

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

BOARD MEETING

12.16.2021

AGENDA

1. Welcome
2. Approval of Minutes from 9.16.21 Board Meeting
3. Mission Moment: Opportunity Scholar Story
4. Baccalaureate Selection for 2022
5. \$75M Campaign in 2022
6. Program Update
7. Finance & Program Administrator Update
8. Closing

REQUESTED BOARD ACTION

- Vote to approve the September 16 meeting minutes.

MISSION MOMENT

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

MISSION MOMENT: Scholar Spotlight

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

GRADUATE



Jeremy Bang

Psychiatric Mental Health Nurse Practitioner
Seattle University

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

BACCALAUREATE SELECTION FOR 2022

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

**But first... Career &
Technical Scholarship
outcomes!**

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

PRELIMINARY IMPACT: COHORT 1

Graduation

2x

**more likely to
graduate to date**

(25% vs. 50%) comparing
those barely selected to
those nearly selected

Labor Market

Average salary

3x

**higher than
when applied
(\$15K to \$50K)**

BACCALAUREATE SELECTION FOR 2022

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

SELECTION PRINCIPLES

- 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**
- Select Scholars who are more **likely to complete their degree or program if they receive a scholarship**

BACCALAUREATE SELECTION MODEL OVERVIEW

Factors	Purpose
Intended Major	Prioritize the jobs WA needs most
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 / HC
Resilience Essay	Prioritize applicants most likely to graduate from college
GPA	Prioritize applicants most likely to graduate from college

BOARD VOTE: BaS SELECTION PRINCIPLES

Factors	2021 Weighting	2022 Proposal	Limitation Factors
Intended Major	25	25	Applicants that select the highest demand majors should not be more than 5x as likely to be selected than those that select the lowest demand majors
Family Income	20	20	Low-income applicants should not be more than 3x as likely to be selected than middle-income applicants
First Generation	15	15	First-generation applicants should not be more than 4x as likely to be selected than non-first-generation applicants
STEM Essay	10	10	No limit. All points deducted from the factors above will be evenly distributed between GPA and the essays.
Resilience Essay	10	10	
GPA	20	20	

REQUESTED BOARD ACTION

- Vote to approve selection criteria.

\$75M CAMPAIGN IN 2022

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

The campaign will allow us to serve more students today and into the future.

Through WSOS's comprehensive campaign, we will be able to continue to serve students into the future (select cohorts through 2030) and serve more students today (increase current cohort sizes).

Campaign Goals

- Raise \$75M in private philanthropy by December 31, 2025
- Position WSOS as the most effective and well-known scholarship program in the state and as a go-to organization for companies across the state to support
- Engage highly connected and influential leaders and volunteers
- Grow and diversify WSOS's base of support
- Build a best-in-class fundraising program

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Case for Support: There is a talent and opportunity gap in Washington state.

WA state businesses are eager to hire people in trade, STEM and health care jobs.

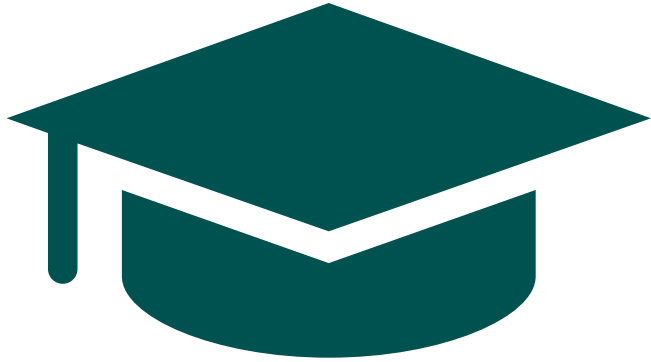
But there is a critical shortage of skilled workers in these high-demand fields.

At the same time, thousands of people are eager to go to college and study in these fields.

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP



Case for Support: The solution to the talent and opportunity gaps is WSOS.



WSOS was created to remove financial barriers for students and create pathways into high-demand, high-paying jobs.

We do this by providing scholarships as well as comprehensive support services.

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Case for Support: The students we serve represent the diversity of Washington state.



1. Scholars hail from every county in Washington state.
2. 100% are from low- to middle-income families.
3. 56% are women.
4. Nearly 7 in 10 identify as students of color.
5. Two-thirds identify as first-generation college students.

