

WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

BOARD MEETING AGENDA TUESDAY, OCTOBER 11, 2022 | 1:00-3:00 P.M. IN-PERSON OR REMOTE

To join virtually: Click on the Microsoft Teams link in the meeting invitation or dial in #: 323-849-4874 / passcode: 947536930#
To join in person: Microsoft Campus, Building 34, Boardroom

Meeting open to the public via conference line above.

I.	Meeting Called to Order		Brad Smith Board Chair	1:00pm
II.	Minutes from June 8, 2022, Meeting » <i>Board Action:</i> Approve minutes	[Tab A]	Brad Smith Board Chair	1:00-1:05pm
III.	Mission Moment: Opportunity Scholar Story	[Tab B]	Scholastic Boonabana Opportunity Scholar	1:05-1:15pm
IV.	ED Corner	[Tab C]	Kimber Connors Executive Director Javania Cross Polenska Deputy Director	1:15-2:05pm
V.	2023 Legislative Priorities	[Tab D]	Jessica Monger External Affairs Director	2:05-2:25pm
VI.	AY 2022-23 Programs	[Tab E]	Johnathan Luster Programs Director	2:25-2:45pm
VII.	Finance & Program Administrator Update » <i>Board Action:</i> Adopt Committee- and WSIB- recommended asset allocation » <i>Board Action:</i> Approve updated gift acceptance policy	[Tab F]	Patrick Smith Finance & Investment Committee Chair	2:45-3:00pm
VIII.	Closing		Brad Smith Board Chair	3:00pm

Upcoming Board Meetings

Monday, December 12, 2022

Attending in person?

When you arrive, Microsoft needs:

Vehicle registration- license plate #

Covid requirements – guests need just ONE of the following:

- Proof of vaccination (a photo is acceptable)
- Attest to having tested negative within the previous 7 days
- Attest to having had Covid (and completely recovered prior to the visit)

Tab A

Minutes from the June 8, 2022, Board Meeting

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING
WEDNESDAY, JUNE 8, 2022, 1-3PM, MICROSOFT REDMOND CAMPUS,
MICROSOFT TEAMS OR DIAL IN MEETING MINUTES**

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) convened on June 8, 2022, at the Microsoft Redmond Campus, via Microsoft Teams and dial in. As such, the meeting was publicized as available to the public on the WSOS website.

Board members present at Microsoft Redmond campus: Brad Smith (Chair), Diane Cecchetti, Joelle Denney, Julie Sandler, Patrick Smith, Miller Adams.

Board members present via Microsoft Teams: Latisha Hill, Jane Park, Gary Rubens, Mike Wilson.

Additional attendees: Jane Broom, Gina Breukelman, Dave Stolier, Aileen Miller, Kimber Connors, Johnathan Luster, Nick Peyton, Jessica Monger, Steve Walker, Tori Campbell, Lianda Abraham, Genevieve Geiger, Mesa Herman, Nicolas Khamphilom, Joanna Moznette, Patti Nelson, Brittny Nielsen, Jvania Cross Polenska, Vanesa Contreras Rodriguez, Yoko Shimomura, Aileen Tubo and Irina Grubic.

Meeting Called to Order

Brad Smith, Chair, called the Board meeting to order at 1:01pm.

Approval of Minutes

Diane Cecchetti moved that the minutes of the March 16, 2022, Board meeting be approved. Julie Sandler seconded the motion, and it carried unanimously.

Mission Moment: Scholar Opportunity Story

Kimber Connors, WSOS Executive Director, introduced Joanna Moznette, WSOS Senior Baccalaureate Advisor. Moznette then introduced Christopher Wray, a Baccalaureate Scholarship recipient in the tenth cohort attending Western Governors University. Wray grew up on a family farm and plant nursery north of Pasco, Washington. After working in inventory management at his family's nursery, he started developing an interest in building applications to solve company hang-ups in productivity. This interest in software led him to start his own web development company. Around that time, Wray also started studying software engineering and learning to code. In 2020, he was admitted to the software development program at Western Governors University (WGU) and began working on his bachelor's degree in software development. Wray entered WSOS last fall. He shared that because of WSOS, he can focus on school rather than worrying about money. He is grateful for his mentor and shared that having WSOS support was critical to moving past a mental health challenge last year. He shared one area for improvement at WSOS would be a better user interface for the application. He also indicated he would have enjoyed more local, in-person meet-up opportunities.

Brad Smith asked Wray to describe his experience at the WGU. Wray shared that he had an amazing experience there. WGU is well set up for online learning. Diane Cecchetti asked Wray where he sees himself in five years from now. Wray responded that he would like to be an advocate for an inclusive work environment and lead a team, preferably in engineering. Sandler asked Wray to share his job search process. Wray said that it was an arduous process. He started applying a few years ago, had a few interviews but was rejected. WSOS really helped, and he had a great mentor, Brad Toy, who was a big supporter. Toy helped to set up a few interviews, polished Wray's resume and taught Wray how to present himself. Brad Smith thanked Wray for spending time with the Board and wished him good luck.

ED Corner

First, on behalf of WSOS, Connors expressed her gratitude to Dave Stolier who had been supporting WSOS as the Attorney General Office representative for ten years before retiring in February 2022. Connors noted Stolier was in the room as a special guest today. Brad Smith said that Stolier is everything that a lawyer should be – always a source of great judgement, helping all these years to navigate through

challenging situations with sound advice. Stolier responded that it was an honor to be behind the scenes as WSOS. Connors welcomed Aileen Miller, who replaced Stolier and said that Stolier left WSOS in great hands.

Connors shared that the purpose of her presentation was to anchor the group on key metrics and give a snapshot of where we are today. She started by reviewing the organization's strategic priorities and the subcomponent outcome metrics by 2025-26 for each. (See Tab C, slide 2 for specific outcome measures outlined). She emphasized the leadership team had worked with individuals across the organization to develop these measures of success. She shared that teams are currently setting AY goals which will include the leading indicators of success for the outcomes described.

Connors then described a snapshot of where the organization is today within the specific target areas of focus under each strategic priority. She stated she had given each a one-to-three-star rating with one being an indicator of a "watch out" and three being an indicator of strength. (See Tab C, slide 3 for specific ratings outlined). She noted a one-star rating under speaking engagements, stating it has not been a focus this past year while things have not been held in person. This has been a growing focus in the last quarter and will continue to be an area of growth. Connors also noted the two-star rating on Development-related activities. She called out that while we have raised \$44M thus far in the campaign, the hardest work is yet to come in developing new relationships with not-yet-strong champions. Finally, Connors noted a two-star rating on Operations given the challenges of the transition to 501 Commons as a new program administrator creating a lot of additional work for the team.

Connors described the key wins of the quarter: Scholars continue to share the impact of WSOS; Ballmer, the fourth original cornerstone, renewed with a \$10M gift; in-person relationship is gathering momentum; staff are back in the office in a hybrid capacity; and Directors team is gelling with great planning for the AY ahead. Connors then described the key challenges of the moment: higher education enrollment is down; recruiting new staff has been incredibly challenging in the current talent market; and pandemic burnout has been real and is being felt by students, staff and partners.

Sandler asked what the most audacious goals are – which will be the biggest reach, and which seems easiest to hit? Connors responded the biggest reach goal will be in reducing opportunity gaps as so many factors beyond our control create the problem. She believes the most achievable goals relate to awards measures around the financial aid aspects of the program since we have been doing that aspect of the program the longest and have the most established systems. Miller Adams asked Connors to clarify the target outcomes on race and income. Kimber described the targets are to reduce the difference in outcomes between students who have been historically excluded and their peers, not eliminate opportunity gaps altogether. Joelle Denney suggested Connors bring this topic to the Board meeting in September to see what progress we are making. Connors affirmed she planned to add ED Corner as a recurring section on the Board meeting agenda. Brad Smith said he liked the use of the star rating to give a quick visual sense of the situation. Patrick Smith commented he would like to see stronger alignment between the snapshot indicators and the 2025-26 outcome measures. Connors thanked the Board for their engagement.

501 Commons Transition Update

Jvania Cross Polenska, WSOS Deputy Director, provided an update on the program administrator transition from WA STEM to 501 Commons. She first reaffirmed the values in transition for the Board (Tab D, slide 2). The transition is underway, progressing as expected. Polenska thanked Denney for her support. The contract was fully executed on May 31, 2022. Discovery and project planning began May 2. Connors commented on how supportive Yoko Shimomura, COO at Washington STEM, and her team have been during the transition. Polenska shared upcoming hurdles we are anticipating. First, she noted the transition would come in over budget as has been shared with the WSOS Finance & Investment Committee. Second, she emphasized it has been difficult to ensure our employees remain whole regarding benefits, particularly retirement. They are working with a broker now to explore the ability to offer a separate retirement plan. She asked for Board input on this issue.

Brad Smith asked Polenska to clarify the problem – is 501 Commons saying WSOS must use their current retirement plan instead of administering the already-existing WSOS plan? Polenska affirmed. She shared that the 501 Commons team is waiting for input from their broker on what is legally possible about

segmenting only a certain subset of employees to receive a different benefits package. Denney asked if 501 Commons could administer the WSOS retirement plan for our employees only or offer our package to all their employees as well. Polenska clarified 501 Commons is willing to administer the plan we already have for WSOS employees, but they have not received approval from their broker yet to have a different plan for 501 Commons employees and WSOS employees. Connors added that all WSOS employees are “employees of record” of 501 Commons, so the broker is not clear on the legal allowability of having “preferential treatment” only for certain kinds of 501 Common employees (those assigned to the WSOS program). Patrick Smith asked if there was a legal reason WSOS staff are employees of record of the program administrator. Connors explained that the WSOS statute creates WSOS as a program, not a legal entity with a tax status. Therefore, we must be administered by a program administrator and serve as “employees of record” of that employer. Brad Smith wondered if the current statutory restrictions make the most sense. Polenska offered to gather any additional feedback from Board members after the meeting. Brad Smith affirmed the Board desires WSOS employees to remain whole, including their retirement benefits. Looking forward, it is important to avoid program administrator transitions, so hopefully, we have found a long-term fit with 501 Commons. He noted he is not surprised the transition costs are expected to exceed budget.

2022 Career & Technical Scholarship Selection

Connors introduced Steve Walker, WSOS Special Projects Director. Connors expressed gratitude to Walker for his service to WSOS and noted it was his last Board meeting. Brad Smith thanked Walker. Walker started his presentations with goals: 1) approve limiting RJI selection to align with legislative intent; 2) approve 2022-23 selection principles for CTS and RJI; 3) explore the adoption of an evergreen selection model for Baccalaureate and Career & Technical Scholarships.

Walker noted the rural jobs statutory change was inadvertently more permissive than intended, opening the rural jobs program to students who are not, in fact, from rural areas. Walker described a Board motion to: limit selecting RJI recipients who:

- are a resident of an eligible county **OR**
- who attended and graduated from a school in an eligible school district **and** enrolled in either a community college located in an eligible county or participate in a Washington College Grant approved registered apprenticeship in an eligible county.

Board Action: Cecchettini made a motion to limit selecting RJI applicants. Miller seconded, and the motion passed unanimously.

Walker then described the proposed selection principles for CTS in 2022. He noted the intent of the selection is to select Scholars who are: 1) heading into high-demand, high-return jobs across Washington state; 2) likely to graduate with a credential in STEM, health care or the trades; and 3) more likely to complete their credential or program if they receive a scholarship. He reviewed the point allocations as described on Tab E, slide 6, that had been used for the previous academic year. Given the significant increase in cohort size from last academic year to next, Walker recommended two changes to the model: 1) ensure the average short answer score remains no lower than 3.0, ensuring we restrict funding to those who are most likely to persist; and 2) modify the CTS college cap and RJI regional cap (as described on Tab E, slide 9).

Sandler asked if there is a limit on the age of applicants for Opportunity Scholarship. Walker affirmed there is not. Adams inquired as to how we see the recommended change playing against the decrease in applicants we saw last year. Walkers explained the recommended changes are safeguards intended to maximize the number of selects without sacrificing the likelihood of selects persisting to complete their program. Latisha Hill asked why we have geographic gaps for rural jobs. She wondered how we acknowledge if there have been no applications from a particular geographic area. Walker shared there is an internal dashboard we use to monitor from which counties we are receiving applications from live so we can address any gap areas live. He also explained the regional cap is to prevent “super promoters” (extremely active champions) from filling too many slots without providing access to students from regions without the benefit of a highly active champion. Patrick Smith asked what would happen if we do not receive enough qualified applicants to fill the available seats. Walker noted the use of the persistence score will take effect and limit the number of students we select to protect against that.

Walker then shared the Awards team is moving toward having a more evergreen approach to selection and eligible programs. We want to bring fewer topics to Board meetings to increase the space for substantive discussion and reduce time on staff report outs. The team is recommending replacing policies requiring annual approval with evergreen policies. He asked the Board if there were concerns with this approach or what they would want to see from an ongoing basis to feel comfortable with this approach.

Brad Smith commented that the program would have to be stable to feel comfortable with a go-forward approach. He noted the Board has confidence in staff. Patrick Smith said we should define what is a minor tweak versus a major change; he affirmed staff should make minor tweaks without Board input but should bring major changes to the Board for consideration. Patrick Smith further expounded that he wants to avoid having ten small tweaks that result in disaster while allowing staff to do what is best for students. He wondered why this question was being brought to the Board. Connors said the goal was to make sure we are having substantive conversations at the Board level rather than affirming similar votes at each meeting. Walker thanked the Board for their feedback and stated the staff would circle back with more information in September or December.

Board Action: Denney made a motion to approve the selection principles as presented. Sandler seconded, and the motion passed unanimously.

\$75 Million Campaign Update

Nick Peyton, WSOS Senior Development Director, presented an update on the fundraising campaign. WSOS raised \$43.2M in the first 5 quarters of the campaign. Key donors include Microsoft (\$15M), Gary & Jennifer Rubens (\$10M), Boeing (\$5M), Amazon (\$1M) and Ballmer Group (\$10M). We have closed gifts large and small since the last Board meeting in March 2022, the largest of which being the renewal of our fourth original cornerstone (Ballmer). \$10,051,544 has been raised in Q1 of 2022. Despite some headwinds, the campaign is on track to success. Peyton shared that while in Spokane, Connors and he met with a Cohort 1 alumni, Jenny Spink. It was very inspiring. In the next two quarters, we will be finalizing campaign assets, planning events and confirming campaign volunteers.

Adams asked if WSOS was pursuing foundation leads and if the Board knew of anyone how they should share. Peyton confirmed WSOS is interested in foundation leads and said members should feel free to share that information with him directly. Peyton lamented that due to hiring challenges, it has been difficult to follow up on all leads due to time constraints. Brad Smith asked about planning for OpportunityTalks Breakfast for this year. Peyton reminded the group that the event had been moved to the spring but that partners would be engaged at the typical time of the year to generate excitement for the event to come. Peyton closed by reminding the Board the campaign would be announced formally when we hit 60% of the goal.

Higher Education Enrollment Trends

Connors introduced Michael Meotti, executive director of the Washington Student Achievement Council. Meotti provided an overview of the trends in postsecondary education in Washington state. Direct enrollment (high school to college) has been flat for decades. We are now in stagnation which is not fixed easily. Total enrollment is flat or in decline. It was flat for the past four years. This is a national phenomenon – when the market is strong, people prefer to work. When the recession starts, then enrollment happens. Feeder pathways may be slowing. The proportion of students who completed a dual enrollment course in Washington increased slightly during the pandemic. There are racial inequities in FAFSA completion rates for high school seniors in Washington that were made worse during the pandemic.

Connors stated that CTS applications number is strong in comparison with the market but that BaS application numbers are down, mirroring enrollment broadly. She asked: what role should WSOS play in supporting higher ed enrollment across the sector? What strategies are we missing to promote the scholarship more effectively? Denney commented that some employers are moving away from requiring a degree and wondered if this impacts the decline in enrollment. Meotti responded that it is too early to say for sure, but noted many employers are building their own training models where people can “learn while they earn.” Denney stated employers need extremely specific skills which may be contributing to employers building their own programs. Meotti affirmed that employer-built programs may be a big

disrupter in the higher education system. Patrick Smith asked if online coursework was displacing degree earning. Meotti said it is unlikely participation in online courses does not seem to be displacing people. Sandler commented on the importance of reskilling the adult workforce. Adams was intrigued by the "learn while you earn" model. Meotti predicts this will be a growing model for skilled workforce development in the future. Brad Smith commented that trends have been flat at 60%. The real issue is that the country's demographics have changed. The working age population is not growing. From 2020-2025, this will only grow by 1 million people (about the population of Delaware). We do not have enough new people entering the market, and this is likely to continue to the end of the century. Companies are competing for a fixed number of American workers. Because of this, we will have to get more value out of the people you have. You must reskill older people because there will be fewer younger people. Connors thanked Meotti for presenting.

Finance & Program Administrator Update April 30, 2022

Patrick Smith, Chair of the WSOS Finance & Investment Committee, reported that the Committee met on June 1, 2022. Tab H includes the entirety of the meeting materials.

Patrick Smith reported that as of 4/30/2022, total assets were \$122.3.2M which is a 10% decrease from 12/31/2021 (last reported period) and a 10% increase from 4/30/2021. The decrease is due in large part to unrealized investment losses of \$8.83M, offset by realized gains of \$576K and WSIB fund withdrawal of \$4.4M in March to support scholarship disbursements. There was offset by private receipts of \$720K.

Our total liabilities as of 4/30/2022 were \$16.7M. This is a 20% decrease since 12/31/2021 and a 21% decrease since 4/30/21. The decrease since 12/31/21 is related to scholarship disbursements net of refunds of \$3.8M (\$2.78M BaS; \$1.04M CTS/RJI; \$27K GRD). Note that the Spring CTS/RJI tranche of students was onboarded to the liability in March.

The total net assets were \$105.6M – this is an 8% decrease from 12/31/2021. Pledge receivables, net included \$10M Gary & Jennifer Rubens; \$15M Microsoft; \$2.5M Boeing; \$10K Avista as of 4/30/22.

Executive Session

The meeting went into Executive Session at 2:50pm to discuss the performance of an employee. The Board returned to the public meeting at 3:00pm.

