would encompass Scholar Lead stipends, salaries/taxes/benefits, the program administrator fee to WA STEM and all other operating costs.

Connors noted that 2020 revenues were down compared to 2019 (\$24.8M to \$6.3M) because major gift payouts reached the end of their pledge cycles. Fundraising will ramp up in earnest in 2021 (\$6.3M to \$27.8M) with the kickoff of the \$200M campaign. The proposed 2021 budget includes securing two new cornerstone pledges in 2021, and payments and state match to begin in 2022. Connors noted that there is a new delay in the state match revenue receipt due to statutory changes.

Scholarship spending is relatively stable. There was a decrease from 2019 to 2020 (\$24.3M to \$11M) because of the last cohort of Rubens Scholars accepted and accrued in 2019, and an adjustment was made to the scholarship modeling to improve accuracy based on actuals. Scholarship spending from 2020



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to 2021 will remain largely unchanged (\$11M to \$10.7M) because cohort sizes are stabilized per the scholarship model. If major gifts are secured in 2021, scholarship spending for 2022 will likely increase.

Non-scholarship spending will grow by ~\$169K (4%) with these variances: Scholar Lead stipends will decrease by \$100K due to smaller cohorts in first- and second-year; salaries/benefits increased 2019 to 2020 due to 6 new FTE and the 1.6% COLA; salaries/benefits will increase 2020 to 2021 by \$241K or 9.7% due to being fully staffed through the whole year and holding a reserve for a 3% COLA; the program administrator fee increased by \$44K or 8.3% because of the new two year contract and the ~\$20K cyber security insurance which is now included in the fee; and all other operating expenses will decrease by \$15K or 1.8% due to the change in business norms with COVID-19, and releasing sublet office space in favor of a hoteling model.

Patrick Smith asked about the extent to which investment income hits budgeted revenue. Poth stated that he does not have enough information to enter that into the budget with gains and losses. He added that our scholarship models are built with cash projections and liabilities.

**Committee Action:** Moser made a motion to recommend the Board adopt the 2021 WSOS proposed budget. The motion was seconded by Rubright, and it carried unanimously.

Connors asked what WSOS and WSIB should keep in mind with approaching the Graduate Scholarship modeling and asset allocation. It was decided that a meeting between WSIB and WSOS would be set up to discuss its structure.

The meeting adjourned at 3:35 pm.

Respectfully submitted,  
Karyl Gregory



## **Tab B**

Asset Allocation

# WSOS Student Support Pathways (CTS) Strategic Asset Allocation Study (Recap)



**Christopher Hanak**  
**Risk Management and Asset Allocation**  
**April 16, 2020**

## Recap from Previous Asset Allocation Study



Defined suitable asset classes for potential inclusion based on risk, return, liquidity, diversification, and implementation considerations

- ▣ Passive Public Global Equity
- ▣ Active Fixed Income – Intermediate Credit
- ▣ Cash

Utilized modern portfolio theory to derive the efficient frontier of portfolios with the best estimated risk-return tradeoff

- ▣ WSIB approved capital markets assumptions
- ▣ Specific risk, return, and liquidity considerations for the WSOS portfolios

Simulated returns over a 15-year period to understand estimated range of outcomes over program life



## Quantitative Inputs

### *WSIB Selected Current Capital Market Assumptions*

	Arithmetic Return	Standard Deviation	Geometric Return
Fixed Income	4.4	6.0	4.2
Global Equity	8.5	18.5	7.1
US Equity	7.8	17.5	6.5
Non-US Equity	9.4	20.0	7.8
Cash	2.6	1.5	2.6

Correlation	Fixed Income	Global Equity	U.S. Equity	Non-U.S. Equity	Cash
Fixed Income	1.00				
Global Equity	0.15	1.00			
U.S. Equity	0.20	0.90	1.00		
Non-U.S. Equity	0.10	0.90	0.85	1.00	
Cash	0.20	0.00	0.00	0.00	1.00

## Qualitative Inputs

### *Student Support Pathways Account (CTS) – Assumptions*



- ❑ January 31, 2020, Market Value and Asset Allocation\*
  - ❑ \$15.0 million
  - ❑ 26.3% Equity / 68.8% Fixed Income / 4.8% Cash
- ❑ Developed two cases for analysis: the first anticipates conservative fundraising through 2032 and spending account down by 2035 while the other anticipates significant fundraising through 2026 and tapered fundraising through 2035
  - ❑ Both cases anticipate high payout rates during the program because increased donations are anticipated to expand the scope but not the duration of the program
  - ❑ State-match funds are held in cash and spent first
  - ❑ The first case is most susceptible to near-term market downturns and was therefore selected as most conservative for allocation modeling
  - ❑ The strategic asset allocation will be reconsidered in the event that fundraising significantly exceeds expectations
  - ❑ Conclusion: High liquidity needs, low expected return, and a low tolerance for volatility; a conservative asset allocation is appropriate

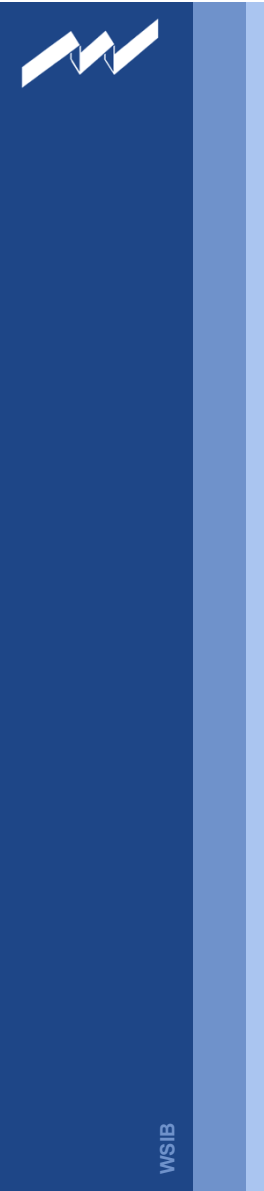
\* Private funds market value, does not include state match

## Portfolio Statistics

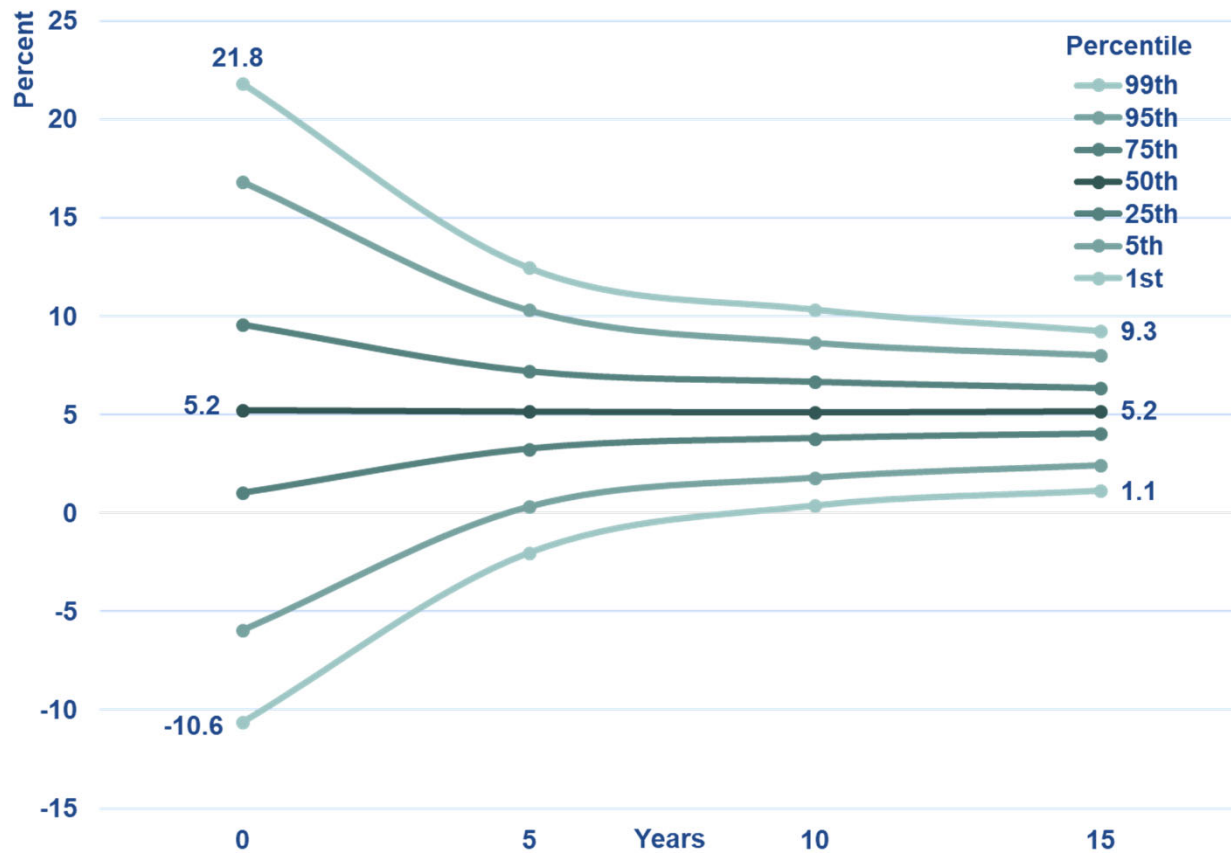
*Pathways (CTS), Scholarship (BaS), and Endowment Accounts*