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Case for Support: The WSOS model is proven to work.



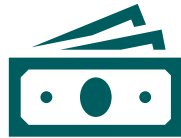
Scholars are 64% less likely to leave school between their first and second year



Scholars earn 14% more than peers one year after graduation



79% graduation rate compared to 60% national average



Five years after graduation, Scholars are earning 2x their family income



71% of students who identify as Black graduate, compared to 50% national average



\$90K average salary 5 years post graduation



Scholars are 2x as likely to graduate in 4 years



4/5 graduates are in STEM or health care

Case for Support: WSOS is set to end in 2025 but should extend to 2030.

- Rather than sunseting this proven model, we should **extend** to 2030 to ensure today's middle schoolers have the same opportunity as today's high schoolers.

Case for Support: Currently WSOS cannot serve all students who qualify.

- Last year, we were only able to select 29% of eligible applicants for the bachelor's degree program and 38% for the Career and Technical Scholarship.
- This means 2,700 students last year alone were deserving and eager but did not receive support.

Case for Support: Every gift accelerates innovation and equity for WA state.

- The combination of our Scholars' talent and perseverance coupled with WSOS' innovative support is changing lives, families, and communities across the state.
- Be a part of building the talent pipeline WA needs. Live your values.
- Join us.

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Case for Support: Questions

- What resonates with you on the case for support?
- Do you have any questions about the case?

Volunteer structure

- **Campaign Co-Chairs**
 - 3-4 deeply committed individuals who will serve as the campaign's chief executives
- **Campaign Steering Committee**
 - 12-14 passionate, connected, and influential individuals who have an interest in serving on an active fundraising committee
- **Campaign Honorary Cabinet**
 - 18-24 influential and highly-connected individuals who have limited availability but want to endorse the campaign by lending their prestige and credibility

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Campaign Overview: Questions

- Do you have any feedback, comments or questions about the campaign overview, leadership structure and what's next?

We welcome a Board conversation about WSOS' gift acceptance policy.

WSOS offers Named Scholarships as a **recognition benefit** to supporters. Through named scholarships, supporters can see the impact of their philanthropy through the eyes of a few students who embody their gift.

- \$22,500 = named recognition for 2 baccalaureate students
- \$10,000 = named recognition for 2 career & technical students
- 1 or 2 mutually agreeable criteria (from within the students who selected by the Board's criteria)

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

What's “too restrictive in nature”?

- Named Scholarships represent more than \$850K in revenue each year. It's a benefit that has been offered since 2014.
- Are there ways to balance flexibility in gift negotiations but limit unforeseen problems or issues with more and larger gifts?

PROGRAM UPDATE

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

RFP progress is ongoing and on schedule to launch in January 2022.



Preparing to Launch

Collaborating with Board, WSAC and WA STEM to finalize the RFP and jumpstart transition planning



Selection & Transition Kick-off

Board selects and approves new PA; transition initiated



Transition Full-go

Incoming and outgoing PAs & WSOS sharing information



Prospecting

Ongoing engaged with organizations (5) to explore alignment



Application Live

RFP goes live Jan. 15; respond to public inquires; materials review



Finalize Transition Contracts

Finalize transition contracts and organize for success



RFP Panel

- **Board members:**
 - Miller Adams
 - Joelle Denney
 - Patrick Smith
- **Community partners:**
 - Jane Broom
 - Heather Hudson (WSAC)
 - Angela Jones (Gates, formerly WA STEM)
- **Staffed by:**
 - Kimber & Javania

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

REQUESTED BOARD ACTION

- Vote to approve the RFP selection panel.