Board Action: Jane Park made a motion for an 8% bonus to apply to the 2021 salary of executive director. Sandler seconded the motion, and it carried unanimously. The Board advised the executive director to continue to assess the impact of inflation on employees' compensation and retention.

The public meeting was adjourned at 3:05 pm.

Respectfully submitted,
Irina Grubic

Tab B

Mission Moment

SCHOLAR SPOTLIGHT



SCHOLASTIC BOONABANA

**Dental Assistant
Bates Technical College**

ABOUT SCHOLASTIC

Scholastic is a WSOS alum from Bates Technical College with a degree from the Dental Assistant Program. She got a job as a dental assistant with Bellevue Endodontics Associates shortly after graduating and loves her work! She has a love of seeing people have a beautiful smile and clean teeth which brought her to her current field. At Bates Technical College, she served as a Scholar Lead for our CTS Ambassador program in its first year. She is grateful for the WSOS community and the financial support that the scholarship provided to her.

Tab C

ED Corner

PROGRAM UPDATE | OCTOBER 2022

INTRODUCTION

Since the June 2022 Washington State Opportunity Scholarship (WSOS) Board meeting, the WSOS team has transitioned to a new program administrator and kicked off the 2022-23 academic year. It's been a hectic few months!

AWARDS ADMINISTRATION

The 2022-23 academic year has officially started for all colleges, and the Awards team has welcomed our newest cohorts including 1,158 Baccalaureate (BaS), 503 Career and Technical Scholarship (CTS) and 53 Rural Jobs Initiative (RJI) recipients. A summary of the fall 2022 CTS and RJI recipients is available in these Board materials, Tab C. The team also welcomed back 2,033 BaS, 634 CTS and 14 RJI returning Scholars who successfully renewed their scholarship. All Scholars have received their first disbursements of the academic year, pushing the total scholarship funding WSOS has provided to just over \$120 million since inception. This funding has reached 17,030 total Scholars from every corner of the state. The CTS winter application is currently open and will close on October 23, 2022. We will select an additional 382 CTS and 33 RJI recipients to join the program during the winter cycle.

To support the transition to 501 Commons, we collaborated with the Finance team to redesign our disbursement processes and ensure Scholars still received their funding on time and in full. This year, the Awards team is focused on improving Scholars' experience with WSOS by offering more resources, clearer processes and accessible policies. These goals connect to the organizational strategic plan priority of developing scalable, statewide programs that mitigate the financial impact of college. A major part of this work includes introducing an evergreen selection and eligible programs model to be considered by the Board in December. By solidifying these models, the Awards team aims to continue selecting a strong applicant pool while honoring both statutory and Board intent.

SCHOLAR PROGRAMS

We wrapped up support services for AY 2021-22 and analyzed the impact of programming. Across our three scholarships, we served 1,573 Scholars last academic year which represented approximately 60% of eligible Scholars. We estimate engagement was down by about 5% compared to AY 2020-21, likely due to ongoing pandemic fatigue.

In AY 2022-23, we are focused on increasing persistence, increasing completion of career-related resources and closing opportunity gaps. Measures vary by scholarship – some examples are included below – and these goals connect to the organizational strategic plan priority of developing scalable, statewide programs.

BACCALAUREATE SUPPORT SERVICES

In AY 2021-22, we served 1,386 BaS Scholars through our flagship peer (Scholar Lead) and industry (Skills that Shine) mentorship programs. Approximately 800 (80%) first- and second-year Scholars engaged with their assigned Scholar Leads. One Scholar wrote this to their Lead:

"Thank you for all your helpful advice, resources, and reminders about WSOS! I also appreciate our conversation during our 1:1 before the beginning of the quarter and have taken your advice

on research positions. I ended up getting the one I told you about at the Health Promotion Research Center.”

For Skills that Shine (StS), 575 Scholars were paired with industry mentors who supported them in their career development journey. Mentee Brandon Kim shared:

“[StS] was a very special experience where I got to learn about my field of interest from an accomplished individual who works in my dream company. I got tips about interviewing, learned about the job environment, and learned about the importance of soft skills to an extent that I did not know about. Overall, I learned about many important things that I would not have known about if it was not for the Skills that Shine Mentorship.”

Our flagship programs have launched for AY 2022-23. Scholars are engaging with their Scholar Leads and beginning to meet with their StS mentors. Two examples of goals we have for this AY are that 90% of first-year BaS recipients will persist to their second year and that 300 will match with a StS mentor. Both goals represent an increase of 3%.

CAREER AND TECHNICAL SUPPORT SERVICES

In AY 2021-22, 180 Scholars participated in the pilot Scholar Ambassador and industry mentorship programs. This included 154 Scholars who utilized their Ambassador, and 57 students who were matched with a mentor; 31 Scholars participated in both programs. Yadira Chavez, an industry mentorship program mentee, had this to say about the program:

“I really recommend this program because you can get to know people who are working in the field you are pursuing. I got to learn many tips and tricks about their jobs. I learned how to feel confident in myself and why I chose the career I am pursuing.”

We have scaled the Ambassador and industry mentorship programs for AY 2022-23 and aligned their branding with BaS for simplicity. These services are now branded as the Scholar Lead and Skills that Shine (StS) programs though modified to match the CTS experience. Two examples of goals we have for this AY are for 80% of new CTS recipients to persist to their second quarter and 80% of those who utilize their Scholar Lead to strongly agree/agree that their Lead helped connect them to campus resources.

GRADUATE SCHOLAR SUPPORT SERVICES

In year one of the GRD Scholarship, we were able to provide support services (including a virtual meet-up and/or travel stipend) beyond financial aid to seven out of eight Scholars (87%). Six Scholars participated in the meet-up; they appreciated the opportunity to make connections with other students studying to become nurse practitioners across the state and give input on future GRD programming. GRD Scholar Samira Adan commented:

“Seeing everyone on Saturday was a great pleasure; thank you for setting up and connecting us. It is greatly appreciated.”

Three Scholars utilized the travel stipends, and five clinics took advantage of the practicum stipends. In the year-end survey, 75% percent of GRD Scholars strongly agreed that the practicum site stipends were valuable assistance in securing practicums in medically underserved areas.

At the end of June, we selected 19 new Cohort 2 GRD Scholars. The Scholars are from all six graduate nursing schools in Washington from seven campuses (both WSU-Spokane and WSU-Vancouver). Most of our Cohort 2 Scholars are in primary care specialties (12 Scholars), which reflects the higher number of students in primary care programs across the state. Cohort 2 Scholars received their first scholarship disbursement in August, and we look forward to getting to know and supporting this new group of GRD Scholars over the next few years.

Two examples of goals we have for AY 2022-23 are to launch new GRD connection groups by specialty, one for primary care and one for behavioral health, and for at least 60% of eligible clinics to apply for and receive the practicum site stipend.

DEVELOPMENT UPDATE

CAMPAIGN FOR WSOS UPDATE

We are thrilled to announce we have surpassed the halfway mark of the campaign! As of May 25, 2022, we have raised \$43,587,304 (58% to goal). This includes \$10,872,811 for FY22. Key commitments to highlight in the last quarter include a \$100,000 OpportunityTalks 2023 sponsorship from Costco, a \$100,000 renewal gift from Bristol Meyers Squibb, a \$50,000 gift from Boeing to support promotion efforts and a first-time gift of \$15,000 from Bamford Foundation. Our team has ramped up capacity this past year with the help of a contract grant writer which has led to an increasing number of grant proposals (and approvals).

Other campaign milestones of the past quarter include securing our third and final co-chair, [Amy Coleman](#). Amy is the Corporate Vice President of Human Resources and Corporate Functions at Microsoft. She brings a wealth of expertise in talent development, an impressive tech sector network and a deep passion for our mission. Doug Barrancotto nominated Amy with great enthusiasm. As you may know, Doug is a long-time WSOS supporter, a mentor, and Chair of our Feasibility Study Committee and now a fellow member of the Campaign Steering Committee. Brad Smith also gave Amy his full support for this key role, and we are all thrilled she said yes.

Milli, the marketing and communications agency we retained to support in campaign branding, is nearing completion of campaign concepts. We hope to share their work with key partners for reactions and feedback in the coming weeks.

ENGAGEMENT EVENTS

Please update your calendars! The OpportunityTalks Breakfast is now scheduled for April 28, 2023, at the Sheraton Hotel. We apologize for the confusion. Originally, we had scheduled this event as a luncheon on May 1; given the chaotic experience on May Day in downtown Seattle, we decided it was prudent to shift the event to avoid a negative experience for guests as they arrive or leave the event.

As the campaign kicks off, we are diving deeper into more intimate engagement events to cultivate a donor pipeline and deepen engagement and stewardship. Thanks to Gary Rubens for hosting our first-ever Hot Topic Dinner in June. (These events follow the model of a Jeffersonian style dinner and evoke in-depth conversation and connection between attendees.) We have three additional Hot Topic Dinners slated for CY2022 – thanks to Jane Park, Miller

Adams and Jeff Peacock for hosting. If you are interested in hosting a Hot Topic Dinner in CY23, we are looking for the next set of volunteers!

HEADWINDS WITH HIRING FOR THE DEVELOPMENT TEAM

Development continues to struggle with hiring, but we hope there's light at the end of the tunnel. Even after engaging a search firm this summer to assist with recruitment, we were unable to hire a major gifts lead, and as you all know, we lost our development director who was recruited to another larger organization.

We shifted our strategy this quarter to hold on re-hiring for the development director and major gifts leads. Instead, we rescoped the responsibilities for an existing team member, Lauren Pack, promoting her from Development Operations Coordinator to Development Officer. This shift reflects both her strong skillset in grants and annual fund development and the needs of the organization. (Congratulations, Lauren!) To backfill, we have posted for a replacement operations coordinator. While a tight labor market persists in fundraising, there are some signals of a promising shift this fall or winter. In the meantime, we have relied on increased support from our campaign counsel to keep campaign-critical tasks on track.

EXTERNAL AFFAIRS UPDATE

The External Affairs team is looking forward to introducing WSOS to the many fresh faces we expect to see in the Legislature in 2023 following the November election. Half of the Senate and the entire House are up for election, and many long-time members have retired in the last six months. Building new champions will be our top priority as we won't have a policy bill for the first time in the last five years. This will give us more time to champion WSOS and our outcomes as policy solutions, proactively share what we've learned and make sure the new members of the Legislature are aware of our program.

We are also looking to fill the vacated marketing and communications manager position and recruit for a new specialist role focused on promoting our suite of scholarship programs. Tori Cambell was also recently promoted to the role of Digital Marketing Manager, recognizing her growth and the needs within the organization. Congratulations to Tori!

Our busy season is ramping up as we collaborate across the organization and within every team. Despite the workload, the team is enjoying the benefits of a productive strategic planning season, leaving us better prepared to reach organizational and team goals.

MEDIA COVERAGE

Media coverage this quarter included:

- MSFT sponsored ad | Nerd Farmer Podcast
- [For dedicated STEM students, success starts with access to opportunity](#) | Seattle Times, July 7
- For dedicated STEM students, success starts with access to opportunity | Walla Walla Union Bulletin, July 7

- For dedicated STEM students, success starts with access to opportunity | Yakima Herald, July 7
- MSFT newsletter, linking Seattle Times article | July 28
- [Department of Education and Early Learning blog](#) | August 26

SOCIAL MEDIA COVERAGE

We are focused on growing followership rates across all channels aligned with the build the brand strategic priority. To do this, we are utilizing a content strategy that moves our followers through the customer journey from interest to trust to brand loyalty. Success indicators include 1) an increase in content views (impressions), 2) an increase in shares and engagement with our content and 3) an increase in followers, especially from our target communities, including scholars, legislators, business leaders, nonprofits, etc.

1) Impressions (number of times our content was viewed)

Year-over-year impression Growth

	June 2021	June 2022	Growth (%)
Facebook (Reach)	1,516	1,336	-11%
Twitter (Impressions)	4,140	4,940	19%
LinkedIn (Impressions)	3,489	11,375	5.5%
Instagram (Reach)	419	474	13%
Total	9,564	17,925	87%

**Reach is used for Instagram and Facebook*

Platforms like Instagram and Facebook rapidly change their algorithms, making it challenging to align content. That, coupled with staff turnover and the program administrator change, has led to slower-than-desired growth. We believe our strategy is sound and expect to see more robust growth as the year progresses.

2) Shares & Engagement

We are focused on increasing user-generated content (UGC) on our channels. UGC is original, brand-specific content created by other followers and published on their channels. A follower creating an original post promoting our scholarship would be a form of UGC, for example. This quarter, we had a 500% increase in UGC! This significant increase shows our followers feel close enough to the organization to become ambassadors for our brand.

We also had several key ambassadors share our content. Douglas Barrancotto, a long-time supporter and OpportunityTalks speaker, shared our post about Skills that Shine (StS). Matt Gebert, a 5-time StS mentor and engineer, shared our mentorship recruitment post. Overall, we received 104 content shares this quarter. The most shared pieces were WSOS hiring needs and education policy updates.

3) Followership growth

Year-over-year followership growth

	August 2019	August 2020	August 2021	August 2022

Facebook	3,679	3,952	4,057	4,373
Twitter	1,818	1,861	1,879	1,960
LinkedIn	200	607	1092	1,641
Instagram	373	517	861	1,011
Total audience size	6,070	6,937	7,889	8,986

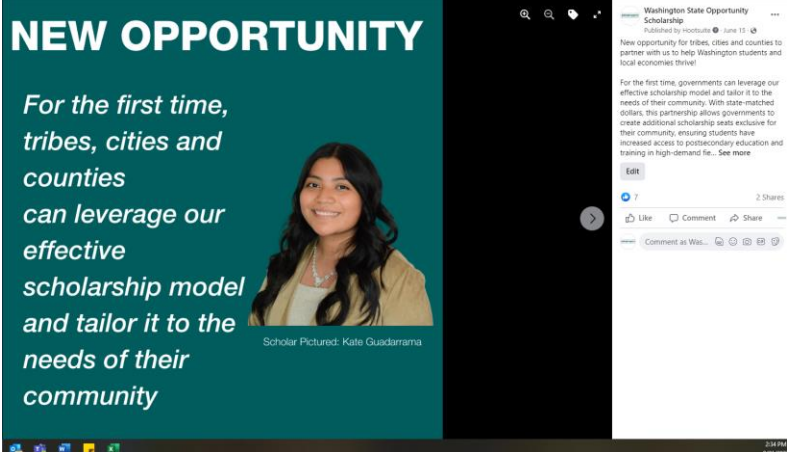
Followership growth, goals vs. actual

	Target % Growth 22-23 Academic Year	Actual % Growth 22-23 Academic Year (as of August 2022)
Facebook	5%	1%
Twitter	9%	1%
LinkedIn	45%	2%
Instagram	30%	1%
Total audience size	16%	1%

We had 35+ students follow us on LinkedIn this quarter, along with some key leaders in our community. Leaders include executives at the Washington Student Achievement Council, South Central STEM Network Director, VP at Highline College, Associate Director of Advancement at the UW, Chief Diversity Officer at Microsoft and Director of Workforce Education at North Seattle College.

Top Performing Posts

Facebook: Announcement of our new Government Partnerships Opportunity



LinkedIn: Happy one-year work anniversary to Lauren!



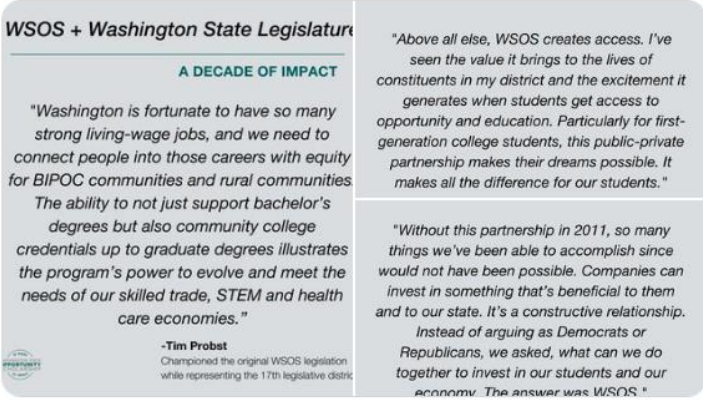
Instagram: Student Loan cancellation update



Twitter: 10-year anniversary legislative highlight

 Washington State Opportunity Scholarship @OppScholarship ...

A decade after WSOS was created, we still have strong, bipartisan support from the state legislature. Their investment in WSOS has impacted thousands of students and employers. Elected officials from across the state see us as a smart investment in students and our economy.



WSOS + Washington State Legislature

A DECADE OF IMPACT

"Washington is fortunate to have so many strong living-wage jobs, and we need to connect people into those careers with equity for BIPOC communities and rural communities. The ability to not just support bachelor's degrees but also community college credentials up to graduate degrees illustrates the program's power to evolve and meet the needs of our skilled trade, STEM and health care economies."

-Tim Probst
Championed the original WSOS legislation while representing the 17th legislative district

"Above all else, WSOS creates access. I've seen the value it brings to the lives of constituents in my district and the excitement it generates when students get access to opportunity and education. Particularly for first-generation college students, this public-private partnership makes their dreams possible. It makes all the difference for our students."

"Without this partnership in 2011, so many things we've been able to accomplish since would not have been possible. Companies can invest in something that's beneficial to them and to our state. It's a constructive relationship. Instead of arguing as Democrats or Republicans, we asked, what can we do together to invest in our students and our economy. The answer was WSOS."

3:05 PM · Jun 14, 2022 · Hootsuite Inc.

OPERATIONS UPDATE
PROGRAM ADMINISTRATOR TRANSITION

As of September 1, WSOS is officially administered by 501 Commons. WA STEM has a few items to close out related to financials, but WSOS support needs are being handled by the 501 Commons team. While the transition was not as seamless as we had hoped, we have been able to continue our day-to-day functions while addressing issues that arose along the way. Like any new partnership, we are learning how to marry our different organization cultures and working toward partnering more efficiently on a go-forward basis.