	Pathways Proposed	Scholarship Existing	Endowment Existing
Cash	5%	5%	0%
Fixed Income	70%	70%	20%
Global Equity	25%	25%	80%
Median 15-year return	5.2%	5.2%	6.8%
Standard Deviation	6.7%	6.7%	15.0%
Sharpe Ratio	0.8	0.8	0.5
Probability of achieving T+15-year budget	76%	80%*	N/A
Probability of a 1-year negative return	20.5%	20.5%	31.8%
Probability of a 5-year negative return	4.2%	4.2%	15.6%

\*Calculation assumes no transfer of funds from the Endowment Account which is currently comprised of unrestricted earnings from previous investment; inclusion of these funds would increase the probability of success substantially



## Simulated Returns – Student Support Pathways (CTS) and Scholarship (BaS) 25 Equity / 70 Fixed Income / 5 Cash Expected Return



## **Tab C**

### WSIB Quarterly Performance Report





**Washington State  
Investment Board**

**WSOS Investment and Finance Committee  
Performance Review 4Q20  
March 10, 2021**



**Chris Phillips  
Director of Institutional Relations**



## WSOS Investment Program Summary



- ❑ WSOS portfolio now encompass 4 accounts with the addition of GRD, the newly dedicated scholarship program for graduate students
- ❑ The new GRD account was funded on October 30, 2020 with an initial contribution of \$500K; GRD assets are currently held in cash
- ❑ In December, WSIB fulfilled a WSOS request for a \$5 million disbursement by drawing down \$4.6 million from equities and \$446K from fixed income
- ❑ Reporting has been updated to align with WSOS program nomenclature:

WSOS designations	Legislative designations
BaS	Scholarship account
CTS	Student Support Pathways account
GRD	Advanced Degree Pathways account
Endowment	Endowment account

- ❑ Performance results were stronger than anticipated in 2020 due in part to market response to aggressive levels of fiscal and monetary stimulus:
  - ❑ BaS and CTS (30/70 allocations) earned 5.2% in Q4 and more than 10% for the calendar year
  - ❑ Endowment (80/20 allocation) earned 13% in Q4 alone, and 16.8% for the calendar year
  - ❑ State-match cash yielded 26-38 basis points for the calendar year
- ❑ Global equity funds posted returns of 15.75% for Q4 and 16.5% for the year
- ❑ Fixed income funds generated 1.6% for Q4 and 8.3% for the year



## Capital Markets Summary

*Reported as of December 31, 2020*



- ❑ Global equity markets rallied for a third consecutive quarter.
  - ❑ The MSCI Developed World IMI index returned 15.1% for Q4, and 15.9% for the year
- ❑ COVID-19 infection rates spiked upward in Europe and the U.S., countered by announcements of several effective vaccines in November
- ❑ A U.S. \$900 billion stimulus package included a \$600 one-time check to qualified individuals and a 10-week extension of unemployment benefits
- ❑ Emerging markets countries outperformed developed markets this quarter
  - ❑ The MSCI Emerging Markets IMI index was up nearly 20%
- ❑ Interest rates remain historically low
  - ❑ The 10-year Treasuries yield ended 2020 at 0.9% compared to 1.9% one year ago
- ❑ The Bloomberg High Yield bonds index gained 6.5% for the Q4, bringing its one-year return to 7.1%
- ❑ For the year, the best performing sectors were Information Technology (45.2%) and Consumer Discretionary (34.6%)
  - ❑ The energy sector fell 28.4% in 2020