FINANCE & PROGRAM ADMINISTRATOR UPDATE

September 30, 2021

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

WSOS Balance Sheet

Washington State Opportunity Scholarship
Comparative Balance Sheets
September 30, 2021

	Comparison to Last Reported Period			Notes	Comparison to Same Period LFY		
	7/31/21	% Change	9/30/21		9/30/20	% Change	9/30/21
Assets							
Cash	2,928,527	-67%	953,117	1	1,110,118	-14%	953,117
Investments	109,903,671	-2%	108,036,297	2	111,282,060	-3%	108,036,297
Accounts Receivable	23	226%	75		404	-81%	75
Pledges and Grants Receivable, net	10,061,171	0%	10,051,171		2,543,608	295%	10,051,171
State match receivable, net	3,435,153	-96%	126,600	3	787,470	-84%	126,600
Unbilled State match revenue	6,345	2014%	134,104	3	500,000	-73%	134,104
Unbilled State match receivable, offset	(6,345)	2014%	(134,104)	3	(500,000)	-73%	(134,104)
Prepaid Expenses	67,276	-16%	56,562		66,339	-15%	56,562
Property and equipment, net	13,683	-12%	12,053		22,762	-47%	12,053
Total Assets	126,409,503	-6%	119,235,875		115,812,761	3%	119,235,875
Liabilities and Net Assets							
Accounts Payable	58,431	31%	76,673		166,038	-54%	76,673
Payroll Related Liabilities	99,379	0%	99,869		67,681	48%	99,869
Scholarship Commitments Bacc., net	18,472,288	16%	21,430,904	4	27,023,364	-21%	21,430,904
Scholarship Commitments CTS, net	2,160,429	63%	3,515,709	4	2,647,539	33%	3,515,709
Scholarship Commitments RJL, net	26,299	597%	183,380	4	-	0%	183,380
Scholarship Commitments GRD, net	-	100%	152,126	4	-	-	152,126
Total Liabilities	20,816,826	22%	25,458,661		29,904,622	-15%	25,458,661
Net Assets							
Temporarily Restricted Net Assets	105,592,677	-11%	93,777,214		85,908,139	8%	93,777,214
Permanently Restricted Net Assets	-	0%	-		-	0%	-
Total Net Assets	105,592,677	-11%	93,777,214		85,908,139	9%	93,777,214
Total Liabilities and Net Assets	126,409,503	-6%	119,235,875		115,812,761	3%	119,235,875

WSOS Income Statement

Income Statements

Actual vs. Budget

Nine Months Ending September, 2021

	Nine Months Ending September, 2021		Variance Fav (Unfav)	Notes	December 31, 2021
	Actual	Budget			Annual Budget
Revenue					
Private	10,809,945	19,250,000	(8,440,055)	1	23,860,000
Public	3,811,693	3,850,000	(38,307)	2	3,850,000
Investment Dividends & Interest	30,370	36,135 *	(5,765)	3	48,180
Investment Unrealized/Realized Gains	2,473,790	1,059,955 *	1,413,835	3	1,720,387
Investment Fees	(46,120)	(48,600) *	2,480	3	(64,800)
Total Revenue	17,079,678	24,147,490	(7,067,812)		29,413,767
Program Expense					
Salaries and Benefits	1,698,327	1,800,509	102,182	4	2,730,772
Professional Fees - Program Admin fees	428,301	428,301	-		573,942
Professional Fees - Contractors & Lobbying	409,687	316,120	(93,567)	5	544,460
Conferences, Conventions & Meetings	8,025	73,650	65,625		229,075
Operating Expenses	153,079	189,961	36,882		292,706
	2,697,419	2,808,541	111,122		4,370,955
Income (Loss) before Scholarship Exp	14,382,259	21,338,949	(6,956,690)		25,042,812
Scholarship Expense	9,856,315	9,859,879	3,564	6	10,704,170
Net Income (Loss)	4,525,944	11,479,070	(6,953,126)		14,338,642

WSOS Cash Flow

Cash Flow Summary

Inception-To-Date
September 30, 2021

	Inception - September 30, 2021			
	Scholarship	Endowment	Notes	Total
<u>CASH FLOW</u>				
Cash Inflow:				
Boeing	25,200,000	-		25,200,000
Microsoft	35,000,000	-		35,000,000
Other Private	41,522,924	-	1	41,522,924
State Match	101,291,143	-	2	101,291,143
State Implementation Funds	500,000		2	500,000
Investment Income*	26,507,467	7,133,711	3	33,641,178
Total Cash Inflows	230,021,534	7,133,711		237,155,245
Cash Outflow:				
Scholarships	(104,361,653)	-	4	(104,361,653)
Program Expenses	(23,798,366)	(5,812)		(23,804,178)
Total Cash Outflows	(128,160,019)	(5,812)		(128,165,831)
Net Cash Flow Inception-To-Date	101,861,515	7,127,899		108,989,414
<u>Composition of Net Cash Flow</u>				
KeyBank Checking Account	953,117	-	5	953,117
Investment Accounts at WSIB and KeyBank	100,908,398	7,127,899	5	108,036,297
Total	101,861,515	7,127,899		108,989,414

Today, we are designed to sunset. Annually, we only serve about 1 in 3 eligible students.