HYBRID WORKPLACE

On September 6, WSOS implemented a change to its hybrid policy. Incorporating feedback from the team, we moved away from establishing two set days in the office per week to one set day and a floating day for each team member. In addition, we clarified our policy regarding remote work arrangement. The change was made to honor the desire for greater flexibility for the team while also enabling in-office collaboration and team building which supports our ability to deliver on our intended impacts.

CULTURE & LEADERSHIP

This academic year, WSOS will be piloting a management and leadership academy intended to grow our organization-wide capacity and skills. The audience is all people managers, and we will address topics such as accountability, feedback, strategic planning, etc. We will be seeking external partners and resources to help bring this program to life. If you or someone in your network would like to support us in this effort, we welcome the opportunity to connect. We will

be looking for presenters and recommendations for resources to utilize to support our collective professional growth and development.

STAFFING UPDATE

Rachel Wyers (she/her) rejoined WSOS on September 1 as our Caspio Database Administrator. Rachel had been with WSOS for five years before she left this past April, and we are thrilled to have her back. Rachel was part of the team that chose and initially built out our Caspio instance. In her role, she will own all aspects of our Scholar database including design, training, implementation and security. We look forward to her continued stewardship of the student database.

[Sam Svilar](#) (he/him) joined WSOS on September 19 as a Baccalaureate Advisor. He was at Year Up for the past four years as the Internship Services Manager. Sam's career has been guided by his passion for advocacy and mentorship, and he is excited to help Opportunity Scholars persist and graduate. We look forward to Sam bringing his drive and skillset to the Programs team.

Dena Parmer (she/her) joined WSOS on June 29 as the Executive Assistant. Dena has had a passion for educational work since she was young. She spent fourteen years directing domestic education programs for World Vision before working at Seattle Public Schools for the past eight years. She is excited to support the mission and work of WSOS.

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 SCHOLARSHIP

**Career and Technical Scholarship
 Cohort 4 Selection Overview**

This document describes the selection criteria for and profile of the fall recipients of the 2022-23 Career and Technical Scholarship (CTS) cohort. This fall brought 709 applicants, of which we selected 568 for CTS and 55 for the Rural Jobs Initiative (RJI).

Career and Technical Scholarship Results

Selection Criteria

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

Category	Factor	Target Weight	Final Weight
Economic Impact	Program	50%	50%
Likelihood of Completion	Essay	15%	16%
Financial Need	Income	20%	19%
Equity of Access	First Generation Status	15%	7.5%
	Single Parent Status*	15%	7.5%

**Single parent status did not apply to applicants who graduated from high school in 2021.*

Profile of Selected Scholars

These Scholars have a median family income of \$28,000 and represent 32 of 33 colleges, 38 of 39 counties and 49 of 49 legislative districts. The top 5 colleges they are heading to are Clark College, Spokane Community College, Seattle Central College, Columbia Basin College and Bates Technical College. 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 in a related field (% of Job Openings).

Industry	% of Eligible Applicants	% of Selects	% of Job Openings
Engineering / Manufacturing	0.5%	0.5%	3%
Health Care	54%	54%	35%
Information Technology	21%	22%	15%
Trades	23%	22%	45%

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 we selected. Note that due to the larger cohort sizes, the acceptance rate for this cohort was higher across all types of applicants.

Category	% of Eligible Applicants	% of Selects	Acceptance Rate
First Generation			
Yes	51%	52%	100%
No	38%	37%	95%
Unknown	6%	6%	100%
Zero Parents	5%	5%	97%
Single Parent			
Yes	26%	27%	100%
No	74%	73%	97%
Race / Ethnicity			
American Indian / Alaska Native	1%	1%	100%
Asian	8%	8%	100%
Black or African American	11%	11%	100%
Latinx	25%	25%	97%
Native Hawaiian or Other Pacific Islander	1%	1%	100%
Two or More Races	5%	5%	96%
White	42%	41%	98%
Did not report	7%	7%	98%
Gender			
Women	54%	54%	99%
Men	29%	29%	97%
Non-binary, gender non-conforming, genderqueer and/or self-described	3%	3%	100%
Did not report	9%	9%	96%
Age			
18 or under	18%	17%	97%
19-22	12%	12%	99%
23-29	19%	19%	98%
30-39	33%	33%	98%
40+	19%	18%	97%

Rural Jobs Initiative 2020-21

To kick off our first full cohort of Rural Jobs recipients, we selected 55 of 60 eligible applicants. 53 of 55 recipients were also selected for the Career and Technical Scholarship.

Selection Criteria

Based on the Board's directive, we select 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 \$29,171, live an average of 30 miles from campus and represent 8 of 8 eligible regions and 12 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	1%	15%	1%
Eastern	1%	15%	14%
North Central	0.7%	7%	16%
Northwest	2%	24%	24%
Olympic	0.7%	7%	7%
Pacific Mountain	0.9%	9%	15%
South Central	2%	16%	18%
Southwest	2%	7%	6%

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.

Industry	% of Eligible Applicants	% of Selects
Engineering / Manufacturing	0%	0%
Health Care	63%	62%
Information Technology	15%	18%
Trades	22%	20%

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 percentage of eligible applicants who we selected.

Category	% of Eligible Applicants	% of Selects	Acceptance Rate
First Generation			
Yes	65%	67%	95%
No	27%	24%	81%
Zero Parents	3%	4%	100%
Did not report	5%	5%	100%
Single Parent			
Yes	40%	40%	92%
No	60%	60%	92%
Race / Ethnicity			
American Indian / Alaska Native	0%	0%	--
Asian	2%	2%	100%
Black or African American	3%	3.6%	100%
Latinx	38%	38%	91%
Native Hawaiian or Other Pacific Islander	0%	0%	--
Two or More Races	7%	5%	75%
White	45%	47%	96%
Did not report	5%	4%	67%
Gender			
Women	53%	55%	94%
Men	30%	29%	89%
Non-binary, gender non-conforming, genderqueer and/or self-described	0%	0%	--
Two or more	10%	9%	83%
Did not report	7%	4%	100%
Age			
18 or under	12%	11%	86%
19-22	10%	11%	100%
23-29	25%	25%	93%
30-39	37%	36%	91%
40+	17%	16%	90%

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GRD Scholarship Cohort 2 Selection Overview

This document describes the selection criteria for and profile of the second Graduate Scholarship cohort. This application cycle brought 40 applications, of which we selected 19.

Selection Criteria

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

Category	Factors	Weight
Financial Need	Income, student debt and past use of income-based programs (TANF, Medicaid etc.)	30%
Likelihood of Working in a MUA/HPSA (medically underserved area / health professional shortage area)	Essays	40%
	Letter of Recommendation	15%
Economic Impact	Program Track	15%

Profile of Selected Scholars

These Scholars have a median family income of approximately \$68,920 and represent all 6 eligible universities and 7 campuses. The universities they are enrolled in are Gonzaga University, Pacific Lutheran University, Seattle Pacific University, Seattle University, UW Seattle, WSU-Spokane and WSU-Vancouver. There are 12 Scholars in a primary care track and 7 Scholars in the Psychiatric Mental Health Nurse Practitioner program track. Of the selected Scholars, 4 are from rural counties including Clallam, Lewis, Okanogan and Yakima counties.

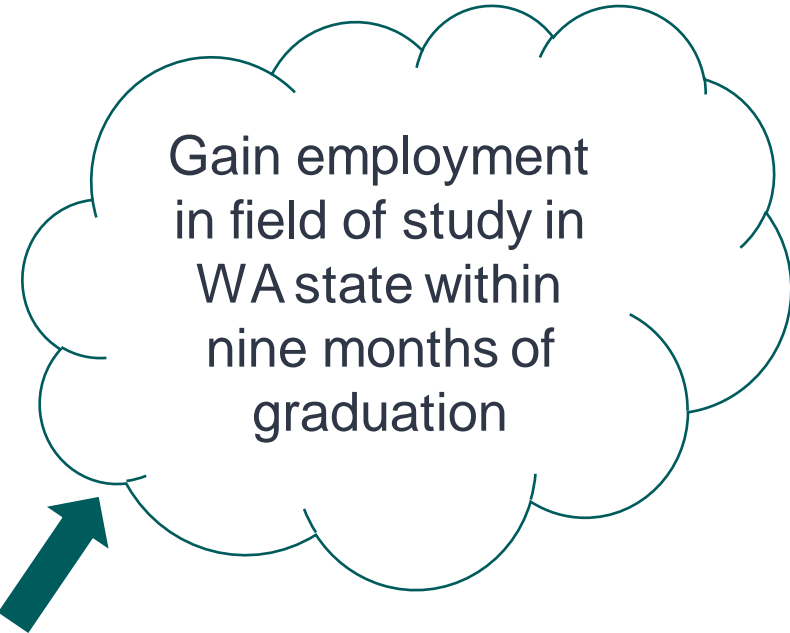
On the following page you will find information on the demographics of eligible applicants (n=29). The acceptance rate reflects the percentage of eligible applicants who were selected from that subgroup.

Category	% of Eligible Applicants	% of Selects	Acceptance Rate
Income Category			
Low-income Below 125% MFI	69%	84%	80%
Middle-income 125%-155% MFI and other economic factors	31%	16%	33%
First Generation			
Yes	42%	42%	66%
No	45%	42%	62%
Unknown	10%	11%	66%
Zero Parents	3%	5%	100%
Race / Ethnicity			
American Indian / Alaska Native	0%	0%	0%
Asian	14%	21%	100%
Black or African American	14%	16%	75%
Latinx	14%	11%	50%
Native Hawaiian or Other Pacific Islander	0%	0%	0%
Two or More Races	3%	5%	100%
White	41%	32%	50%
Did not report	14%	15%	75%
Gender			
Women	69%	68%	65%
Men	28%	27%	63%
Other	3%	5%	100%
Did not report	0%	0%	0%

ED CORNER

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**INTENDED
IMPACT #1**



**INTENDED
IMPACT #2**

THEORY OF CHANGE | Scholarships + Continuum of Support Services

STRATEGIC PRIORITIES

Design scalable, statewide programs.

Build the brand.

Fund to 2030.

Be a preferred workplace.



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Org Strategic Priorities: AY2025-26 metrics

Ensuring scalable, statewide scholarship accessibility and financial aid impact	Ensuring scalable, statewide support services	Build awareness of the WSOS brand	Fund to 2030 and beyond	Be a preferred workplace																
AWARDS	PROGRAMS	EXTERNAL AFFAIRS	DEVELOPMENT	OPERATIONS																
80% of applicants are eligible	65%, 45%, 95% graduate in eligible program for BaS, CTS, GRD	At least 33 earned media pieces per year	\$75M raised January 1, 2021, through December 31, 2025, with 30-35 \$25K to \$1M gifts secured in CY25	Volunteer separation rate below 15%; average staff tenure of 44 months																
90% of Scholars complete renewal	Opportunity gaps are less than 10%, 5% by income, race	23 speaking engagements for WSOS leadership per year	25% of donors loyal (5+ years) by end of CY25 with 50% donor retention rate CY24 to CY25	90% of staff agree: “I believe the work I do advances our mission”																
90% work fewer hours because of WSOS	95%, 85% of graduates employed full-time within 9 months in any field, in high-demand field	Social media audience size of 4,800 (FB), 2,200 (Twitter), 2,900 (LI) and 2,700 (IG)	425 new donors acquired in CY25 with 100 total from WA outside of Puget Sound	90% of staff agree: “I would recommend WSOS as a great place to work”																
90% attend full-time because of WSOS	95% of employed in-high demand graduates work in WA	Applicant targets: <table border="1" data-bbox="1067 1265 1505 1375"> <thead> <tr> <th></th> <th>BaS</th> <th>CTS</th> <th>GRD</th> </tr> </thead> <tbody> <tr> <td>BIPOC</td> <td>85%</td> <td>60%</td> <td>55%</td> </tr> <tr> <td>First-gen</td> <td>64%</td> <td>68%</td> <td>70%</td> </tr> <tr> <td>From rural counties</td> <td>34%</td> <td>40%</td> <td>TBD</td> </tr> </tbody> </table>		BaS	CTS	GRD	BIPOC	85%	60%	55%	First-gen	64%	68%	70%	From rural counties	34%	40%	TBD	At least 15% (by #) of donors in CY25 from health care, (S)TEM	90% of staff agree: “I would recommend my supervisor to future employees”
	BaS	CTS	GRD																	
BIPOC	85%	60%	55%																	
First-gen	64%	68%	70%																	
From rural counties	34%	40%	TBD																	

Org Strategic Priorities: AY2022-23 metrics

Ensuring scalable, statewide scholarship accessibility and financial aid impact	Ensuring scalable, statewide support services	Build awareness of the WSOS brand	Fund to 2030 and beyond	Be a preferred workplace																
AWARDS	PROGRAMS	EXTERNAL AFFAIRS	DEVELOPMENT	OPERATIONS																
75%, 85% and 75% of BaS, CTS and GRD applicants, respectively, are eligible	-BaS : 90%, 85%, 65% Y1-Y2-Y3-Y4 with 44% increasing -CTS : 80%, 80% 75% Q1-Q2-Q3-Y2 -GRD : 100% Y1 to Y2	At least 30 earned media pieces	\$16M, \$12M in CY22, CY23, with 15 12 \$25K to \$1M gifts secured in CY22, CY23	Volunteer separation rate below 30%; average staff tenure of 28 months																
90% (85%) of BaS (CTS) Scholars complete renewal	At least 60% of historically excluded races/ethnicities, low-income & rural students participate in programming	15 (7) engagements for ED (Directors)	8%, 12% of donors loyal (5+ years) in CY22, CY23 with 41% CY22 to CY23	83% of staff agree: "I believe the work I do advances our mission"																
90% work fewer hours because of WSOS	50%, 20%, 70% of BaS, CTS and GRD participate in career resources	Social media audience size of 4,428 (FB), 2,109 (Twitter), 1,861 (LI) and 1,861 (IG)	60, 305 new donors acquired with 44, 55 from WA outside of Puget Sound in CY22, CY23	83% of staff agree: "I would recommend WSOS as a great place to work"																
90% attend full-time because of WSOS	90%, 85%, 89% of BaS, CTS and GRD career support participants report being more prepared	Applicant targets: <table border="1"> <thead> <tr> <th></th> <th>BaS</th> <th>CTS</th> <th>GRD</th> </tr> </thead> <tbody> <tr> <td>BIPOC</td> <td>85%</td> <td>58%</td> <td>40%</td> </tr> <tr> <td>First-gen</td> <td>61%</td> <td>61%</td> <td>55%</td> </tr> <tr> <td>From rural counties</td> <td>31%</td> <td>32%</td> <td>7%</td> </tr> </tbody> </table>		BaS	CTS	GRD	BIPOC	85%	58%	40%	First-gen	61%	61%	55%	From rural counties	31%	32%	7%	At least 8%, 9% (by #) of donors in CY22, CY23 from health care, (S)TEM	83% of staff agree: "I would recommend my supervisor to future employees"
	BaS	CTS	GRD																	
BIPOC	85%	58%	40%																	
First-gen	61%	61%	55%																	
From rural counties	31%	32%	7%																	

Today's Snapshot

<p>Ensuring scalable, statewide scholarship accessibility and financial aid impact</p> <p>AWARDS</p>	<p>Ensuring scalable, statewide support services</p> <p>PROGRAMS</p>	<p>Build awareness of the WSOS brand</p> <p>EXTERNAL AFFAIRS</p>	<p>Fund to 2030 and beyond</p> <p>DEVELOPMENT</p>	<p>Be a preferred workplace</p> <p>OPERATIONS</p>
<p>Improving eligibility of applicants:</p> <ul style="list-style-type: none"> Investing in promo specialist Designing Awards processes <p>★★★★</p>	<p>Improving persistence:</p> <ul style="list-style-type: none"> Scholar Lead program refined, grown for BaS, CTS GRD direct support Scholar fatigue in all <p>★★★★☆</p>	<p>Media coverage/speaking engagements:</p> <ul style="list-style-type: none"> Co-presenting with WSAC Localized reach-outs Traveling, conferences to build network <p>★★★★☆</p>	<p>Campaign revenue:</p> <ul style="list-style-type: none"> \$43.6M with \$10.9M in CY22 (grants) Lack of front-line fundraisers slowing progress <p>★★★★☆</p>	<p>Staffing:</p> <ul style="list-style-type: none"> Headcount: 24 FTE Open: 7 FTE (3 new) New hires last Q: 2 FTE Hybrid model modified September 1 <p>★★☆☆☆</p>
<p>Successfully completing processes (increase, renewal):</p> <ul style="list-style-type: none"> Re-evaluating deadlines Partnering with programs <p>★★★★</p>	<p>Closing opportunity gaps:</p> <ul style="list-style-type: none"> Intentional focus on historically excluded groups for participation <p>★★★★</p>	<p>Social media growth:</p> <ul style="list-style-type: none"> Exciting growth in user generated content Meaningful launch of ED Twitter <p>★★★★</p>	<p>Donor loyalty:</p> <ul style="list-style-type: none"> OpportunityTalks moved Annual fund launched Impact report annualized <p>★★★★☆</p>	<p>Culture enhancements:</p> <ul style="list-style-type: none"> Program administrator transition – staff kept whole, not without disruption <p>★★★★☆</p>
<p>Attend school full-time and work less:</p> <ul style="list-style-type: none"> Assessing the impact of financial aid on overall experience Disbursements on-time with 501C <p>★★★★</p>	<p>Improving career outcomes:</p> <ul style="list-style-type: none"> Growing Industry Insider program Skills that Shine program – recruitment challenges <p>★★★☆☆</p>	<p>Scholarship promotion:</p> <ul style="list-style-type: none"> Investing in promo specialist Investing in regional champions <p>★★★☆☆</p>	<p>Donor acquisition:</p> <ul style="list-style-type: none"> Hot Topic Dinners launched; 2023 events calendar primed Lunch & Learns hosted Not yet targeting by industry, region <p>★★★★☆</p>	<p>Leadership:</p> <ul style="list-style-type: none"> Leadership & management academy primed to launch Values guiding the work codified <p>★★★★☆</p>

Key wins of the quarter



- Team has clear metrics, aligned with organization priorities, with through-line of goals for the academic year ahead
- More than \$120M disbursed in scholarships since inception
- Refinement for BaS and pilots for CTS and GRD services successful
- \$43.6M raised toward \$75M campaign, despite headwinds, with strong grants work; third co-chair identified