# WSOS Scholarship/Endowment Funds – Growth of Assets

December 31, 2020



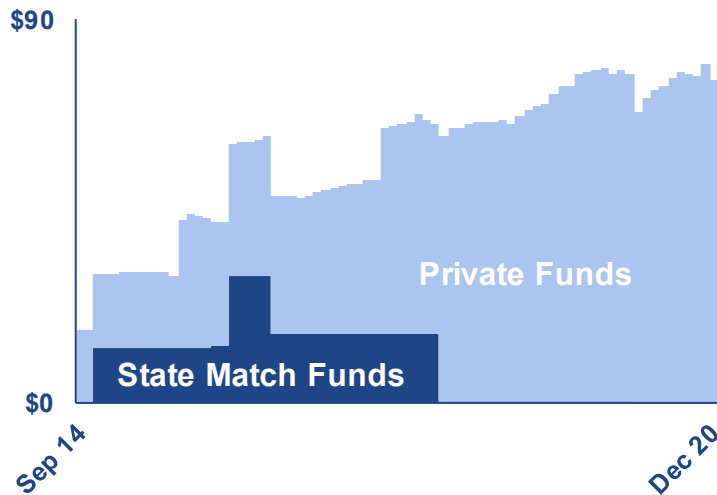
## BaS

- ▣ Total assets: \$75.9 million
- ▣ 100% private funds

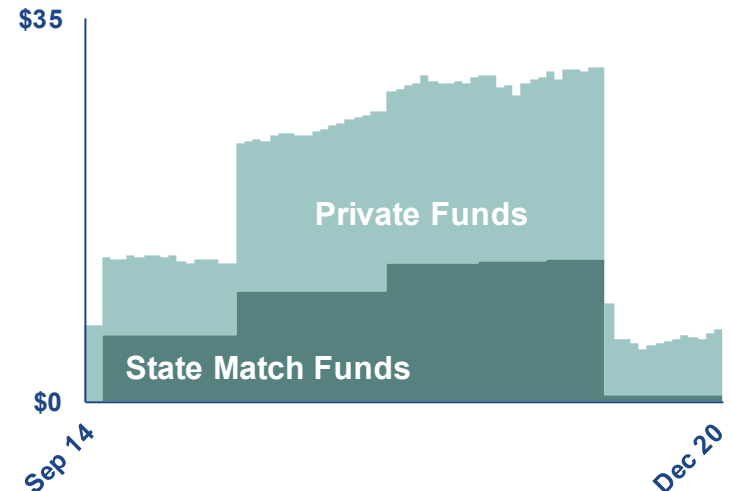
## Endowment

- ▣ Total assets: \$6.6 million
- ▣ 91% private funds and 9% state match funds

### Growth of BaS Assets



### Growth of Endowment Assets





# WSOS Scholarship/Endowment Funds – Growth of Assets

December 31, 2020



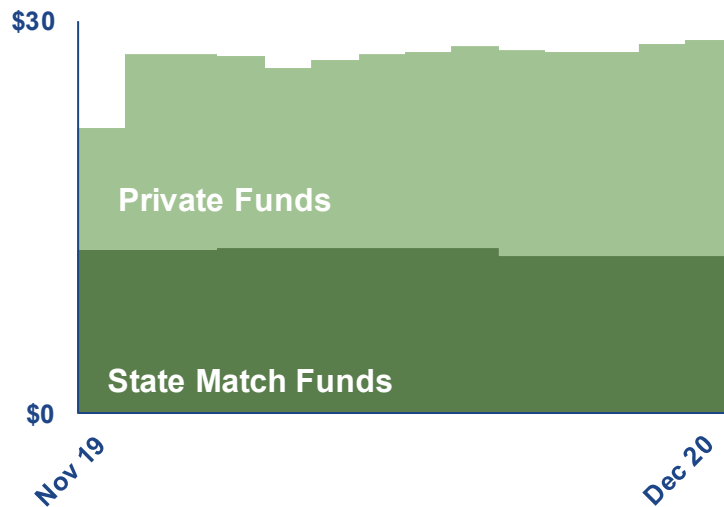
## CTS

- Total assets: \$28.4 million
- 58% private funds and 42% state match funds

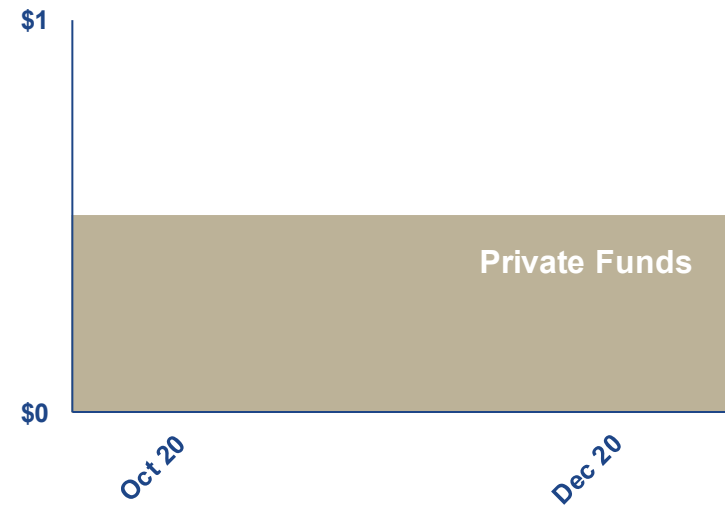
## GRD

- Total assets: \$0.5 million
- 100% private funds

### Growth of CTS Assets



### Growth of GRD Assets





# Market Values and Asset Allocation for Private Funds

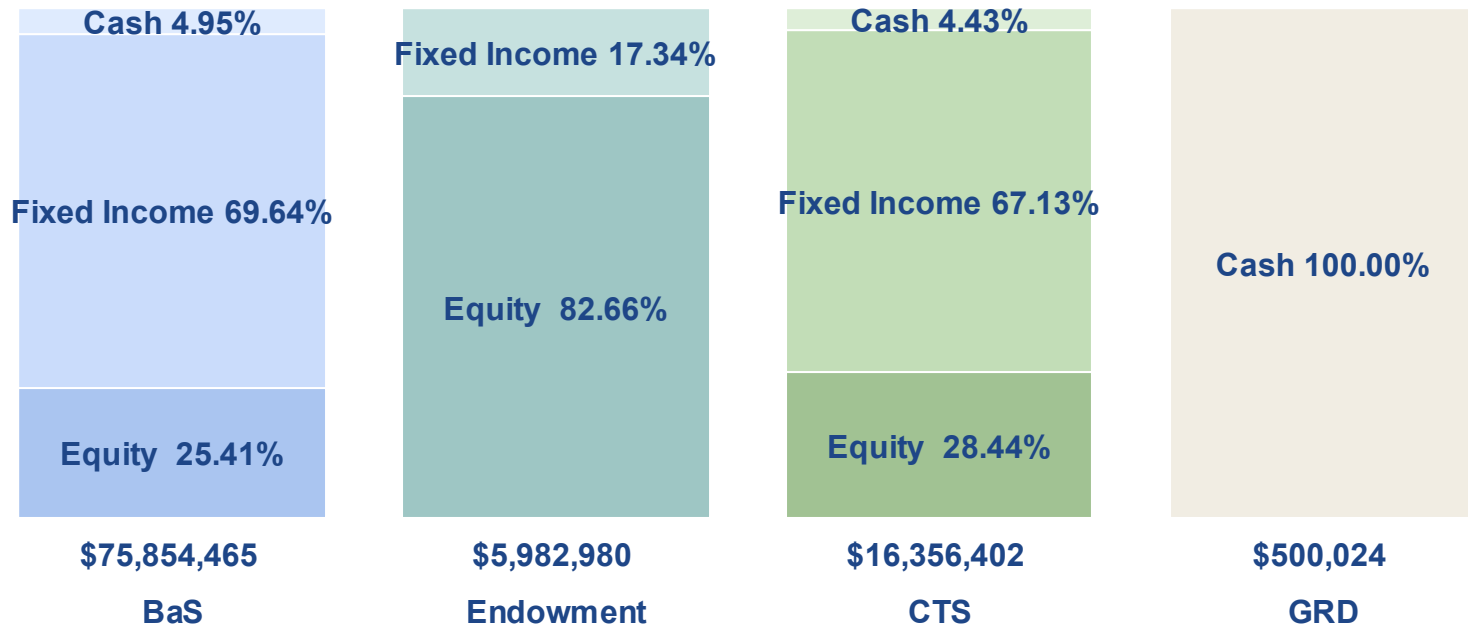
*December 31, 2020*

## 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





# Market Values for State Funds

*December 31, 2020*



## State Match Funds

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

## Market Values

BaS	\$0
Endowment	\$585,068
CTS	\$12,066,191
GRD	\$0





## Fund Performance Updates

*All Columns Show Performance Calculated as of December 31, 2020*

	4th Qtr. 2020	1 Year	3 Year	5 Year	Since Inception
<b>BaS</b>					
Private	5.18%	10.28%	6.36%	8.46%	6.54%
Private Benchmark	5.00%	9.56%	6.26%	8.19%	6.52%
State Match	0.00%	0.26%	1.34%	1.01%	0.83%
State Match Benchmark	0.03%	0.67%	1.62%	1.21%	1.00%
Private Funds Benchmark: 25% Equity, 70% Fixed Income, and 5% Cash. State Match Benchmark: 100% Cash					
<b>Endowment</b>					
Private	13.02%	16.83%	7.99%	10.48%	8.14%
Private Benchmark	12.91%	15.07%	9.36%	11.08%	8.68%
State Match	0.01%	0.38%	1.40%	1.05%	0.86%
State Match Benchmark	0.03%	0.67%	1.62%	1.21%	1.00%
Private Funds Benchmark: 80% Equity, 20% Fixed Income. State Match Benchmark: 100% Cash.					
<b>CTS</b>					
Private	5.18%	10.16%	N/A	N/A	10.95%
Private Benchmark	5.00%	9.56%	N/A	N/A	9.77%
State Match	0.01%	0.38%	N/A	N/A	0.48%
State Match Benchmark	0.03%	0.67%	N/A	N/A	0.76%
Private Funds Benchmark: 25% Equity, 70% Fixed Income, and 5% Cash. State Match Benchmark: 100% Cash.					
<b>GRD</b>					
Private	N/A	N/A	N/A	N/A	0.00%
Private Benchmark	N/A	N/A	N/A	N/A	0.02%
State Match	N/A	N/A	N/A	N/A	N/A
State Match Benchmark	N/A	N/A	N/A	N/A	N/A