- Without the campaign, we'd **sunset** GRD in 2022, RJI in 2023, BaS in 2025 and CTS in 2029.
- Only **29%** of eligible applicants for BaS and **38%** of eligible applicants for CTS were selected in 2021.

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

The WSOS Board's goals for the \$75M campaign are two-fold.

The goals for the \$75M campaign are to:

- 1) **extend all scholarships to 2030; and**
- 2) **create more seats today with remaining funds.**

The F&I Committee and staff recommend the option below.

	Option C	Assume campaign is not successful; extend only
BaS cohort size*	1,275	750
CTS cohort size*	1,275	550
RJI cohort size*	110	110
GRD cohort size*	20	20
Approx. Ending Balance	+\$13.8M	+\$31.4M

**Annual cohort sizes from 2022 to 2030*

**Committee will formally revisit the model in 2024.*

The F&I Committee and staff recommend the budget below.

	2021 Budget	2022 Proposed	Variance
REVENUES	29,413,767	24,831,845	(4,581,922)
SCHOLARSHIP EXPENSES	10,704,170	20,740,426	10,036,256
TOTAL NON-SCHOLARSHIP EXPENSES	4,370,956	5,122,833	751,877
SCHOLAR LEAD & CTS AMBASSADOR STIPENDS	260,400	280,920	20,520
SALARIES, TAXES, BENEFITS	2,730,772	3,132,043	401,271
CONSULTING, PROFESSIONAL SERVICES & LOBBYING	284,060	477,754	193,694
PROGRAM ADMIN FEE	573,942	718,273	144,331
ALL OTHER OPERATING COSTS	521,782	513,843	(7,939)

Represents 91% programs; 9% operational spending.

WASHINGTON STATE
OPPORTUNITY
 SCHOLARSHIP

CAMPAIGN LEADS TO CONTINUED HIGH REVENUE EXPECTED.

- 2021 budget revenues* at historical high (**\$29.4M**)
 - *Actual EOY projection is expected to exceed budget*
- 2022 revenue budget remains high (**\$24.8M**)
 - Includes securing two additional cornerstone gifts (\$5M+)
 - Includes state match of \$8.5M
 - Delay in state match revenue due to statutory changes leads to high confidence in state match going forward

*Accrual basis

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

SCHOLARSHIP SPENDING INCREASES WITH NEW COHORT MODEL.

- Significant increase on cohort sizes (**\$10.7M to \$20.7M**)
 - Modeled based on assumption of adopting Option C*
 - Increases CTS cohorts from 550 to 1,275
 - Increases BaS cohorts from 750 to 1,275

**Will adjust if another model is selected*

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

NON-SCHOLARSHIP SPENDING WILL GROW BY ~\$752K.

- **Salaries + benefits (+\$401K)**
 - Anticipating 3% COLA (max of current policy) given Covid impacts on inflation
 - One-time PTO pay-out anticipated due to program administrator transition (P/L impact ~\$50k, cash impact is about \$150k + 401k match)
 - One additional FTE represented
- **Program administration fee (+\$144K)**
 - Unknown PA fee to be paid to new administrator; budgeting an 5% increase over current fee
 - Per contract, transition fee to be paid to WA STEM & new PA for incurring additional work of transition
- **Campaign costs (+\$210K)**
 - Requesting support from a PR firm in rebranding work (\$80K)
 - Requesting support from campaign counsel to guide the work ahead (\$100K)
 - Engaging with a contract grant writer rather than adding additional FTE (\$30K)

REQUESTED BOARD ACTION

- Vote to approve the new cohort model and 2022 budget.

EXECUTIVE SESSION:

Executive Director performance review

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

NEXT BOARD MEETING
TBD