Challenges of the moment



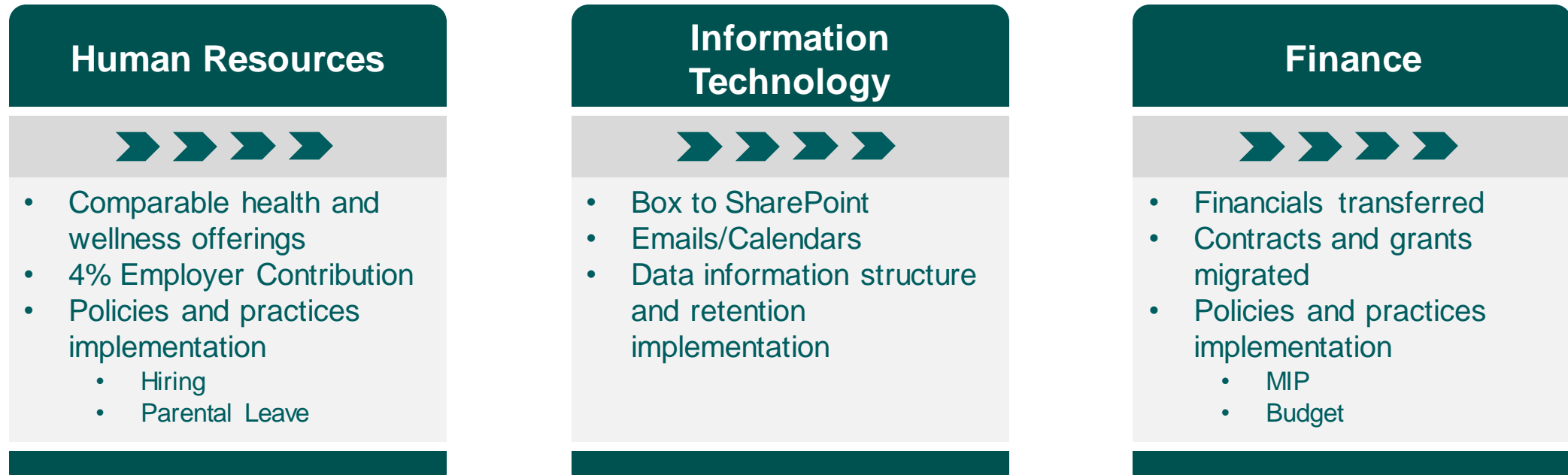
- Disruptive PA transition – from the IT transition taking staff offline for multiple days to expected bumps bringing new 501C staff up to speed
- Campaign faces challenges without front-line fundraisers, other open positions create pressure across the team
- Pandemic fatigue affecting current staff, hiring, volunteers
- ***Parking lot:*** program administration models

Guiding principles for program administrator selection and transition

1. Provide **transparency** for the Board & staff
2. Keep **employees whole** in the transition (benefits/salary/work environment)
3. Maintain the strong, **collaborative** relationship with WA STEM
4. Balance **maintaining our autonomy** while addressing areas where **we need stronger support**
5. Prioritize finding a **long-term** fit

Program Administrator transition complete, with a bumpier than expected experience.

Completed critical path items but additional work required to optimize process and practices.



Experience drivers: staff transition, maturity of WSOS, familiarity with software

The Problem:

Recruiting and retaining talent has never been such a challenge.

- **Context:**

- We've **struggled to hire** for both data and fundraising positions. For example, we posted the senior major gifts role four times by two different titles, once using a firm, and we still have not yet successfully hired. Each time we arrived at a final candidate, they accepted a role elsewhere and reported higher pay as the reason.
- In the span of three weeks, we **lost two staff members** to larger organizations for higher salaries than our ranges.
- Because we use market compensation studies to set midpoints, there is **pay inequity** where programming staff earn less than capacity-building staff.
- Despite a cooling economy, the **war for talent persists**, especially in nonprofit.

- **Broadly stated, the problem is:**

- Our people are our single greatest asset. But we're struggling to recruit and retain them. What can and should we do about it?

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Questions that came up for us internally while thinking about this problem are...

- Is this problem only being experienced at WSOS or is it bigger?
- On pay, how does WSOS pay compare to the market? Which organizations are appropriate benchmarks?
- Besides pay, what else do people value in a workplace? How does WSOS compare to benchmarks outside of pay?
- What theories do we have for why WSOS hiring/retention is a challenge?
- What data do we have to inform our thinking?
- What can and can't we do about it?

Diving into the data, we learned...

- Even prior to the pandemic in 2018, [research](#) showed nonprofits have nearly double the turnover rates of for-profit with about **1 in 5 employees leaving voluntarily each year**, and average tenure of just 2-5 years.
- This was exacerbated in the pandemic. The National Council of Nonprofits [surveyed](#) 1,000 organizations across the nation in fall 2021. They found:
 - About a **third** of all nonprofits have **10-19% of jobs open at any given time**; another **26%** have **20-29%** of jobs open at any given time.
 - **8 in 10** report **salary competition** is a factor in filling job openings

Diving into the data, we learned...

- We currently use the **75th percentile** of the non-profit market as the benchmark for our midpoint. We are competitive, but among non-profits broadly defined.
- The **top reason** cited by WSOS staff in the 2022 org culture survey they would consider a role outside of WSOS was higher compensation.
- In the 2021 legislative report, we show **81.5%** of spending on scholarships, **11.0%** on program expenses (e.g., Scholar Lead stipends, program supports) and **7.5%** on operating expenses.

WSOS VALUES

1. Scholars are our North Star.
2. People are our greatest asset.
3. Impact isn't by chance.
4. Diversity, equity and inclusion are superpowers.
5. Seek excellence.
6. Be respectful, courageous and honest.
7. Iterate to great.
8. We is greater than me.

The Five P's of Employee Fulfillment

- **Purpose**
- **People**
- **Pride**
- **Perks**
- **Pay**

Amy Coleman's video on hybrid workplace [here](#)

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Some key factors about our current compensation policy include...

- All staff earn **within 10%** of the midpoint.
- About **1/3** are making less than midpoint; about **1/3** are clustered right at the midpoint and about **1/3** are making above the midpoint.
- Performance raises are assessed after **two years** of service.
- **COLA** is requested annually in alignment with Seattle CPI.
- With non-profit market compensation review, we are using “**all non-profits**” as the benchmark.

The Problem:

Recruiting and retaining talent has never been such a challenge.

- **Discussion:**

- Are there any areas of the Five P's of Employee Fulfillment where you think WSOS is particularly strong but we could do a better job emphasizing or promoting?
- Are there any areas of the Five P's of Employee Fulfillment where you think WSOS should take a closer look and enhance the employee experience beyond pay?
- What principles or tenets would you expect us to keep in mind as we consider a reinvigorated compensation approach at WSOS?

Tab D

2023 Legislative Priorities

2023 LEGISLATIVE PRIORITIES

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State continues to grapple with credential attainment gaps, drops in enrollment.

- **Enrollment woes continue**, not unique to the pandemic
- Enrollment exacerbates **credential attainment gaps**
- Legislature, partners trying to remedy with **stronger community-based partnerships**
- CCW awarded **\$23.5 million to expand career-connected learning** programs in WA

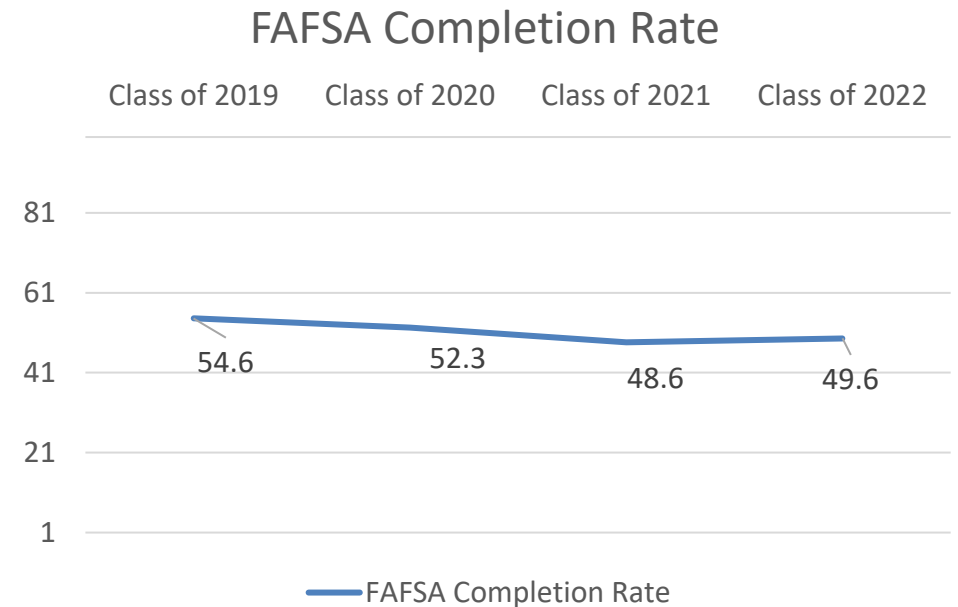


Economy strong, despite looming uncertainties; education still vital.

- State revenue projections **current biennium increase by \$43M, decreased for 2023-25**
- Growth slowing, employment improves, uncertainties loom
- Employers will add **373,000** net new jobs over the next five years, **70%** require post-secondary education
- Continued **mismatch in jobs, credentials**

Impacts of COVID remain unknown; FAFSA completion continues to disappoint.

- Impact of school closures, remote learning on K-12 students in post-secondary transition **yet unknown**
- Likely **worse in low-income & communities of color**
- **FAFSA completion** in WA still among nation's lowest (49th)

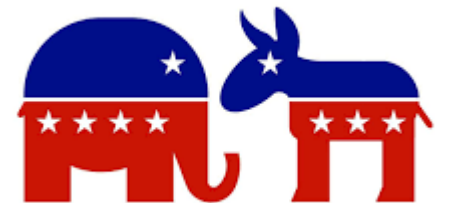


WSOS is tailor-made for Washington's top priorities.

- **Community-based solutions align** with current promotion efforts, thanks to generous Boeing support and hiring of new promotion specialist
- Health care workforce shortage, **behavioral health** still a top target
- Spread of programs we support align with lawmaker focus

Extraordinary turnover in Olympia is an opportunity to build new champions.

- **All members of the House (98) and half the Senate (23) are up for election**
- 22 members in 2022 + a dozen in 2020-21 decided not to run or departed for the Senate
- **More than a quarter of the Legislature likely to be new in 2023**



2023 priorities: Build the Brand in Oly and grow our thought leadership.

- Make introductions, build **new champions**
- **Share what we've learned**, focusing on alumni outcomes and plugging WSOS as a ready-made solution
- Continue to market our **municipal, county & tribal matching** opportunity as a tool for hyper-local workforce development

Tab E

AY 2022-23 Programs

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AY 2022-23 Programs

Overview

Purpose of programming

Review of AY 21-22

Successes and learnings from AY 21-22

Preview of our plans for AY 22-23



Our purpose

To provide equitable and relevant Scholar-centered services and programming that create impactful opportunities for all Scholars, so that they are more likely to persist, earn their credentials and are career ready for in-demand jobs in Washington state

Scholars are our North Star

Developing scalable, statewide programs



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Our purpose

Why we focus on mentorship

- Peer mentorship
 - Higher persistence rates
 - 96% persisted to AY 21-22
 - 8 percentage points higher
- Industry mentorship
 - Enhancing Scholars' social capital
 - 91% felt more prepared to seek relevant work experience



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AY 21-22 in review

1,573 total Scholars supported
60% of those eligible

Compared to last AY

- 9% increase in Scholar Lead program
- 16% decrease in Skills that Shine program

New support services

- CTS ambassador pilot program
- CTS industry mentorship pilot program
- GRD meet up
- GRD travel and preceptor stipends



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AY 21-22 in review

Jeremy Bang
GRD Scholar Alumnus

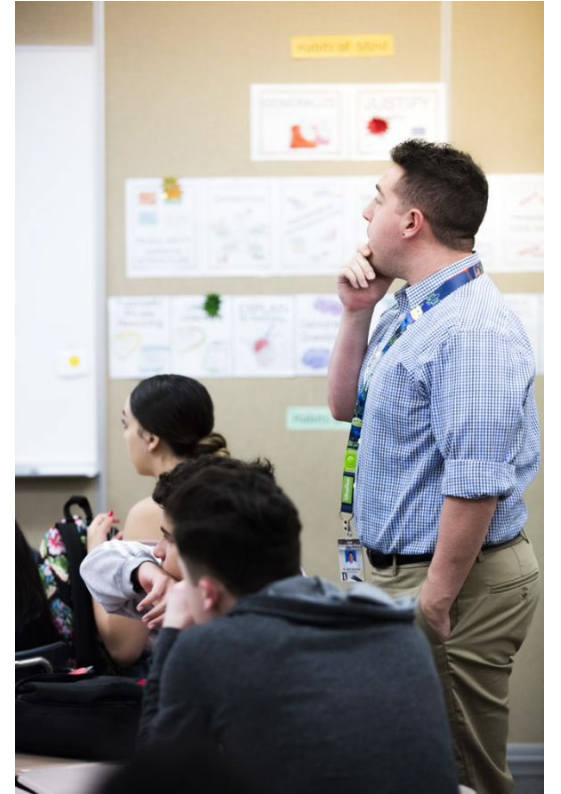


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AY 21-22 in review

What went well

- Demonstrated impact of Scholar Lead program
 - 94% reported campus resource connections
 - 5% increase
- Effective pilots
 - 6 out of 8 Scholars attended GRD meet-up
 - 3 GRD Scholars received travel stipend
 - 5 clinics received GRD preceptor stipend
 - 154 CTS Scholars utilized ambassador
 - 57 CTS Scholars participated in industry mentorship



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AY 21-22 in review

What we learned

- Engagement was challenging
 - 66% completed Skills that Shine
 - **Decline from 72%**
 - 57 pairs for CTS industry mentorship
 - **Goal was 60**
- GRD Scholars need minimal, intentional programming
 - Connection groups coming in AY 22-23
 - Continuing with stipends



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Preview AY 22-23

Scaling our flagship programs

- Scholar Lead and Skills that Shine now available for both BaS and CTS Scholars

Keeping strategies that work

- Leveraging data and best practices to develop and test support services
- Showing Scholars our programs are for them; representation matters



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Preview AY 22-23

New programs and strategies

- Closing opportunity gaps
 - Prioritizing historically excluded Scholars
- GRD connection groups
- CTS Scholar Lead program
 - Connecting Scholars with Leads based on industry instead of campus
- BaS and CTS career development
 - Piloting alumni career panels



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Thank you

Questions?

Key takeaways

- 60% of Scholars supported in AY 21-22
- Pilot programming was effective
- Engagement was challenging
- Scaling flagship programs in AY 22-23
- Continuing to iterate and test new strategies



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Tab F

Finance & Program Administrator Update

WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

FINANCE & INVESTMENT COMMITTEE MEETING AGENDA | OCTOBER 4, 2022 IN-PERSON OR REMOTE

To join virtually: Click on the Microsoft Teams link in meeting invitation

To join in person: Washington STEM Office, Create West at Washington STEM 210 S Hudson St, Seattle, WA 98134 (masks are optional for those who are fully vaccinated – otherwise masks are required)

I.	Meeting Called to Order		Patrick Smith Board Member Committee Chair	1:00p-1:05pm
II.	Approval of Minutes from June 1 Meeting	[Tab A]	Patrick Smith Board Member Committee Chair	1:05-1:10pm
III.	WSIB Quarterly Performance Report	[Tab B]	Chris Phillips WSIB	1:10-1:20pm
IV.	Strategic Asset Allocation Recommendation	[Tab C]	Chris Green WSIB	1:20-2:00pm
	» <i>Committee Action:</i> Recommend the WSOS Board adopt the new asset allocation			
V.	Program Administrator Report	[Tab D]	Matt Poth WA STEM	2:00-2:20pm
VI.	Program Update	[Tab E]	Kimber Connors WSOS	2:20-2:25pm
	» <i>Committee Action:</i> Accept updated gift acceptance policy			
VII.	Executive Session, if needed		Patrick Smith Board Member Committee Chair	2:25-2:30pm
VIII.	Meeting Adjourned		Patrick Smith Board Member Committee Chair	2:30pm

UPCOMING MEETINGS:

Wednesday, December 7, 2022, at 1-2:30pm

At 501 Commons
Pacific Tower
1200 12th Ave S Suite 1101
Seattle, WA 98144

Committee Questions for Consideration:

- » Do you have any questions on the process or inputs WSIB uses in its strategic asset allocation process?
- » Does our planned approach for putting the notion of ESG investing in the parking lot make sense?

Tab A

Approval of June 1, 2022 Minutes

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**FINANCE & INVESTMENT COMMITTEE MEETING MINUTES |
WEDNESDAY, JUNE 1, 2022**

Members present in person at Washington STEM office: Patrick Smith (Chair), Matt Rubright, Jess Peet

Members present via Microsoft Teams: Bo Lee, Brad Faulhaber

Members not present: Julie Sandler, Elisa La Cava, Jennifer Daquiz Hara, Joseph Walker

Other participants present in person: Yoko Shimomura (Washington STEM), Matt Poth (Washington STEM), Blair Peterson (Washington STEM), Kimber Connors (WSOS), Irina Grubic (WSOS)

Other participants present via Microsoft Teams: Chris Phillips (WSIB), Chris Hanak (WSIB), Aileen Liu (WSIB), Anisa Mathson (WSIB), Evan Bennett (501 Commons), Eileen Moran (501 Commons)

Meeting called to Order

Patrick Smith (Chair) called the meeting of the Washington State Opportunity Scholarship (WSOS) Finance and Investment Committee to order at 1:08pm.

Approval of Minutes from March 15, 2022, Finance and Investment Committee

Committee Action: Jess Peet moved to approve the minutes of the March 15, 2022, meeting. Matt Rubright seconded the motion, and it carried unanimously.