Note: All program benchmarks use the MSCI ACWI IMI w/U.S. Gross, Bloomberg Barclays Intermediate Credit, and the 90 Day Tbill



## Fund Performance Updates

*All Columns Show Performance Calculated as of December 31, 2020*

	4th Qtr. 2020	1 Year	3 Year	5 Year	Since Inception
<b>Equity</b>					
BaS	15.74%	16.55%	10.54%	12.78%	9.78%
Endowment	15.75%	17.49%	10.29%	12.64%	9.77%
CTS	15.75%	16.56%	N/A	N/A	21.32%
MSCI ACWI IMI w/ U.S. Gross	15.78%	16.60%	10.05%	12.49%	
<b>Fixed Income</b>					
BaS	1.59%	8.34%	5.90%	5.47%	4.44%
Endowment	1.59%	8.34%	5.91%	5.48%	4.45%
CTS	1.59%	8.34%	N/A	N/A	8.00%
BB Intermediate Credit	1.55%	7.08%	5.46%	4.74%	



# Bond Fund Characteristics & Top 10 Issuers

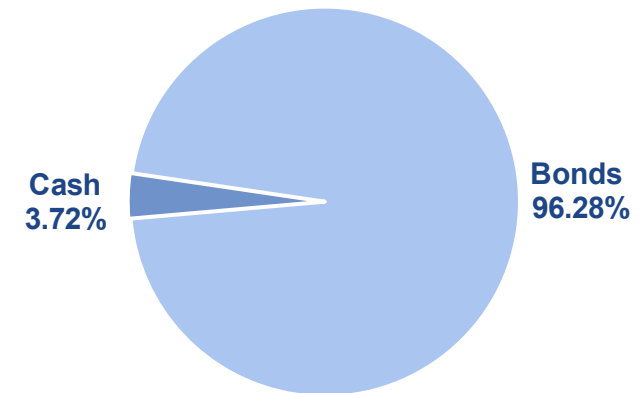
December 31, 2020

## Top 10 Issuers

Blackrock Inc.	1.69%
Standard Chartered Bank	1.13%
Laboratory Corp. Of America	1.11%
MUFG Bank, Ltd.	1.08%
U.S. Bancorp Investments, Inc.	1.07%
Principal Financial Group	0.96%
BNP Paribas	0.91%
SP PowerAssets Ltd.	0.91%
Sumitomo Mitsui Financial Group	0.90%
Boeing Co.	0.89%

## Asset Allocation and Market Value

Bond Fund	\$2,497,326,609
-----------	-----------------



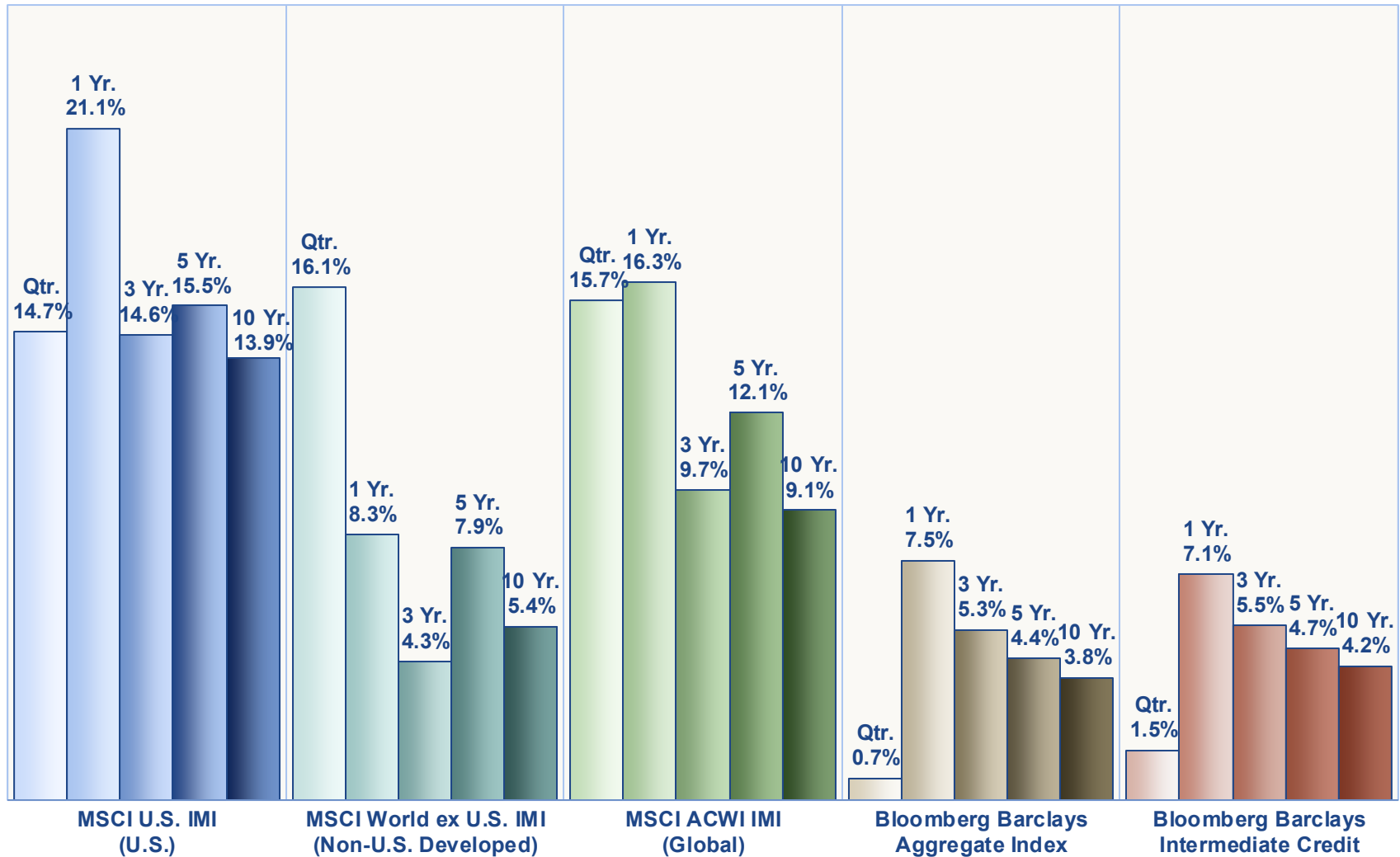
## Characteristics

	Fund	Index
Average Maturity	5.4 years	5.0 years
Yield to Maturity	1.29%	1.01%
Modified Duration	4.93	4.44
Average Coupon	2.80%	3.20%
Number of Holdings	261	4,679



# Capital Markets at a Glance

December 31, 2020





## Contact Information



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

The screenshot shows the Washington State Investment Board website. The header includes the logo and the tagline "Investing with integrity, prudence, and skill". A search bar is located in the top right corner. The main content area features a large banner with the text "Delivering investment results for retirement plans & public trusts" and a background image of business silhouettes. A left-hand navigation menu lists categories: INVESTING (Investment Overview, Fund Performance, Investment Reports), INFORMING (Board Info, Committees, WSIB Staff, News & Resources, Contact Us), ENGAGING (Responsible Investing, Corporate Governance, Risk), and EMPLOYING (Searches, Jobs). Below the banner are four boxes: "FEATURES" (Glossary, FAQ, Resources & Map, Directions & Map), "POPULAR PICKS" (IRR Report, Quarterly Report, Risk Framework, Policies), "NEED INFO?" (with question marks), and "WSIB STORY" (with an upward arrow).