WSIB Quarterly Performance Report

Chris Phillips, WSIB's Director of Institutional Relations and Public Affairs, delivered the quarterly performance report. He was joined by Chris Hanak (WSIB), Aileen Liu, ASIO with Risk Management and Asset Allocation team, as well as several members of the RMAA team. The quarterly investment update covered the performance of all WSOS accounts through Q1 2022. All data is of March 31, 2022. Phillips provided high level comments to summarize fund performance and activities as well as the market conditions in which this performance occurred.

The resilience of the 2021 market has given way to the volatility of 2022. During Q1 we saw investment markets (both stock and bonds) fall in response to Russia's invasion of Ukraine, followed by continued concerns over rising inflation. The Baccalaureate Scholarship and CTS funds returned -4.7% and -4.8% respectively, for Q1. For the 12 months ending March 31, these funds saw a return of 0.8%. The Endowment fund (81% equities/19% fixed income) saw a return of -5.3% for the quarter and 4.6% for the 12 months ending March 31. Cash remains at a low that rounds to zero.

WSIB completed 2 transactions for WSOS funds during Q1:

1. Rebalanced the BaS fund in early March to raise cash for scholarships. Moved \$600,000 from equities and \$2.6 million from fixed income, to raise a total \$3.2 million in cash. We use 5% as our target allocation for cash.
2. Fulfilled a CTS fund request for \$900,000 cash transfer from the CTS fund on March 14.

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Geopolitics are front and center in the market. Russia invaded Ukraine, generating outrage, and creating broader anxiety over the global balance of power, energy supply and the human tragedy attached to the invasion. On March 4, the WSIB issued its investment response to the invasion. Phillips noted that WSIB had worked to create an orderly removal from Russian investments given the ongoing conflict with Ukraine. This took their investment exposure in Russia from small to none. In general, stocks are generally down 5%, bonds down 6% across the market. Our loss roughly matches that of the market. Commodity prices surged. The energy sector is up 42% for the past 12 months, based on oil price increases and concerns over global supply. Inflation has also become a headline issue. It was already increasing based on supply chain issues), and it hit 8.5% in March (down a tick to 8.3% in April). The Fed raised the target rate one quarter of a point in Q1 (and more recently a full half point) and has outlined its plans for tightening monetary policy during the year ahead. Debate is raging over whether they have been too lax with bringing rates back up after the COVID shutdowns and whether a so-called soft landing is possible for this economy. Interest rates increased sharply during Q1, including the 10-year Treasury rate ending the quarter at 2.3% -- up 80 basis points for the quarter. As of late last week, the 10-year Treasury rate was in the 2.7-2.8% range, up from 1.5% at the start of this year.

Brad Faulhaber asked whether WSIB would recommend any material changes in our asset allocation given the market volatility, especially in fixed income. Chris Hanak responded there has been some adjustment on duration of hold but nothing material. Our current policy allows for +/- 25% for duration fluctuations. Fixed income is the only asset class WSIB internally manages. Faulhaber then noted we are outperforming benchmark on fixed income and asked why. Phillips noted he would follow up to provide more details. Peet asked how much of the WSOS portfolio is invested in oil/gas given the recent market volatility in that area. She further expanded an interest in understanding whether WSOS could consider ESG investing. Phillips noted their portfolio tends to be underweight in oil/gas when compared with the market. The WSIB approach tends to be underweighting rather than full divestment as a general strategy. Hanak commented he could follow up with the Committee on specifics of our investments as it relates to ESG. Rubright asked if there are other commodity areas where WSIB is actively working to underweight the portfolio. Hanak explained that WSIB generally matches to the index as a rule of thumb, but there are some exceptions. For example, they have no hedge fund exposure.

Aileen Liu, Assistant Senior Investment Officer with Risk Management and Asset Allocation, presented on the upcoming strategic asset allocation study. Liu provided both a high-level overview of the asset allocation process for the WSOS funds and reviewed the timeline as we move forward to the September meeting when the proposed asset allocation will be presented to the Committee.

Liu stated the goal of today's presentation was to understand the program's risk and return objectives prior to proposing a proposed asset allocation. The asset allocation of the portfolio is the primary contributor to the variation in the total plan's return. It consistently overwhelms other factors such as underlying stock selection. While setting an initial asset allocation target and range is important, simply setting a strategic asset allocation and letting it run its course is not sufficient; rebalancing is necessary, so we must also set daily rebalancing rules. It is also important to periodically reassess the asset allocation over time, as we're currently doing in 2022, because initial assumptions, or program parameters and inputs may have changed over

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time. The asset allocation for an optimal portfolio is anchored on estimates of expected return, volatility and correlation – the interaction between asset classes. The purpose of an asset allocation study is to construct a portfolio that has the highest level of return at an appropriate level of risk to maintain program objectives.

The process starts with capital market assumptions and the WSOS cash flow forecasts as inputs. WSIB models and selects appropriate allocations and runs simulations. Diversification across asset classes and within each asset class is a critical aspect of portfolio construction to build resilience in different economic cycles over time. Liu shared that asset allocation is both art and science. For the science, WSIB uses a Monte Carlo approach to simulate numerous portfolio outcomes that maximize return for a given level of risk. The art involves considering program assumptions, how those may evolve over time and determining appropriate risk adjusted return outcomes.

Liu stated that the asset classes we consider for WSOS are Equities, Fixed Income, and "cash". These three asset classes help address our return objectives of growth, income and capital preservation. Some of the other considerations and how they relate to WSOS are time horizon (how long the program will exist), liquidity considerations (when cash needs fall over time) and cash flow inputs (when revenues are expected).

Liu updated the Committee on the current capital market assumptions being used by WSIB. She stated that Capital Market Assumptions (CMAs) are critical to the WSIB's strategic asset allocation modeling. CMAs are updated every two years, and the last update was in April 2021. They quantify the expected average annual return and risk level of each asset class over the long-run and the relationship or correlation between each asset class. WSIB's CMAs are based on a 15-year horizon with no attempt to "time" the market.

Liu then provided details of the updated CMAs. For 2021, all asset class returns were adjusted lower. The geometric expected return for Global Equity is 6.5% which was reduced from the 7.1% return set in 2019. The estimated return for Intermediate Fixed Income is 3.3% and the expected return cash is 1.7%, reduced from 2.6% from the prior study. Liu noted WSIB introduced the Intermediate Credit asset class assumption for the first time for the 2021 CMAs to align with stakeholders. Liu then shared an example of the CTF's return outcomes, applying the updated CMAs as an illustration (slide 14).

Patrick Smith asked what the probability of successful return was represented by each color on the graphic on slide 14. Liu clarified they use +/- 50% as the target but emphasized that the data in the presentation was for illustrative purposes only. She noted that the September presentation would include confidence intervals on the modeling for Committee consideration. Rubright asked if the first objective should remain capital preservation. Liu affirmed that given the high cash liquidity needs to pay out scholarships, WSIB recommends we preserve capital as a top concern. Smith commented he would find value in seeing the model that shows cash flow and projections to understand how much of our assumptions are coming from fundraising success versus market returns. He noted the balance between the two – stronger fundraising success would lighten the pressure on the market to return interest and vice versa. Kimber Connors clarified that most of the model assumed strong fundraising efforts (success of the \$75M campaign); Blair Peterson commented a modest 4.4% return had been used in the original simple model so very little of the assumed cash spend was related to market returns versus fundraising success. Rubright recommended that because a relatively small portion of

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our assumed cash flow was coming from returns that we might be more aggressive in our investing and focus less on capital preservation. Smith affirmed he wants to understand how we take enough risk, so we aren't withholding spending on scholarships while not assuming too much risk and then putting undue pressure on fundraising. Hanak clarified that the cash flow model comes from the WSOS and WA STEM team then WSIB models financial returns from there. Smith commented that the two models are interrelated and asked how we might adjust cash flow assumptions based on the outcome of an asset allocation. Hanak stated this is not possible since one must come first. He noted that WSOS can pull the level of reducing future scholarship disbursements if there is a significant change in fundraising success or market returns. Faulhaber asked if we expect investments to fund a meaningful portion of future expenses or if we are more focused on fundraising. Connors affirmed fundraising is the primary driver. Peterson reminded the committee the cash flow model was shared in the December 2021 meeting. Connors proposed the WA STEM Finance team send out the model for Committee review and schedule some optional listening sessions for members with questions. Smith affirmed the goal of the model was to give as many scholarships as possible while not overextending our risk. He noted it would be valuable to understand if the Board is comfortable taking more risk now knowing we might reduce cohorts in future years if necessary.

Liu reviewed the timeline for the next steps in the strategic asset allocation. Smith asked if there were repercussions if we missed presenting to the WSIB Board on November 22. Hanak affirmed this date was a hard deadline since it is difficult to get on the agenda in the right cycle for WSIB Board review.

Program Administrator Report

Matt Poth, Director of Finance at Washington STEM, presented financial statements through 4/30/22. Given the time, he noted he would only highlight the most important areas of his report. In the last quarter, the WSOS portfolio experienced unrealized losses totally about \$8.3M. He noted significant revenue in \$475K from the BECU Foundation. While WSOS has received a \$10M pledge from Ballmer Group, Poth noted this is not yet reflected in the revenues. Because this payment comes from a DAF, it cannot be recorded in accordance with GAAP until the DAF approves the recommendation from the foundation. On the expense side, Poth highlighted that program administration expenses are coming in higher than budget due to the transition. Peet asked about our confidence in meeting our fundraising goals since only \$10M+ has been raised to date but the annual target is \$16M. Connors stated that while she generally doesn't name specific funds in these meetings due to the public nature of them, she is feeling relatively confident. The Development team has more than \$40M in open opportunities they are exploring for the campaign. We still hope to hit \$16M by year-end though of course anything is possible. Faulhaber asked about whether we are still expecting \$8.5M in public monies. Connors affirmed those dollars were appropriated by the state this session, and we expect to receive them in July.

Program Update

Connors provided a brief program update. She reviewed the progress with the program administrator transition. Generally, things are progressing as planned with a transition to 501 Commons on September 1. Connors noted three upcoming hurdles. First, she commented the 501 Commons benefits package isn't as competitive as WA STEM's. Both sides are working to get creative on how to keep employees whole, especially regarding retirement benefits while staying within the letter of the law.

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Second, Connors noted she expects actual program administration fees to come in above budget. The current budget lists total for program administration monthly fees + transitions costs to be ~\$720K. Connors reminded the Committee this was a best guess in December. Now that transition negotiations are happening, she expects the transition to cost more than budgeted. Specifically, she called out that WA STEM was expected to receive ~\$90k in transition fees; 501 Commons had quoted \$125K for transition costs + project management and 501 Commons was hearing \$60k+ for cyber insurance coverage. In total, Connors estimated we would be \$60K to \$120K over budget. She asked the Committee if they would like any more insight into this expected overage or if they would require a formal amendment to the budget. Smith asked if there would be any cash flow issues related to this overage. Connors stated no. Smith asked if there was any operational reason why Connors or the WSOS would prefer a budget amendment. Connors said no. She is bringing the issue to the Committee for transparency and alignment only. She stated she does not feel we have much control over transition costs and that the budget was a best guess before much information was known. Rubright commented that noting this in the footnotes was adequate. Smith affirmed.

Connors provided a quick update on campaign success. Specifically, she noted the team is 58% of the way to the goal now that they have closed a \$10M commitment from Ballmer Group. Connors also highlighted an alumna, Jenny Spink, she had the opportunity to meet with in Spokane a few weeks ago as inspiration for the work. Connors commented she had planned to discuss Committee member recommendations on moving forward with the campaign but since the meeting was already over time, she promised to follow up individually with members.

The meeting didn't go Executive Session.

The meeting adjourned at 2:36pm.

Respectfully submitted,
Irina Grubic

Tab B

WSIB Quarterly Performance Report

WSOS INVESTMENT AND FINANCE COMMITTEE PERFORMANCE REVIEW – 2Q 2022

OCTOBER 4, 2022

Chris Phillips
Director of Institutional Relations



WSOS INVESTMENT PROGRAM SUMMARY

Global equity and fixed income both suffered downturns during Q2, with equities taking the brunt of the market losses

- BaS and CTS funds (5% cash/25% equity/70% fixed income) returned -6.5% and -6.6%, respectively, for the quarter; off -10% for the 12 months ending June 30
- Endowment (92% equity/8% fixed income) returned -13.4% for the quarter and -14.8% for the 12 months ending June 30
- State-match cash remained close to zero for 2Q (16 bps in some accounts)

Asset Classes:

- Global equity funds returned -15.7% for the quarter and -16.3% for 12 months
- Fixed income funds returned -3.6% for the quarter and -8.6% for 12 months

Volatility persists into July and August (positive July; negative August)

Transactions during 2Q:

- On June 8, 2022, the WSIB completed a withdrawal of \$500K from the CTS investment account based on a request from Washington STEM, to fund summer scholarships

CAPITAL MARKETS SUMMARY

REPORTED AS OF JUNE 30, 2022

- As of June 30, developed market equities have seen one of the worst starts to a calendar year in more than 50 years
- The MSCI World Developed IMI index: -16.3% for the quarter, and -15.3% over the last 12 months
- Fixed income indices were down sharply this quarter
 - The Bloomberg U.S. Treasury returned -3.8% for the quarter and - 8.9% for the last 1-year period
- Negative sentiment was driven by war in Ukraine, tighter monetary policy, and a rapid rise in inflation worldwide
- May figures showed U.S. inflation up 8.6% year over year
- The Fed issued repeated target rate hikes during Q2: adding 0.50% in April and another 0.75% in June
 - The latter was the most aggressive increase since November 1994
- The U.S. economy looks robust, but signs of a slowdown are emerging
 - June indices fell for both business activity and manufacturing output
- Rising interest rates pushed the U.S. 10-year Treasury rate up to 3.0% by quarter end, a quarterly increase of 0.7%
- The energy sector, buoyed by rising oil prices, was the best performing sector in Q2, but was still down -5.8%

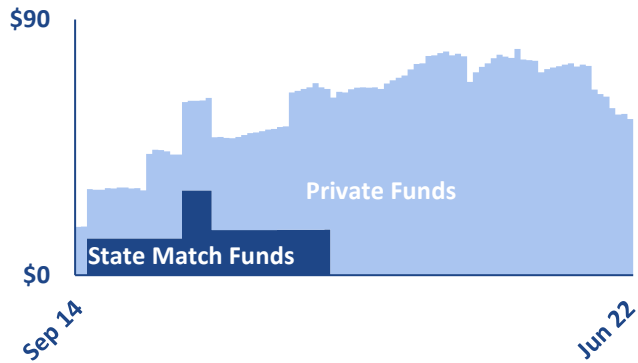
WSOS GROWTH OF ASSETS

JUNE 30, 2022



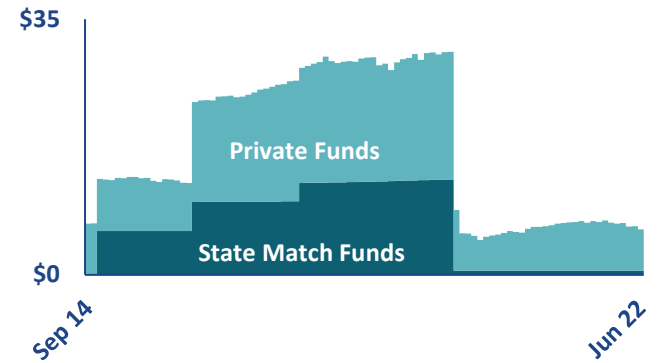
BaS

- Total assets: \$54.9 million
- 100% private funds



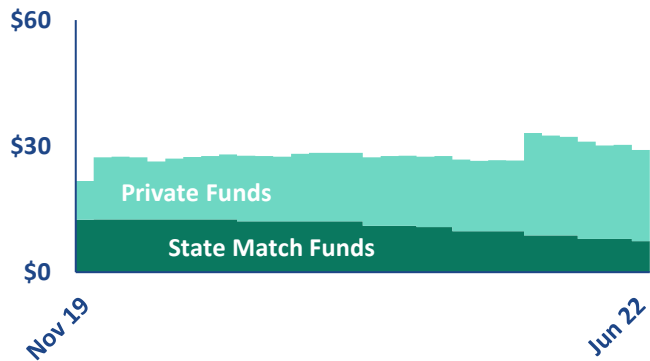
Endowment

- Total assets: \$6.2 million
- 91% private funds and 9% state match funds



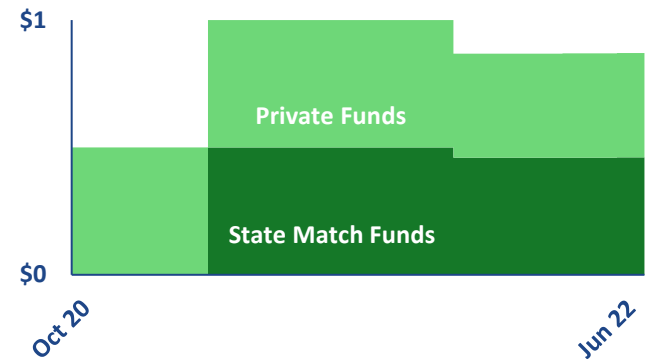
CTS

- Total assets: \$29.1 million
- 75% private funds and 25% state match funds



GRD

- Total assets: \$0.9 million
- 47% private funds and 53% state match funds



MARKET VALUES AND ASSET ALLOCATION

JUNE 30, 2022



Private Funds

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

State Match Funds

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

	BaS	Endowment	CTS	GRD
Private	Cash 5.39%	Fixed Income 21.13%	Cash 5.55%	Cash 100.00%
	Fixed Income 71.63%	Equity 78.87%	Fixed Income 71.08%	
	Equity 22.98%		Equity 23.37%	
	\$54,907,343	\$5,623,698	\$21,696,344	\$409,508
State Match	\$0	\$586,252	\$7,382,540	\$460,933

FUND PERFORMANCE UPDATES

ALL COLUMNS SHOW PERFORMANCE CALCULATED AS OF JUNE 30, 2022

	Annualized				
	Qtr.	1 Year	3 Year	5 Year	Since Inception
BaS					
Private	-6.54%	-9.94%	1.92%	3.56%	4.15%
Private Benchmark	-6.57%	-10.27%	1.71%	3.47%	4.13%
State Match	0.00%	0.00%	0.40%	0.90%	0.67%
State Match Benchmark	0.11%	0.17%	0.63%	1.12%	0.83%
Private Funds Benchmark: 25% Equity, 70% Fixed Income, and 5% Cash. State Match Benchmark: 100% Cash					
Endowment					
Private	-13.44%	-14.78%	4.00%	5.34%	5.67%
Private Benchmark	-13.42%	-14.76%	5.16%	6.06%	6.06%
State Match	0.16%	0.19%	0.50%	0.97%	0.72%
State Match Benchmark	0.11%	0.17%	0.63%	1.12%	0.83%
Private Funds Benchmark: 80% Equity, 20% Fixed Income. State Match Benchmark: 100% Cash.					
CTS					
Private	-6.58%	-10.03%	N/A	N/A	1.34%
Private Benchmark	-6.57%	-10.27%	N/A	N/A	0.79%
State Match	0.16%	0.19%	N/A	N/A	0.28%
State Match Benchmark	0.11%	0.17%	N/A	N/A	0.40%
Private Funds Benchmark: 25% Equity, 70% Fixed Income, and 5% Cash. State Match Benchmark: 100% Cash.					
GRD					
Private	0.16%	0.19%	N/A	N/A	0.12%
Private Benchmark	0.11%	0.17%	N/A	N/A	0.13%
State Match	0.16%	0.19%	N/A	N/A	0.15%
State Match Benchmark	0.11%	0.17%	N/A	N/A	0.13%
Private Funds Benchmark: 100% Cash. State Match Benchmark: 100% Cash.					

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

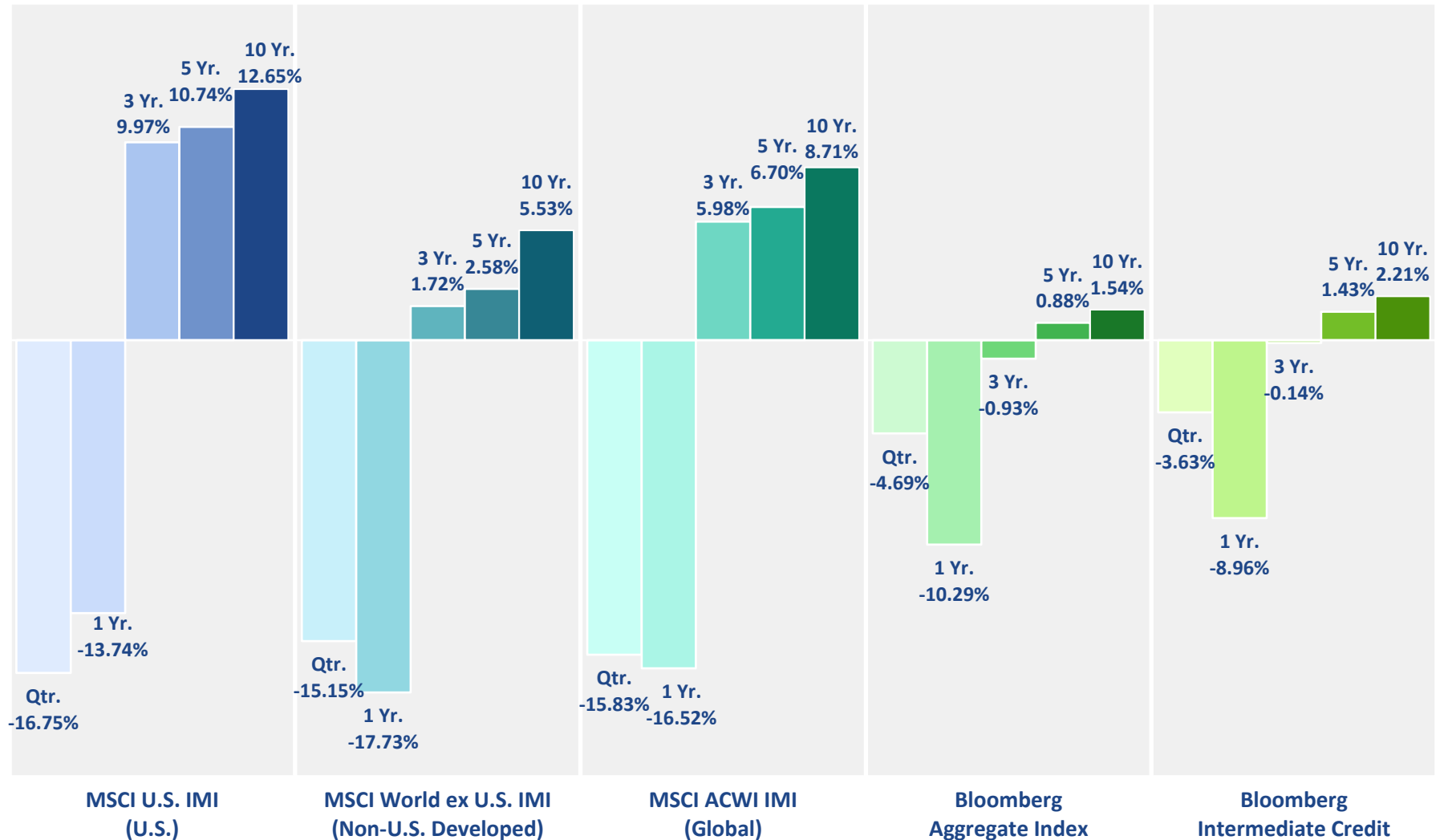
FUND PERFORMANCE UPDATES

ALL COLUMNS SHOW PERFORMANCE CALCULATED AS OF JUNE 30, 2022

	Annualized				
	Qtr.	1 Year	3 Year	5 Year	Since Inception
Equity					
BaS	-15.74%	-16.28%	6.19%	7.28%	7.02%
Endowment	-15.74%	-16.31%	6.48%	7.14%	7.01%
CTS	-15.74%	-16.31%	N/A	N/A	5.94%
MSCI ACWI IMI w/ U.S. Gross	-15.77%	-16.31%	6.27%	7.01%	
Fixed Income					
BaS	-3.64%	-8.56%	0.20%	1.71%	2.24%
Endowment	-3.64%	-8.55%	0.22%	1.72%	2.25%
CTS	-3.64%	-8.51%	N/A	N/A	-0.57%
BB Intermediate Credit	-3.63%	-8.96%	-0.14%	1.43%	

CAPITAL MARKETS AT A GLANCE

JUNE 30, 2022

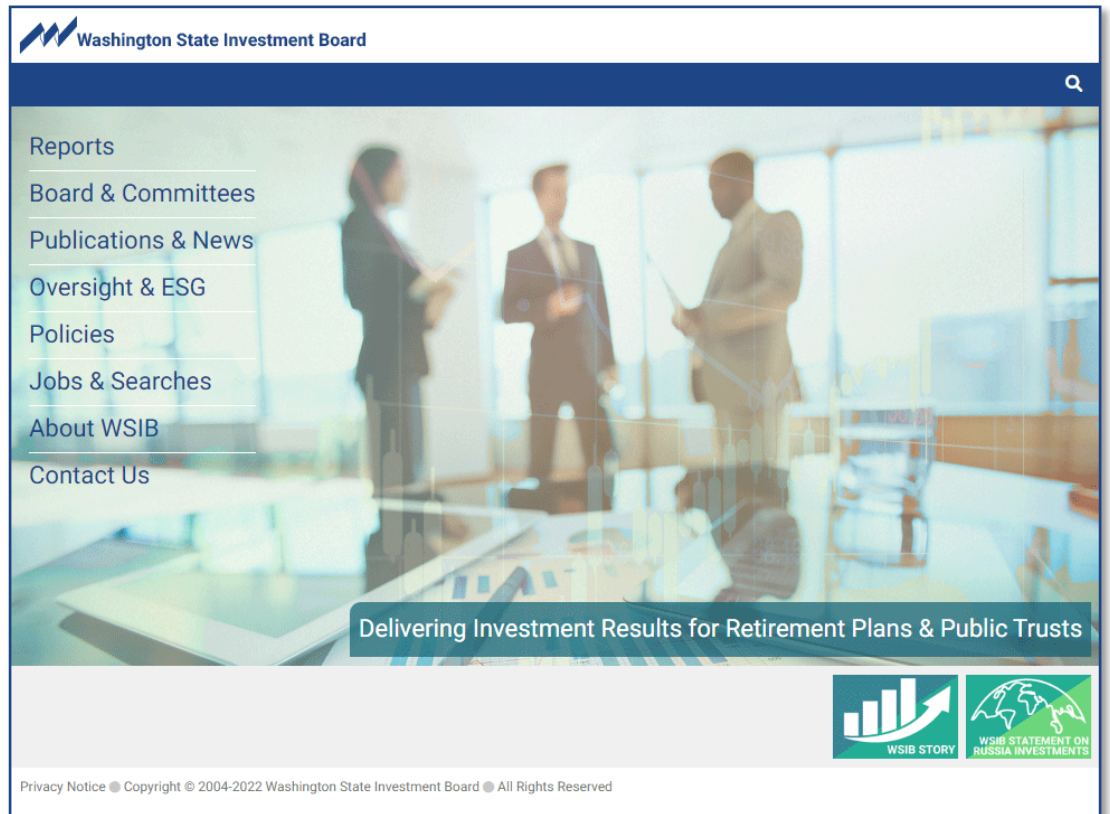


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WSIB STORY | WSIB STATEMENT ON RUSSIA INVESTMENTS

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Tab C

WSIB Asset Allocation

**WASHINGTON STATE OPPORTUNITY
SCHOLARSHIP (WSOS)
FINANCE AND INVESTMENT COMMITTEE**

**STRATEGIC ASSET ALLOCATION STUDY
OCTOBER 4, 2022**

Chris Green, Assistant Senior Investment Officer
Aileen Liu, Assistant Senior Investment Officer
Risk Management and Asset Allocation



AGENDA

- Introduction
- Strategic Asset Allocation Methodology Overview
- Strategic Asset Allocation Recommendations
- Contact Information



INTRODUCTION



OBJECTIVES

- Review model assumptions—quantitative and qualitative inputs
- Present recommended strategic asset allocations for the WSOS accounts
 - Baccalaureate Scholarship (BaS)
 - Career and Technical Scholarship (CTS)
 - Rural Jobs Initiative (RJI) is combined with CTS for asset allocation modeling
 - Graduate Nursing Scholarship (GRD)
 - Endowment
- Review projected account outcomes

STRATEGIC ASSET ALLOCATION STUDY TIMELINE

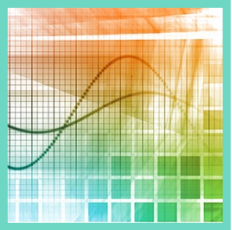
Timeline	Key Action Step
April 2021	Determine asset class risk and return assumptions
May to June 2022	Review cash flow projections
June 2022	Determine risk tolerance and objectives (June 1 WSOS Finance and Investment [F&I] Committee)
July to August 2022	Conduct modeling and analysis to build asset allocation recommendations
October 2022	Present recommended Strategic Asset Allocation to WSOS F&I Committee (October 4 meeting) WSOS Board reviews WSOS F&I Committee recommendation (October 11 meeting)
November 2022	Present recommended Strategic Asset Allocation and Policy to WSIB Board

STRATEGIC ASSET ALLOCATION METHODOLOGY OVERVIEW



WORKFLOW OF THE ASSET ALLOCATION STUDY

- Identify suitable asset classes for potential inclusion in a portfolio
- Determine
 - Return objectives
 - Risk tolerance
 - Time horizon
 - Liquidity needs
 - Unique circumstances or preferences
- Utilize the WSIB's Board-approved 2021 capital markets assumptions and cash flows provided by WSOS
- Find the portfolios with optimal risk-return tradeoffs (the “efficient frontier”)
- Understand the range of potential future returns and portfolio values
- Select an asset allocation that best satisfies portfolio goals (returns, risk tolerance, liquidity, etc.)
- Provide asset allocation recommendations for WSOS accounts



WHAT IS ASSET ALLOCATION AND WHY IS IT IMPORTANT?

Strategic asset allocation describes the process of dividing a portfolio among major asset categories such as bonds, stocks, and cash



Data from 82 large U.S. pension plans indicate that investment policy (strategic asset allocation) dominates investment strategy (market timing and security selection), explaining on average 91.5 percent of the variation in total plan return

Brinson, Singer, Beebower 1991, (Update to BHB 1986)

It is important to understand that asset allocation is a combination of art and science. There is no one right answer

INVESTMENT OPTIONS – ASSET CLASSES

Public Equity

- Invests passively in publicly traded global equity
- Investment goal is to meet the performance of the appropriate benchmark
- Externally managed

Fixed Income Intermediate Credit

- Invests in interest-producing debt securities with varying maturity, structure, and credit ratings
- Expected to meet or exceed the return of the Bloomberg U.S. Intermediate Credit Index
- Portfolio duration not to exceed plus or minus 25 percent of the index
- Actively managed at the WSIB

Cash

- High-quality securities including U.S. Treasury bills, notes, and other obligations issued or guaranteed by the U.S. government with a maturity of 3 months or less
- Externally managed

Asset classes have different characteristics that lead to different behavior, bringing diversification and risk mitigation to the total portfolio

	← Growth	Income →
	Public Equity	Fixed Income
Objectives	<ul style="list-style-type: none"> ▣ Capital appreciation ▣ Diversification ▣ Liquidity 	<ul style="list-style-type: none"> ▣ Current Income ▣ Diversification ▣ Liquidity ▣ Deflation protection
Characteristics	<ul style="list-style-type: none"> ▣ Globally oriented ▣ Externally managed ▣ Passively managed ▣ Low cost 	<ul style="list-style-type: none"> ▣ Active internal management ▣ Credit oriented ▣ Emerging market exposure
Key Risks	<ul style="list-style-type: none"> ▣ Low growth ▣ Currency 	<ul style="list-style-type: none"> ▣ Interest rates ▣ Credit ▣ Inflation ▣ Currency

Cash Flow Modeling

- All starting balances are separated into private and state-match allocations
- All new private contributions are assumed to receive an equal state-match contribution
- State-match contributions are assumed to arrive on a one-period lag and are spent first
- Resulting cash flows for private accounts were modeled

Asset Class Modeling

- WSIB capital market assumptions were used for Expected Return, Standard Deviation, and Correlation
- Other benchmark distribution characteristics—Skewness, Excess Kurtosis—were calculated from historical data

WSOS MODELING ASSUMPTIONS

BAS AND CTS ACCOUNTS

- Model forecasts are based on net cash flows provided by WSOS
 - Program life is projected through 2035
 - Current scholarship cohorts for both BaS and CTS is 1275, adjusted downward to 1100 in 2027
 - The last cohort of scholarships for BaS and CTS are awarded in 2030 before the program sunsets
 - Assumes conservative contributions of \$75M from the current campaign
- State-match funds are held in cash and spent first
- Asset allocation return recommendation addresses the private portfolios

Conclusion: High liquidity needs, lower expected returns, and a low tolerance for volatility. A relatively conservative asset allocation is appropriate

WSOS MODELING ASSUMPTIONS

GRD ACCOUNT

- The model forecasts for the newly established GRD account are based on net cash flows provided by WSOS
 - Contributions from a grant will help fund scholarships over the next 4 years
 - Program life is projected through 2035
 - The last cohort of scholarships for GRD are awarded in 2030 before the program sunsets
- State-match funds are held in cash and spent first
- Asset allocation return recommendation addresses the private portfolios

Conclusion: High liquidity needs, lower expected returns, and a low tolerance for volatility. A relatively conservative asset allocation is appropriate

WSOS MODELING ASSUMPTIONS

ENDOWMENT ACCOUNT

- There is no budgeted payout for the foreseeable future. The account is in accumulation mode
- Assumes no additional contributions into the account
- The account may only pay out gains as scholarships; growing the principal is therefore the priority

Conclusion: No planned liquidity and desire to grow the account implies a higher risk/return target than the Scholarship Accounts

WSIB SELECTED CAPITAL MARKET ASSUMPTIONS (2021)

	Arithmetic Return	Standard Deviation	Geometric Return
FI Intermediate Credit	3.5	5.7	3.3
Global Equity	8.1	19.0	6.5
U.S. Equity	7.5	18.0	6.0
Non-U.S. Equity	8.8	20.0	7.0
Cash	1.7	1.5	1.7
Inflation	2.2		2.2

Correlation	FI Intern. Credit	Global Equity	U.S. Equity	Non-U.S. Equity	Cash
FI Intermediate Credit	1.00				
Global Equity	0.30	1.00			
U.S. Equity	0.30	0.90	1.00		
Non-U.S. Equity	0.30	0.90	0.85	1.00	
Cash	0.10	0.00	0.00	0.00	1.00

DEFINING THE EFFICIENT FRONTIER: MODERN PORTFOLIO THEORY

Harry Markowitz developed an approach to investing that has come to be known as Modern Portfolio Theory

- Breakthrough in his research was to consider the way securities moved together in a portfolio as opposed to individually
- Simplified process requires only three characteristics of a security or group of securities – expected return, expected volatility, and correlation
- Reduction in portfolio volatility is due to diversification
 - Diversification works because assets behave differently under different market conditions
- Diversification is the foundation of strategic asset allocation

Drawbacks of Modern Portfolio Theory

- Assumes efficient markets
- Assumes normally distributed market returns
- Assumes investors behave rationally



STRATEGIC ASSET ALLOCATION RECOMMENDATIONS



The BaS account has a limited life, high liquidity needs, and unpredictable future inflows

- The recommended allocation
 - Reallocates 5 percent cash to global equity, which provides modest improvement to overall return, continues to provide reasonable efficiency for the account
 - Maintains likelihood of achieving cash flow forecast over the projected program life

BaS Account		Assets* \$54.9 million		
Asset Class	Actual Allocation*	Current Policy	Proposed Policy	Policy Range
Cash	5.4%	5%	0%	0-5%
Fixed Income	71.6%	70%	70%	+/-5%
Equity	23.0%	25%	30%	+/-5%

Reallocation to Equity from Cash

RECOMMENDED ALLOCATION: CTS

The CTS account has a limited life, high liquidity needs, and unpredictable future inflows