### Address:

2100 Evergreen Park Drive SW

P.O. Box 40916

Olympia, WA 98504-0916

### Phone Number:

(360) 956-4600

## **Tab D**

### Program Administrator Report

# FINANCE & PROGRAM ADMINISTRATOR UPDATE

December 31, 2020

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP



# WSOS Balance Sheet

## Comparative Balance Sheets

December 31, 2020

	Comparison to Last Reported Period			Notes	Comparison to Same Period LFY		
	9/30/20	% Change	12/31/20		12/31/19	% Change	12/31/20
<b>Assets</b>							
Cash	1,110,118	-53%	518,940	1	1,178,117	-56%	518,940
Investments	111,282,060	0%	111,345,130	2	112,320,483	-1%	111,345,130
Accounts Receivable	404	0%	404		3,903	-90%	404
Pledges and Grants Receivable, net	2,543,608	1%	2,560,863		5,006,598	-49%	2,560,863
State match receivable, net	787,470	-7%	734,155	3	212,081	246%	734,155
Unbilled State match revenue	500,000	1%	506,345	4	-	100%	500,000
Unbilled State match receivable, offset	(500,000)	1%	(506,345)	4	-	100%	(500,000)
Prepaid Expenses	66,339	9%	72,583		78,149	-7%	72,583
Property and equipment, net	22,762	-13%	19,868		31,446	-37%	19,868
<b>Total Assets</b>	<b>115,812,761</b>	0%	<b>115,251,943</b>		<b>118,830,777</b>	-3%	<b>115,251,943</b>
<b>Liabilities and Net Assets</b>							
Accounts Payable	166,038	-24%	126,863		81,571	56%	126,863
Payroll Related Liabilities	67,681	123%	150,716	5	149,054	1%	150,716
Scholarship Commitments Bacc., net	27,023,364	-16%	22,609,625	6	31,156,568	-27%	22,609,625
Scholarship Commitments CTS, net	2,647,539	16%	3,057,990	6	1,630,131	88%	3,057,990
Scholarship Commitments RJJ, net	-		55,479		-		55,479
<b>Total Liabilities</b>	<b>29,904,622</b>	-13%	<b>26,000,673</b>		<b>33,017,324</b>	-21%	<b>26,000,673</b>
<b>Net Assets</b>							
Temporarily Restricted Net Assets	85,908,139	4%	89,251,270		85,813,453	4%	89,251,270
Permanently Restricted Net Assets	-	0%	-		-	0%	-
<b>Total Net Assets</b>	<b>85,908,139</b>	4%	<b>89,251,270</b>		<b>85,813,453</b>	4%	<b>89,251,270</b>
<b>Total Liabilities and Net Assets</b>	<b>115,812,761</b>	0%	<b>115,251,943</b>		<b>118,830,777</b>	-3%	<b>115,251,943</b>

# WSOS Balance Sheet

## Notes:

1. Decrease in cash between October and December primarily due to net scholarship disbursement of \$6.48M (\$5.98M BaS, \$979K CTS/RJI). These were offset by Ballmer group contribution of \$500K (for GRD), WSAC state match funds of \$822K, WSAC Implementation funds of \$62.5K, and scholarship refunds of \$365K (\$166K BaS, and \$199K CTS/RJI) .
2. Investment balance as of 12/31/2021 includes WSIB BaS Scholarship \$75.85M, WSIB CTS Scholarship \$28.42M, WSIB Endowment \$6.57M, WSIB GRD Scholarship \$500K, KeyBank Capital BaS \$0, and KeyBank Capital CTS \$0. The KeyBank investment account (public dollars) provides cash needs first in order to fund scholarship demands, during the period scholarship disbursements exceeded the amounts in the KeyBank investment accounts.
3. State match receivable includes accrual for match of all private dollars received from October to December, other than the non-GRD items from October which were paid by WSAC during the quarter. This includes match of Ballmer Group \$500K gift, as well as Jim Sinegal gift of \$25K. Balance also includes \$62,500 of Implementation Funds for Q4 of 2020.
4. Total Rural Jobs contributions received during 2020 are currently \$506K in excess of state appropriations. We believe we will be able to bill and record the revenue for this state match midway through 2021.
5. Payroll liability increased due to year end accruals, which accrued expenses of 1 and 2/5ths Paycheck runs that were paid in January but related to days worked in 2021. Accrual also includes estimated Executive Director bonus (\$19K including benefits).
6. In December we recorded adjustments to our Scholarship liabilities for BaS of \$1.63M and for CTS/RJI of \$1.37M. This increases were offset by disbursements between Oct. and Dec. for the Baccalaureate and CTS/RJI programs of \$5.98M and \$979K, respectively.

# WSOS Income Statement

## Income Statements

### Actual vs. Budget

Twelve Months Ending December, 2020

	Twelve Months Ending December, 2020			December 31, 2020	
	Actual	Budget	Variance Fav (Unfav)	Notes	Annual Budget*
<b>Revenue</b>					
Private	2,460,635	1,705,599	755,036	1	1,705,599
Public	4,763,605	4,205,591	558,014	2	4,205,591
Investment Income	9,910,319	366,192	9,544,127	3	366,192
<b>Total Revenue</b>	<b>17,134,559</b>	<b>6,277,382</b>	<b>10,857,177</b>		<b>6,277,382</b>
<b>Program Expense</b>					
Salaries and Benefits	2,146,206	2,493,606	347,400	4	2,493,606
Professional Fees - Program Admin fees	547,780	530,540	(17,240)		530,540
Professional Fees - Contractors & Lobbying	487,823	665,000	177,177	5	665,000
Conferences, Conventions & Meetings	28,274	206,270	177,996	5	206,270
Operating Expenses	278,290	359,066	80,776	5	359,066
	<b>3,488,373</b>	<b>4,254,482</b>	<b>766,109</b>		<b>4,254,482</b>
<b>Income (Loss) before Scholarship Exp</b>	<b>13,646,186</b>	<b>2,022,900</b>	<b>11,623,286</b>		<b>2,022,900</b>
<b>Scholarship Expense</b>	<b>10,208,369</b>	<b>10,998,132</b>	<b>789,763</b>	6	<b>10,998,132</b>
<b>Net Income (Loss)</b>	<b>3,437,817</b>	<b>(8,975,232)</b>	<b>12,413,049</b>		<b>(8,975,232)</b>

\*Budget was adjusted mid-year due to approval of Fundraising Consulting cost of \$50K, as such Annual Budget figures may not match prior schedules.

# WSOS Income Statement

## Notes:

1. Revenue Private: The 2020 Budget included \$1M for 4-year scholarship and \$705K for CTS, divided evenly by quarter throughout the year. New revenues between Oct. and Dec. totaled \$756K which included \$500K from Ballmer Group, \$37.5K from Bristol Myers Squibb, \$15K from Providence, \$10K from Brad and Kathy Smith, \$10K from Parametrix, and \$10K from Boeing.
2. Revenue Public: State Match revenues accrued based on \$775K of private receipts between Oct. and Dec.. Additionally, \$62.5K of revenues were also recognized related to CTS Implementation funds for Q4 of 2020.
3. Investment income: Actual YTD includes unrealized+realized gains of \$9.86M, interest & dividend income of \$117K and investment expense of \$63K. Budget does not include forecasting gains/losses.
4. Salaries and benefits; Under budget as there was a delay in hiring new positions compared to what was expected in the budget, as well as some turnover which resulted in periods of the year not at expected capacity.
5. For Professional Fees – Contractors & Lobbying, Evaluation Consulting and IT Consulting were \$32K and \$35K under budget, respectively, due to predicted projects not being executed in current year. Temporary support consulting, which tracks scholar leads payments was \$99K under budget due to fewer Scholars in the program during 2020 than predicted in the budget.
6. Conferences, Conventions & Meetings, and Operating Expenses were lower than budget primarily due to Covid-19 quarantine measures, the WSOS office has remained closed with staff working remotely and not attending in person events/meetings since March, this included the Opportunity Talks event, which was held virtually. For conferences, conventions & meetings this resulted in expenses being below budget across the board, notably Meals (\$22K), Mileage (\$16K), Hotels (\$15K), Catering (\$71K, virtual OTalks event), Registration Fees (\$10K), Airfare (\$12K), and Other Travel Expenses including Taxis and Car Rentals (\$12K). Within operating expenses the largest differences were actuals under budget in Printing and Collateral (\$35K), and Outreach (\$15K), with smaller variances in other expenses.
7. Scholarship expense for CY 2020 for BaS was recorded in August with any final adjustments in December. The CTS liability and adjustments are recorded in March, August, and December based on portion of students accepted into the program. The expense in the budget is net of anticipated refunds. In actuality, refunds are received throughout the year, so the difference between budget and actual is primarily due to this as well as incorrect melt rate used in budget. BaS and CTS expenses recorded in December were \$1.63M and \$1.37M, respectively.