- The recommended allocation
 - Reallocates 5 percent cash to global equity, which provides modest improvement to overall return, continues to provide reasonable efficiency for the account
 - Maintains likelihood of achieving cash flow forecast over the projected program life

CTS Account		Assets* \$21.7 million		
Asset Class	Actual Allocation*	Current Policy	Proposed Policy	Policy Range
Cash	5.6%	5%	0%	0-5%
Fixed Income	71.1%	70%	70%	+/-5%
Equity	23.4%	25%	30%	+/-5%

Reallocation to Equity from Cash

RECOMMENDED ALLOCATION: GRD

The GRD account has a limited life, high liquidity needs, and unpredictable future inflows. Payouts for GRD begin this year and are paid out over the next 4 years with the state match payout lagged a year as with the other programs

- The recommended allocation
 - Has the same return and risk profile as the recommendation for BaS and CTS
 - Offers high probability of meeting cash flow forecast over the projected program life
- The externally managed passive global equity investment vehicle can accommodate GRD despite the program's limited size

GRD Account		Assets* \$0.4 million		
Asset Class	Actual Allocation*	Current Policy	Proposed Policy	Policy Range
Cash	100.0%	N/A	0%	0-5%
Fixed Income	0.0%	N/A	70%	+/-5%
Equity	0.0%	N/A	30%	+/-5%

New

The Endowment account has no near-term liquidity needs and has unpredictable future inflows

- A more aggressive allocation remains appropriate
- The existing allocation
 - Has a higher expected return and volatility (compared to the allocations for the other accounts)
 - Should grow the remaining balance over a long-time horizon

Endowment Account			Assets*	\$5.6 million
Asset Class	Actual Allocation*	Current Policy	Proposed Policy	Policy Range
Fixed Income	21.1%	20%	20%	+/-5%
Equity	78.9%	80%	80%	+/-5%

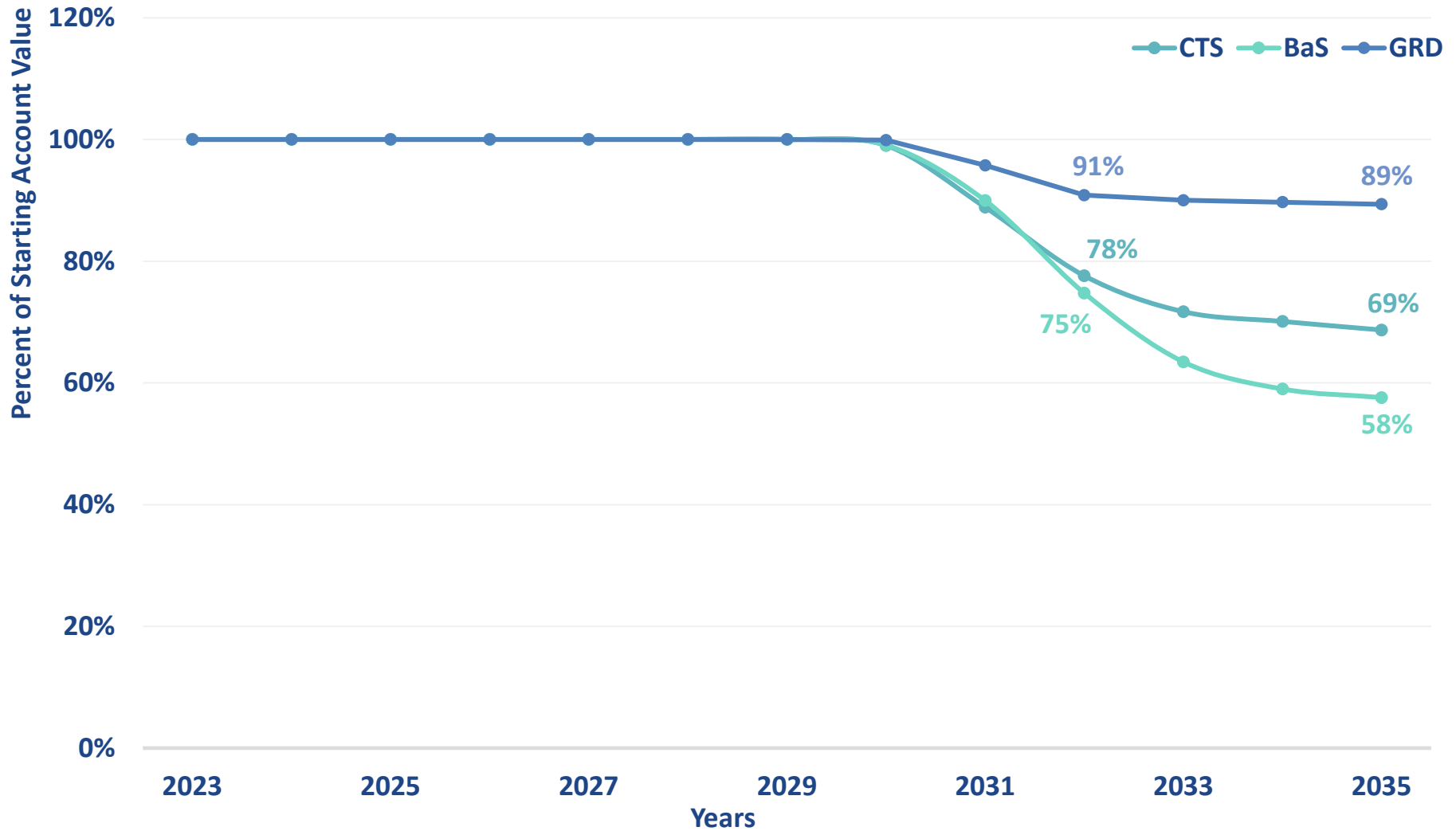
No Change

RECOMMENDED PORTFOLIO RISK AND RETURN METRICS

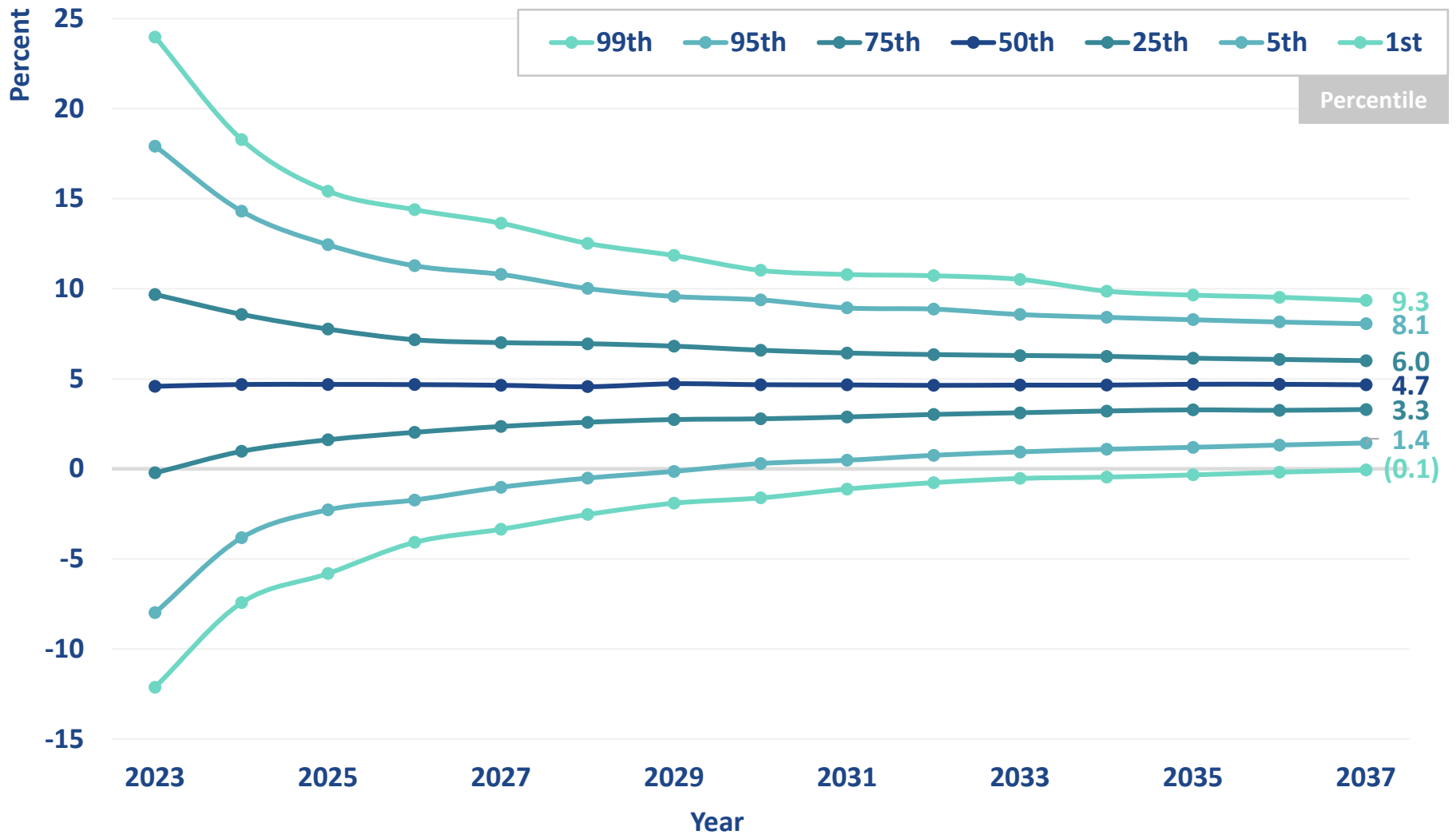
Monte Carlo simulation (with 2,000 paths) was used to produce estimated distribution of return and wealth outcomes

	BaS		CTS		GRD	Endowment
	Current	New	Current	New	New	Current
Cash	5%	0%	5%	0%	0%	0%
Fixed Income	70%	70%	70%	70%	70%	20%
Global Equity	25%	30%	25%	30%	30%	80%
Median 15-Year Return	4.4%	4.7%	4.4%	4.7%	4.7%	6.3%
Standard Deviation	7.1%	7.9%	7.1%	7.9%	7.9%	15.6%
Sharpe Ratio	0.65	0.62	0.65	0.62	0.62	0.46
Probability of non-zero account balance by 2035	55%	58%	67%	69%	89%	N/A
Probability of 1-year negative return	25%	26%	25%	26%	26%	31%
Probability of 5-year negative return	8%	9%	8%	9%	9%	18%

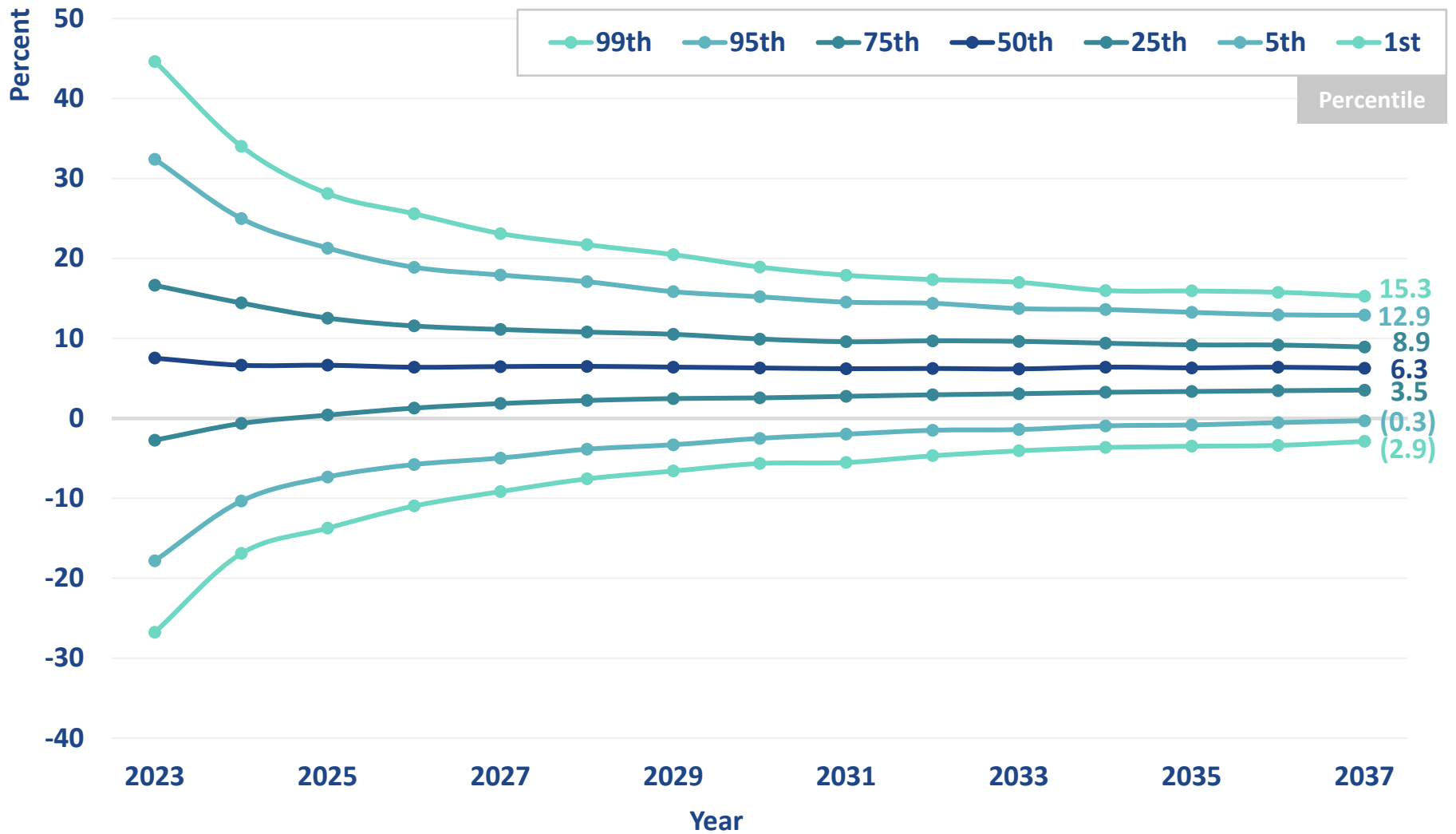
PROBABILITY OF NON-ZERO ACCOUNT BALANCE: BAS, CTS, AND GRD ACCOUNTS



DISTRIBUTION OF SIMULATED RETURNS: BAS, CTS, GRD ACCOUNTS



DISTRIBUTION OF SIMULATED RETURNS: ENDOWMENT ACCOUNTS



SUMMARY OF RECOMMENDATIONS

BaS account

- Recommend reallocating 5 percent cash to global equity
 - Provides modest improvement to overall return
 - Continues to provide reasonable efficiency for the portfolio
 - Maintains likelihood of achieving cash flow forecast over the projected program life

CTS account

- Recommend reallocating 5 percent cash to global equity
 - Provides modest improvement to overall return
 - Continues to provide reasonable efficiency for the portfolio
 - Maintains likelihood of achieving cash flow forecast over the projected program life

SUMMARY OF RECOMMENDATIONS

GRD account

- Recommend 30 percent allocation to global equity, 70 percent allocation to fixed income
 - Has the same return and risk profile as the recommendation for BaS and CTS
 - Provides balance of growth and income
 - Provides reasonable efficiency for the portfolio
 - Offers high probability of meeting cash flow forecast over the projected program life

Endowment account

- Recommend maintaining current asset allocation
 - Should grow the remaining balance over a long-time horizon



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WSIB STORY

WSIB STATEMENT ON RUSSIA INVESTMENTS

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Tab D

Program Administrator Report

**Washington State Opportunity Scholarship (WSOS)
Statement of Cash Flows
2022**

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

	2022	2022	2022	LAST MO. WASTEM PA	2022	2022	2022	2022	2022
	May	June	Jul	Aug	Q1	Q2	Q3	Q4	YTD
OPERATING ACTIVITIES									
Change in net assets	361,323	(3,205,049)	10,663,797	(17,973,208)	(4,940,685)	(6,671,910)	(7,309,411)	-	(18,922,006)
Adjustments to reconcile change in net assets to net cash used by operating activities-									
Add: Depreciation & Amortization	697	696	696	667	2,403	2,255	1,363	-	6,021
Add: Loss (Subtract: Gain) on disposal of fixed assets	-	-	-	-	-	-	-	-	-
Add: Loss (Subtract: Gain) on realized/unrealized investments	(359,332)	2,951,094	(2,673,823)	1,802,916	4,618,634	6,225,446	(870,907)	-	9,973,173
Add: Accretion of prepaid loan fees	-	-	-	-	-	-	-	-	-
Add: New Lease Standard impact	-	-	-	1,267	-	-	-	-	1,267
Add: Loss on extinguishment of debt	-	-	-	-	-	-	-	-	-
Changes to balance sheet accounts:									
Accounts receivable, net	(24)	(24,515)	8,213	(171,748)	137,809	(24,539)	(163,535)	-	(50,265)
Prepaid expenses & other assets	(6,131)	(82,243)	85,635	(7,068)	(21,689)	(86,408)	78,567	-	(29,530)
Pledges receivable	10,000	2,500,000	1,000,000	(59,524)	136,974	2,550,000	940,476	-	3,627,450
State match receivable	-	-	(3,581,570)	3,560,856	118,687	-	(20,714)	-	97,973
Accounts payable	(10,522)	60,653	52,444	(63,048)	(37,280)	36,733	(10,604)	-	(11,151)
Scholarship commitments	(83,012)	(488,213)	(5,500)	10,237,585	(3,951,123)	(598,387)	10,232,085	-	5,682,575
Accrued expenses and other	-	-	(5,474)	73,260	(63,187)	-	67,786	-	4,599
Net Cash (used) provided by operations	(87,001)	1,712,423	5,544,418	(2,598,045)	(3,999,457)	1,433,190	2,945,106	-	380,106
INVESTING ACTIVITIES									
Purchases of property & equipment	-	-	-	-	(13,028)	-	-	-	(13,028)
Proceeds from sale of property & equipment	-	-	-	-	-	-	-	-	-
Proceeds from sale of investments	-	500,000	-	-	4,400,000	500,000	-	-	4,900,000
Purchases of investments	-	-	-	(4,600,000)	-	-	(4,600,000)	-	(4,600,000)
Proceeds from sale of subsidiary	-	-	-	-	-	-	-	-	-
Other investing activities	-	-	-	-	-	-	-	-	-
Net Cash (used) by investing activities	-	500,000	-	(4,600,000)	4,386,972	500,000	(4,600,000)	-	286,972
FINANCING ACTIVITIES									
Cash contributions and pledges collected for endowment purposes	-	-	-	-	-	-	-	-	-
Payments on capital leases	-	-	-	-	-	-	-	-	-
Net Cash (used) provided by financing activities	-	-	-	-	-	-	-	-	-
Cash Flow	(87,001)	2,212,423	5,544,418	(7,198,045)	387,515	1,933,190	(1,654,894)	-	667,078
Cash at Beginning of Period	605,197	518,196	2,730,619	8,275,037	409,914	797,429	2,730,619	1,075,725	409,914
Cash at End of Period	518,196	2,730,619	8,275,037	1,076,992	797,429	2,730,619	1,075,725	1,075,725	1,076,992