# WSOS Cash Flow

## Cash Flow Summary

Inception-To-Date

December 31, 2020

	Inception - December 31, 2020			
	<u>Scholarship</u>	<u>Endowment</u>	<u>Notes</u>	<u>Total</u>
<b><u>CASH FLOW</u></b>				
<b>Cash Inflow:</b>				
Boeing	25,110,000	-		25,110,000
Microsoft	35,000,000	-		35,000,000
Other Private	38,300,771	-	1	38,300,771
State Match	97,059,695	-	2	97,059,695
State Implementation Funds	312,500		2	312,500
Investment Income*	24,608,724	6,573,860	3	31,182,584
<b>Total Cash Inflows</b>	<b>220,391,690</b>	<b>6,573,860</b>		<b>226,965,550</b>
<b>Cash Outflow:</b>				
Scholarships	(94,064,364)	-	4	(94,064,364)
Program Expenses	(21,031,305)	(5,812)		(21,037,117)
<b>Total Cash Outflows</b>	<b>(115,095,669)</b>	<b>(5,812)</b>		<b>(115,101,481)</b>
<b>Net Cash Flow Inception-To-Date</b>	<b>105,296,021</b>	<b>6,568,048</b>		<b>111,864,069</b>
<b><u>Composition of Net Cash Flow</u></b>				
KeyBank Checking Account	518,940	-	5	518,940
Investment Accounts at WSIB and KeyBank	104,777,081	6,568,048	5	111,345,129
<b>Total</b>	<b>105,296,021</b>	<b>6,568,048</b>		<b>111,864,069</b>

# WSOS Cash Flow

## Notes:

1. Cash Inflow: Other Private - \$1.21M received on cash basis between Oct. and Dec., primarily \$500K contribution from Ballmer Group, \$25K from Jim Sinegal, \$15K from Providence, as well as various other gifts \$10K or under.
2. State - Received \$884K from WSAC between Oct. and Dec. These were for our Q3 2020 state match invoices, as well as the match on BaS and CTS gifts from Oct.. Additionally, we received \$62.5K of CTS implementation funds related to Q3 of 2020.
3. Investment Income - Oct. to Dec. investment income included unrealized/realized gains in BaS accounts of \$3.93M, CTS accounts of \$805K, and Endowment account of \$689K.
4. Scholarship disbursements were \$6.96M (\$5.98M Baccalaureate, \$979K CTS) between Oct. and Dec. 2020 and scholarship refunds totaled \$365K (\$166K Baccalaureate, \$199K CTS).
5. Assets are maintained in KeyBank Checking Account to meet short term cash needs, all excess dollars are invested in WSIB or KeyBank investment accounts to generate returns.

## **Tab E**

Program Update





# CAMPAIGN PROSPECTUS

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

# Washington's win-win-win

Far too few Washington students are pursuing the postsecondary education and training necessary to compete for the high-demand STEM, health care and trade jobs vital to our state's economy.

The Washington State Opportunity Scholarship (WSOS) addresses workforce shortages and the opportunity gap in higher education. We connect our state's leading industries to top students from diverse backgrounds by reducing barriers to education and providing a supportive pathway for academic progression and career development.

This powerful public-private partnership is the first of its kind in the country, and a win-win-win for students, industry and Washington state residents.



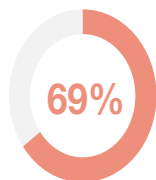
## A bipartisan bet delivers big returns

Bipartisan support launched WSOS in 2011 with the state legislature agreeing to match private contributions dollar for dollar. Industry leaders, **including founding partners Boeing and Microsoft**, helped match state funds to develop a robust pipeline of Washington students for Washington jobs.

---

**Today, our programs are delivering tremendous impact:**

**WSOS WILL SERVE 20,000 SCHOLARS BY 2025.**



students of color



first-generation college students



women

## Reinvesting at a critical time

WSOS is evaluating plans for the next round of funding for scholarships and programs through 2030 and beyond. Reinvesting in WSOS now will scale our strategy of financial aid paired with mentorship to make continued progress towards racial equity. And, we will harness the talent of Washington students to rebuild our economy in the aftermath of COVID-19.

The potential \$200M public-private investment will create opportunities for thousands of low- and middle-income students pursuing high-demand credentials across Washington.

# Results worthy of reinvestment

WSOS was originally created as a 10-year program. In 2019, a Washington state Joint Legislative Audit Review Committee (JLARC) report found that WSOS exceeded all expectations in improving student outcomes and addressing the state's workforce challenges.

## Nearly 5,000 Baccalaureate Scholars have graduated to date.



When compared with peers, our Scholars are:

- **More than twice as likely** to graduate in four years
- **28% less likely** to take on debt than peers; and those who do, take on 22% less debt
- More likely to be employed a year following graduation and **earn 14% more**

---

## In its first cohort (2019-20), 552 students were awarded Career & Technical Scholarships (CTS).



**87%** identified as first-generation college students and **48%** identified as women



**33%** are pursuing education and training in the health care industry; **26%** are aiming for careers in information technology and **26%** in trade industries



The median family income for Cohort 1 Career & Technical Scholars upon application was **\$12,022**; after graduating, they will enter high-demand jobs with a projected median income of **\$60,000**



The top five counties for CTS students per capita are **Wahkiakum, Cowlitz, Lewis, Skagit and Whatcom**

WSOS breaks the cycle of intergenerational poverty and has the power to change individuals, families and communities.



# What comes next

In 2011, corporate partners like Microsoft and Boeing, along with private foundations such as Ballmer Group and the Rubens Family Foundation, invested in a new and unique program. Nearly a decade later, WSOS is no longer just a vision. We have created the tools and compiled the track record. Our model solves our state's talent gap by investing in Washington students.

## But it requires reinvestment.

To build on this successful program and broaden our reach, we are seeking our next round of capital. This reinvestment will fully fund and increase our scholarship commitments through the 2025-26 academic year. It will also expand our scholarship portfolio to include graduate scholarships and fund sustained growth through academic year 2030-31.

## Round two reinvestment: \$100M private funding goal to match WA state commitment



### \$99M Baccalaureate Scholarships

1,225 students per year

Scholars are selected based on their interest in pursuing a bachelor's degree in the highest-demand areas of study including health care, engineering, biology and computer science.



### \$54M Career & Technical Scholarships

1,225 students per year with extra support for 900 rural students

Scholars are seeking associate degrees, certificates and apprenticeships through Washington's community and technical colleges. Our Rural Jobs Initiative ensures geographically remote students have a pathway that leads to a family-wage job in their rural community.



### \$42.5M Student and Programmatic Support

All Opportunity Scholars

Funds cover critical student support programs and mentoring services as well as programmatic and administrative staffing.



### \$4.5M Graduate Scholarship

20 students per year

This new program will address Washington's health care provider shortage by building a pipeline of nurse practitioners ready to serve in our state's rural and underserved communities with particular focus on behavioral health and primary care medicine.

---

More students will be served year-over-year with Round Two funding with approximately 14,800 new students across our three scholarship programs. These Scholars will benefit from increased mentoring and support services that ensure they graduate on time and find work in their field of study, right here at home.

# Changing the face of Washington's workforce



*“My mentor not only provided excellent guidance herself, but she put me in contact with other mentors. I couldn’t be happier with the opportunities and knowledge this program has brought me.”*

---

Opportunity Scholars represent those historically left out of opportunity including women, students of color and first-generation college students.



# Opportunity + Persistence = Success

Opportunity Scholars receive more than just money for school. We provide a continuum of support services to help systemically underserved students persist through graduation, improve their job readiness skills and launch their careers in Washington state.

- WSOS supports Scholars beyond the cost of tuition. Our financial aid is flexible and can be used to pay for tuition, transportation, childcare, food and housing.
- Our peer mentorship program provides Baccalaureate Scholars with a positive role model on campus, and our Skills that Shine program matches Scholars with industry mentors.
- Scholars near completion of their studies have access to personalized support from WSOS career development staff who offer coaching, resumé review and connections to industry partners for internship and job opportunities.

Flexible financial aid, coupled with student support services and industry connections, results in our Scholars graduating faster, taking on less debt and earning a higher average salary than their peers.

*“We want everyone in our state to have access to the education and training needed to join our leading companies. This is key to helping businesses grow and helping our students achieve their hopes and dreams.” -Joelle Denney, Vice President of Human Resources, Boeing*

## Education as a tool for equity

Washington Roundtable and the Partnership for Learning report that people of color, young adults and those with only a high school education are disproportionately impacted during periods of economic downturn, including the current COVID-19-induced recession.

Additionally, the report found that workers who complete a post-high school credential fare far better during downturns and benefit more in recovery. WSOS is uniquely positioned to leverage education as a tool for equity—to advance those furthest from opportunity—and ensure our economic recovery extends to all people across Washington state.





# The State of Opportunity

The Washington State Opportunity Scholarship connects emerging leaders with our workforce needs of tomorrow. In our first decade of service, we developed a first-of-its-kind program of flexible scholarships and mentoring. Our outcomes demonstrate this program model can unlock the potential of our state's top talent. With additional investment, WSOS will continue to lead the way.

We appreciate your review of this prospectus and invite your feedback on our plans.

This is Washington's opportunity to redefine WSOS from a successful start-up to a sustainable model at a time when our state is more reliant than ever on STEM, health care and trade industries to reignite our economy.

## Build with us.

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

Sarah Szabo, CFRE  
Philanthropy Advisor  
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1414 31st Ave. South, Ste. 302, Seattle, WA 98144  
[waopportunitiescholarship.org](http://waopportunitiescholarship.org)



# **Tab G**

## **Program Update**

## PROGRAM UPDATE | APRIL 2021

### INTRODUCTION

Since the December 2020 Washington State Opportunity Scholarship (WSOS) Board meeting, the WSOS team has focused on launching CTS programming, promoting and administering the Baccalaureate application for our tenth cohort, supporting our legislative priorities during session and closing out the feasibility study on our \$200M goal. As COVID-19 continues to impact the world, we're still working remotely, and we're intentionally focusing on building community and connection among staff and our Scholars.

### AWARDS ADMINISTRATION

The Awards team rounded out the quarter by selecting the tenth cohort of Baccalaureate (BaS) Scholars and selecting the final 2020-21 Career & Technical Scholarship (CTS) and Rural Jobs Initiative (RJI) recipients. Despite the impacts of COVID-19, the Baccalaureate Scholarship received 94% of the applications it received in 2020 and the Career and Technical Scholarship received 50% more applications than it received in spring 2020. In support of the selection process, more than 400 volunteers across the state participated in reviewing approximately 18,000 applicant essays. Alumni represented 1 in 4 of these essay reviewers. More information about the number and characteristics of applicants and recipients for each scholarship is available in the corresponding documents in Tab D. In the weeks ahead, the team will open the third year of the CTS scholarship cycle with the launch of the Fall 2021 application.

With respect to scholarship funding, the team has disbursed \$15.4M in BaS funds, \$2.4M in CTS funds and \$100K in RJI funds throughout the 2020-21 academic year to date. This fall, WSOS will reach a major disbursement milestone of \$100M in total scholarship dollars awarded to date!

Lastly, the team is excited to welcome Nicolas Khamphilom to the team as the new Awards Coordinator. Nicolas brings experience as a recruiting coordinator at Nintex (a software platform that improves workflow and automation) supporting their Global Talent Acquisition team and Global HR. He is a UW graduate who double majored in Speech and Hearing Sciences and American Ethnic Studies. As a student, he was heavily involved in student programs and worked with the UW First Year Programs, Multicultural Outreach and Recruitment and the Samuel E. Kelly Ethnic Cultural Center. With his strong technical background and demonstrated commitment to educational equity, he is a wonderful addition to the team.

### SCHOLAR SUPPORT SERVICES

#### BACCALAUREATE SUPPORT SERVICES

This academic year, the BaS team has been more intentional about fostering connection between Scholars and their campus communities. Additionally, we strengthened and clarified expectations and improved resources for Scholar Leads to better support their mentees. This winter, we surveyed 1,870 first- and second-year Opportunity Scholars on their experience with the Scholar Lead program. Of those who responded, 92% found the information and resources shared by their Scholar Lead helpful and 87% felt that their Lead had made an effort to have a meaningful connection with them. More importantly, 82% agreed that their Lead is someone that they will continue to reach out to this academic year. Stronger relationships and increased access to campus resources led to two important outcomes: a three percent increase in first- and second-year Scholar submissions of their academic plans (89%, up from 86%) and a ten percent increase in Scholars leveraging an on-campus academic resource to review their plan in advance of submission (58%, up from 48%).

We are actively recruiting Scholar Leads for the 2021-22 academic year. The recruitment campaign launched on March 3 and is supported by both email and social media. Our current Scholar Leads play a

pivotal role in this effort by referring fellow Opportunity Scholars to the program. The application process will remain open until May 1.

Mid-year feedback from the Skills that Shine (StS) program mentors indicate a positive experience to date with ~80% of mentors utilizing their online mentor guide and clicking “yes” in a mid-year check-in that they’d recommend the program to their colleagues. Nearly nine in ten (88%) of third-year Scholars submitted a resume in December as part of the program deliverable. Later this spring, we will be hosting a virtual StS event series that is exclusively open to mentorship participants and is a chance for Scholars to practice their networking skills and make connections with other mentors who are eager to meet them.

In partnership with the Awards team, we also trained and welcomed 400+ volunteers to take part in our virtual essay review for CTS and BaS. Volunteers included mentors, alumni, and partners from community-based organizations. We’re also working on securing more priority-access internship opportunities for Scholars to access this summer and are finding success in leveraging current partners to make introductions and advocate for the hiring of our Scholars. Before the end of this academic year, we aim to secure 50 opportunities across the state.

We’re excited to introduce Rebecca Ferber, our new Senior Career Development Advisor, who joined the team on March 8. She is joining us from Year Up Puget Sound and has robust experience in the creation, delivery, and facilitation of career development supports for students. Rebecca has a demonstrated track record of building program engagement and making the most of partnerships to bring events and a variety of opportunities to the students she has served. We look forward to the energy and experience she brings to our team.

### **CAREER AND TECHNICAL SCHOLARSHIP SUPPORT SERVICES**

The past few months have been quite busy for the CTS team. We conducted over 30 listening tours with colleges, the State Board for Community and Technical College student support services and Center of Excellence partners. Through these listening tours, we learned that support in preparing for and accessing careers is the biggest need for CTS recipients across the state.

In support of career development and enhancing social capital, WSOS launched a CTS Scholar LinkedIn group. This group will facilitate connections, share career development tips and build Scholar networks. There has been a slow trickle of Scholar usage, but we are confident engagement will increase as we activate a variety of tactics to drive Scholars to the group. We are also conducting resume reviews to provide feedback on resumes and/or support the creation of one.

In April and May, we will be piloting an industry mentorship program for 20 Scholars interested in technology-related occupations inspired by the success of the Skills that Shine program. The CTS mentorship pilot has offered a chance to connect with new – and existing – employer partners regarding mentor recruitment. We’ve secured 20 mentors from across the state who are excited to connect with a Career & Technical Scholar. These mentors include software developers at Microsoft, graphic designers at Pokemon, IT professionals at Community Health of Central Washington, and cybersecurity analysts at PeaceHealth. We are excited to engage new partners across the state of Washington to support Scholars in accessing opportunities and employers in filling their talent needs.

Lastly, we continue efforts to support Scholar persistence. Through our work this year, we have learned many of the necessary supports exist on campus or in community, but Scholars have a difficult time navigating to the resource. Each month, we remind and direct Scholars to on-campus resources and share college tips through a newsletter. We currently have a 56% open rate for the newsletter. We continue to optimize a stand-alone resource guide related to basic need supports available state-wide as well as region-specific resources. Until the guide is final, we will share the content through the newsletter and explore other ways to get information about available resources to Scholars.

## GRADUATE SCHOLARSHIP

We are excited to share that the state match for GRD funds has been submitted and received from WSAC. This winter, we began re-engaging nursing program stakeholders as well as making new connections in support of the GRD launch happening this summer. The GRD Manager job description was posted this month, and we expect to welcome a new team member later this spring. The GRD Manager will partner with the Programs Director to launch all the components of the program.

## DEVELOPMENT UPDATE

### FEASIBILITY STUDY CONCLUDES

Breakthrough Fundraising Group has brought its feasibility study with WSOS to a close. Throughout the process, the consultants formalized a case statement (see Tab E), facilitated a Study Advisory Committee and conducted twenty interviews with WSOS supporters to help assess the feasibility of moving forward successfully in a \$200M campaign. The Study Advisory Committee met a second time this spring to hear the results of the interviews and received a more in-depth version of the Board presentation regarding Breakthrough's recommended strategy and next steps.

In the next 18 months, we'll pursue the "silent phase" of the \$200M campaign where we seek reinvestment from existing partners and aim to secure a considerable proportion of our goal. Moving forward, Board members will be critical partners in this work! Thank you in advance for your support!

## FUNDING UPDATE

Since the last Board meeting, WSOS has received significant financial support from two of our recurring partners: Kaiser-Permanente and the BECU Foundation. Kaiser-Permanente reinvested in WSOS with a \$112,500 grant while BECU Foundation doubled their investment from 2020 with a \$307,500 commitment. Additionally, Battelle renewed support for WSOS with another \$25,000 gift.

## STAFFING UPDATE

As you all know, long-time development director Erin Ashley left the organization to pursue an exciting new opportunity in February. Since her departure, we have been supported by an excellent interim, Heidi Thomson-Daly, while we pursue the hiring of an excellent-fit permanent senior development director. We expect to hire and onboard the new hire by June.

## EXTERNAL AFFAIRS UPDATE

### 2021 LEGISLATIVE PRIORITIES

We are continuing to work with lawmakers and staff to advance our 2021 legislative priorities. We've received strong, bipartisan support on both the House (HB 1425) and Senate (SB 5288) versions of our bills with unanimous passage out of each chamber. As of March 17, HB 1425 is scheduled for executive action in the Senate Higher Education and Workforce Development Committee on March 18.

If passed, the bills will:

- **Remove the requirement that recipients of our Career and Technical Scholarship or Graduate Degree program have a high school diploma/GED from a Washington state institution.** Stakeholders have expressed that requiring Opportunity Scholars to have a Washington state high school diploma or GED credential is a hurdle for non-traditional students. Older adults who may be long-time Washington residents but arrived here after high school are currently ineligible. This eligibility requirement especially impacts veteran and military communities and re-skilling adults. This change will not apply to our Baccalaureate program.
- **Modify the RJI requirement that funding can only be used at community and technical colleges campuses located in a rural county.** Currently our Rural Jobs recipients need to be from a county defined in statute as rural, and they also need to be pursuing an eligible program

in a community college in a rural county. This effectively prevents residents from rural areas without a nearby community college from meaningfully accessing the program. For example, the nearest community college for a student from Ferry County is in Spokane County. However, Spokane County is not considered rural. Therefore, a student in very-rural Ferry County would not be able to attend their closest community college and qualify for RJ.

Other bills we are watching include:

- SSB 5401 which would authorize community and technical colleges to offer bachelor degrees in computer science. This bill is of interest because it would greatly increase CS degree capacity around our state and for our Scholars.
- 2ESHB 1504 would modify the workforce education investment act to invest in new and existing behavioral health workforce programs. We are interested in the narrow component of this bill that would impact WSOS by lifting the state matching cap on our Graduate Degree program from \$1M per biennium to \$5M per biennium.

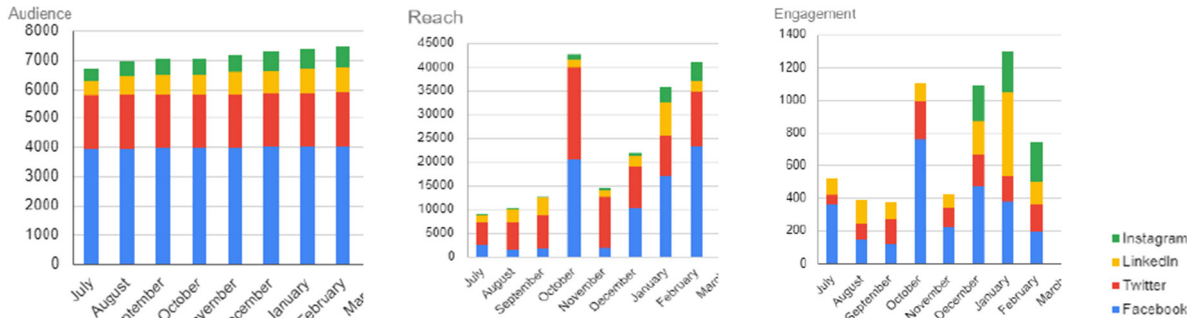
**MEDIA COVERAGE (DECEMBER – FEBRUARY)**

- *Career and tech support gives rural students the tools to fuel economic recovery* | Seattle Times, December 21
- *BECU accepting applications for annual student member scholarship program* | MyEdmondsNews, January 13
- *Rural Jobs Initiative helps local students overcome higher education hurdles* | January 21, The Daily News - Longview
- *Partnerships work to overcome education gaps highlighted by COVID-19 crisis* | Seattle Times, January 24

**SOCIAL MEDIA & WEBSITE COVERAGE (DECEMBER - FEBRUARY)**

	December	January	February
Facebook	4,000	4,010	4,026
Twitter	1,870	1,875	1,880
LinkedIn	729	814	839
Instagram	643	682	729

Our social media strategy has been building more followers, greater reach and more engagement over time. Since July, our audience has grown from approximately 6,500 to nearly 7,500. Over the past four months, we’ve seen a steady increase in our reach and engagement across all platforms.



\*October 2020 included paid social related to OpportunityTalks.

WASHINGTON STATE  
**OPPORTUNITY**  
SCHOLARSHIP

Our top posts for the quarter included:

**Twitter**

**Top Tweet** earned 2,433 impressions

The 2021 Baccalaureate Scholarship application is now open! The Baccalaureate Scholarship (BaS) provides up to \$22,500 in financial aid and access to career-launching support services for students pursuing high-demand STEM and health care majors.  
[pic.twitter.com/UEWAnsH1by](https://pic.twitter.com/UEWAnsH1by)



**Instagram**



**Facebook**



**LinkedIn**



In addition to more social media traffic, we saw more frequent website visitation this quarter, likely due to the baccalaureate open period.

	December	January	February
Sessions	20,745	40,000	38,000
Average Session Duration (seconds)	123	112	108