FINANCE & PROGRAM ADMINISTRATOR UPDATE

August 31, 2022

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

WSOS Balance Sheet

Washington State Opportunity Scholarship
Comparative Balance Sheets
August 31, 2022

Comparison to Last Reported Period

Comparison to Same Period LFY

	Comparison to Last Reported Period			Notes	Comparison to Same Period LFY		
	4/30/22	% Change	8/31/22		8/31/21	% Change	8/31/22
Assets							
Cash	605,197	78%	1,076,992	1	1,341,805	-20%	1,076,992
Investments	94,158,380	3%	96,537,525	2	109,619,792	-12%	96,537,525
Accounts Receivable	189	99510%	188,263	3	48	392115%	188,263
Pledges and Grants Receivable, net	27,438,358	-13%	23,987,882	3	10,141,171	137%	23,987,882
State match receivable, net	-	-	20,714	4	126,900	-84%	20,714
Unbilled State match revenue	4,768,869	-98%	85,553	4	14,727	481%	85,553
Unbilled State match receivable, offset	(4,768,869)	-98%	(85,553)	4	(14,727)	481%	(85,553)
Prepaid Expenses	65,312	15%	75,119		62,072	21%	75,119
Property and equipment, net	20,821	-21%	16,449		12,850	28%	16,449
Total Assets	122,288,257	0%	121,902,944		121,304,638	0%	121,902,944
Liabilities and Net Assets							
Accounts Payable	76,883	82%	139,560		59,314	135%	139,560
Payroll Related Liabilities	105,461	42%	150,097	5	100,310	50%	150,097
Scholarship Commitments Bacc., net	13,329,763	62%	21,653,576	6	21,699,654	0%	21,653,576
Scholarship Commitments CTS, net	2,922,669	34%	3,930,003	6	3,533,709	11%	3,930,003
Scholarship Commitments RJL, net	205,288	0%	206,064	6	184,380	12%	206,064
Scholarship Commitments GRD, net	95,746	344%	424,684	6	194,339	119%	424,684
Total Liabilities	16,735,810	58%	26,503,984		25,771,706	3%	26,503,984
Net Assets							
Temporarily Restricted Net Assets	105,552,447	-10%	95,398,960		95,532,932	0%	95,398,960
Permanently Restricted Net Assets	-	0%	-		-	0%	-
Total Net Assets	105,552,447	-10%	95,398,960		95,532,932	0%	95,398,960
Total Liabilities and Net Assets	122,288,257	0%	121,902,944		121,304,638	0%	121,902,944

WSOS Balance Sheet

Notes:

1. Increase in cash between May and August primarily due to private receipts of \$3.69M, which included \$2.5M from Microsoft, \$1M from Gary Rubens, \$100K from Costco, \$50K from CWU (Castner), \$15K from Bamford Foundation, \$10K from Thomlinson-Hurley, and \$10K from Avista Foundation. Additionally, there were state match receipts of \$8.35M representing match on private receipts from 08.21-07.22. These were offset by net scholarship disbursements net of refunds of \$5.85M (BaS \$4.25M, CTS/RJI \$1.44M, GRD \$155K). Due to the large influx of private and public funds, \$4.1M (\$2.7M to BaS and \$1.4M (net) to CTS/RJI) was transferred from Keybank to WSIB to be invested per current asset allocation. \$600,000 sent to 501Commons on 9/1/22 as initial cash transfer upon PA transition.
2. Investment balance as of 08/31/22 includes WSIB BaS Scholarship \$58.1M, WSIB CTS Scholarship \$31.2M, WSIB Endowment \$6.36M, and WSIB GRD Scholarship \$873K. During the period of May - August net investment losses across all accounts totaled ~\$1.74M. Additional due to transfers from checking to fund WSIB accounts of \$2.7M for BaS, and \$1.4M (net) for CTS.
3. Accounts receivable balance at 8.22 primarily made up of \$181K Employee Retention Credit related to Q3 2021, which we are awaiting payment on from the IRS. Pledges receivable is made up of \$12.5M from MSFT (to be paid in annual in \$2.5M installments), \$2.5M from Boeing (expected to receive Q4 2022), and \$9M pledge from Gary Rubens. Note, Ballmer has also committed to \$10M, and we received the first \$2.5M in September (cash wired to 501C in September). However, since it is being paid through a Donor Advised Fund, GAAP accounting does not allow us to record the revenue until funds are received, so it is not presented above in pledge receivables.
4. After payment by WSAC of a portion of the August State Match invoices, WSAC depleted all matching funds for the FY ending 06.30.22. WSAC received additional appropriations at the beginning of their fiscal year starting 07.01.22 and we immediately invoiced for all private gifts from August 2021 through June 2022, as well as July 2022 as soon as we were able. We collected \$8.35M in state match receipts for those periods, and were able to also send an invoice for a portion of August receipts (the total balance of the state match receivable) before expending the appropriations for fiscal year starting 07.01.22, aside from some amounts retained to fund match on City of Seattle DEEL agreement of \$385K, and a small amount of RJI specific funds. \$85K in unbilled represents the portion of August receipts in excess of appropriations held at WSAC.

WSOS Balance Sheet (continued)

Notes:

5. All WSOS employees were paid out final payroll through 8/31/22 in September, along with all accrued vacation days due to program administration change to 501 Commons.
6. Changes in scholarship liabilities during the period May - August were due to acceptance of Fall Cohort for all scholarships, liability increase totaled \$15.48M (\$12.18M for BaS, \$2.83M for CTS/RJI, and \$475K for GRD). Increase in liabilities were offset by scholarship disbursements net of refunds of \$5.85M (BaS \$4.25M, CTS/RJI \$1.44M, GRD \$154K).

WSOS Income Statement

Washington State Opportunity Scholarship

Income Statements

Actual vs. Budget

Eight Months Ending August 31, 2022

	Eight Months Ending August 31, 2022			Notes	December 31, 2022
	Actual	Budget	Variance Fav (Unfav)		Annual Budget
Revenue					
Private	796,013	15,825,000	(15,028,987)	1	16,362,500
Public	8,551,718	8,469,345	82,373	2	8,469,345
Investment Dividends & Interest	85,477	30,000 *	55,477	3	45,000
Investment Unrealized/Realized Gains	(10,051,620)	3,107,835 *	(13,159,455)	3	4,661,752
Investment Fees	(33,669)	(41,293) *	7,624	3	(61,940)
Total Revenue	(652,081)	27,390,887	(28,042,968)		29,476,657
Program Expense					
Salaries and Benefits	1,746,752	2,067,911	321,159	4	3,185,747
Professional Fees - Program Admin fees	591,048	483,376	(107,672)	5	718,273
Professional Fees - Contractors & Lobbying	390,083	423,001	32,918	6	758,674
Conferences, Conventions & Meetings	33,773	103,267	69,494	7	190,221
Operating Expenses	139,077	211,585	72,508	8	323,622
	2,900,733	3,289,140	388,407		5,176,537
Income (Loss) before Scholarship Exp	(3,552,814)	24,101,747	(27,654,561)		24,300,120
Scholarship Expense	15,369,192	18,283,205	2,914,013	9	20,740,426
Net Income (Loss)	(18,922,006)	5,818,542	(24,740,548)		3,559,694

WSOS Income Statement

Notes:

1. New revenues between May and Aug. totaled \$258K which included \$100K from Costco, \$50K from Boeing, \$50K from CWU (Castner), \$15K from Bamford Foundation, \$10K from Thomlinson-Hurely, and \$5K from McKinstry Charitable Foundation. In April, WSOS secured a \$10M pledge from Ballmer Group, however, this could not be recorded as revenue on a GAAP basis they are paying via a Donor Advised Fund. Budget expected additional cornerstone funding of ~\$15M, the Ballmer gift accounts for \$10M of that and the other \$5M from MSFT, which was actually 2021 revenue and grant received after budget prepared. See 12/31/21 reporting for revenue overage explaining much of difference.
2. Revenue Public: After appropriations were received in July 2022, WSOS was finally able to record state match revenue for the period of August 2021 - August 2022. WSOS expects similar delays going forward, and expects next appropriation to occur in July of 2023. For the period May - Aug. 2022 WSOS was able to record \$8.37M in revenue related to Aug. 2021 - August 2022. Additionally, WSOS recorded revenue related to Employee Retention Credit from 2021 of \$181K. The cash will be transferred to WSOS upon receipt.
3. Investment Returns: Actual YTD includes unrealized+realized losses of \$10M, interest & dividend income of \$86K and investment expense of \$34K. The approved budget included unrealized/realized gains, dividends & interest, and investment fees based on a conservative rate of return for equities and fixed income for each scholarship. Forecasting this difficult year for the markets was certainly unforeseen.
4. Personnel expenses are under budget by ~\$321K, the savings were due to position gaps related to departures (Baccalaureate Adviser, Senior Career Development Advisor, Awards Coordinator, Database Manager, Senior Development Director), as well as delays in hiring certain positions that were budgeted to start early in the year (Data Analyst, Senior Development Manager, Donor Relations Officer).
5. Program Admin Fee came in over budget, as the total cost of fees to be paid to WA STEM and to 501Commons were not fully known at time of budgeting.

WSOS Income Statement (continued)

Notes:

6. Professional Fees - Contractors & Lobbying; under budget primarily due to predicted PR campaign consulting which was budgeted for the full year but which has not yet started (~\$53K), as well as Website refresh consulting which was budgeted in February but which has not yet occurred (\$10K). These were offset by overages in legal of ~\$22K due to higher than expected legal costs during PA transition, as well as overages in recruitment and temporary support of \$8K and \$15K respectively due to turnover and difficulty in hiring open positions. BaS Scholar Lead and CTS Ambassador are on track to budget for the year, and represent \$108K and \$10K, respectively, of the professional fees actuals.
7. Conferences, Conventions, and Meetings costs were under budget for a few reasons, firstly, we budgeted for additional fundraising events outside of Opportunity Talks this year, but so far those haven't happened. Secondly, the WSOS office did not begin to open until March, while the budget expected return to office for the full year, and lastly, the way work is being done is more hybrid than before both internally and with our partners, which has led to less travel costs than would have been expected.
8. Operating Expenses costs were under budget likely related to covid quarantining measures which limited the need or amount of certain costs such as Printing (~\$7K), Office Supplies (~\$5K), Postage (~\$3K), Professional Development (~\$18K), Board/Committee Meetings (\$3K). Additionally there were some savings in other areas such as e-news distributions (~\$5K), Fundraising software (~\$7K), Computer Equipment (~\$5K), Hosting (~\$5K), and Software licenses (~\$3K)
9. In August we recorded scholarship expense related to acceptance of new scholars for BaS, CTS/RJI, and GRD. Overall expense was under budget thru August, primarily due to differences in CTS/RJI expenses compared to budget. The primary reason for this difference was budgeted cost per student was higher than actual cost as our estimate during budgeting was based on data only through Fall of 2021. Now with data through Spring of 2022 we are seeing a lower trend in actual cost per student over the course of their scholarship. Secondly, we updated the liability model based on Steve Walker's recommendations to more accurately reflect what we have been seeing in our actual data, as previously the model used data from Tennessee Promise and SBCTC data sources, we our finding that our students look a little bit different than the students in those data sources; this change led to reduction in future liability related to already selected cohorts.

WSOS Cash Flow

Cash Flow Summary

Inception-To-Date

August 31, 2022

	Inception - August 31, 2022			Comparison to April 30th, 2022			
	Scholarship	Endowment	Notes	Total	Scholarship Variance	Endowment Variance	Total Variance
<u>CASH FLOW</u>							
Cash Inflow:							
Boeing	27,700,000	-	-	27,700,000	-	-	-
Microsoft	37,500,000	-	1	37,500,000	2,500,000	-	2,500,000
Other Private	44,837,563	-	1	44,837,563	1,187,837	-	1,187,837
State Match	109,825,651	-	2	109,825,651	8,350,390	-	8,350,390
State Implementation Funds	500,000	-	-	500,000	-	-	-
Investment Income*	18,783,071	6,368,718	3	25,151,789	(1,471,613)	(268,396)	(1,740,009)
Total Cash Inflows	239,146,285	6,368,718		245,515,003	10,566,614	(268,396)	10,298,218
Cash Outflow:							
Scholarships	(120,062,334)	-	4	(120,062,334)	(5,845,263)	-	(5,845,263)
Program Expenses	(27,832,340)	(5,812)	-	(27,838,152)	(1,602,015)	-	(1,602,015)
Total Cash Outflows	(147,894,674)	(5,812)		(147,900,486)	(7,447,278)	-	(7,447,278)
Net Cash Flow Inception-To-Date	91,251,611	6,362,906		97,614,517	3,119,336	(268,396)	2,850,940
<u>Composition of Net Cash Flow</u>							
KeyBank Checking Account	1,076,992	-	5	1,076,992	471,795	-	471,795
Investment Accounts at WSIB and KeyBank	90,174,619	6,362,906	5	96,537,525	2,647,541	(268,396)	2,379,145
Total	91,251,611	6,362,906		97,614,517	3,119,336	(268,396)	2,850,940

WSOS Cash Flow

Notes:

1. Cash Inflow: Between May and Aug. WSOS received private receipts of \$3.69M, which included \$2.5M from Microsoft, \$1M from Gary Rubens, \$100K from Costco, \$50K from CWU (Castner), \$15K from Bamford Foundation, \$10K from Thomlinson-Hurley, and \$10K from Avista Foundation.
2. State - In the period between May and Aug. WSOS received \$8.35M in receipts representing match on private receipts from August 2021 thru July 2022.
3. Investment Income - May to August investment returns were made up of unrealized+realized losses of (\$1.8M), interest & dividend income of \$70K and investment expense of \$15K.
4. Scholarship disbursements between May and August were \$6.59M (BaS \$4.56M, CTS/RJI \$1.88M, and GRD \$155K) and scholarship refunds totaled \$746K (\$418K Baccalaureate, \$328K CTS/RJI). GRD disbursements include ~\$12K related to travel and preceptor stipends.
5. Assets are maintained in KeyBank Checking and Money Market Accounts to meet short term cash needs, all excess dollars are invested in WSIB investment accounts to generate returns. 501 Commons took control of WSIB accounts starting 9/1/22. \$600K of cash sent to 501 Commons on 9/1/22. The Ballmer Group pledge payment #1 in September of \$2,500,000 was sent to 501 Commons on 9/13/22. Remaining cash (~\$300K) to be sent to 501 Commons by end of October.

Tab E

Program Update

PROGRAM UPDATE | OCTOBER 2022

INTRODUCTION

Since the June 2022 Washington State Opportunity Scholarship (WSOS) Board meeting, the WSOS team has transitioned to a new program administrator and kicked off the 2022-23 academic year. It's been a hectic few months!

AWARDS ADMINISTRATION

The 2022-23 academic year has officially started for all colleges, and the Awards team has welcomed our newest cohorts including 1,158 Baccalaureate (BaS), 503 Career and Technical Scholarship (CTS) and 53 Rural Jobs Initiative (RJI) recipients. A summary of the fall 2022 CTS and RJI recipients is available in these Board materials, Tab C. The team also welcomed back 2,033 BaS, 634 CTS and 14 RJI returning Scholars who successfully renewed their scholarship. All Scholars have received their first disbursements of the academic year, pushing the total scholarship funding WSOS has provided to just over \$120 million since inception. This funding has reached 17,030 total Scholars from every corner of the state. The CTS Winter application is currently open and will close on October 23, 2022. We will select an additional 382 CTS and 33 RJI recipients to join the program during the winter cycle.

To support the transition to 501 Commons, we collaborated with the Finance team to redesign our disbursement processes and ensure Scholars still received their funding on time and in full. This year, the Awards team is focused on improving Scholars' experience with WSOS by offering more resources, clearer processes and accessible policies. These goals connect to the organizational strategic plan priority of developing scalable, statewide programs that mitigate the financial impact of college. A major part of this work includes introducing an evergreen selection and eligible programs model to be considered by the Board in December. By solidifying these models, the Awards team aims to continue selecting a strong applicant pool while honoring both statutory and Board intent.

SCHOLAR PROGRAMS

We wrapped up support services for AY 2021-22 and analyzed the impact of programming. Across our three scholarships, we served 1,573 Scholars last academic year which represented approximately 60% of eligible Scholars. We estimate engagement was down by about 5% compared to AY 2020-21, likely due to ongoing pandemic fatigue.

In AY 2022-23, we are focused on increasing persistence, increasing completion of career-related resources and closing opportunity gaps. Measures vary by scholarship – some examples are included below – and these goals connect to the organizational strategic plan priority of developing scalable, statewide programs.

BACCALAUREATE SUPPORT SERVICES

In AY 2021-22, we served 1,386 BaS Scholars through our flagship peer (Scholar Lead) and industry (Skills that Shine) mentorship programs. Based on self-reported data, approximately 811 (80%) first- and second-year Scholars engaged with their assigned Scholar Leads. One Scholar wrote this to their Lead:

“Thank you for all your helpful advice, resources, and reminders about WSOS! I also appreciate our conversation during our 1:1 before the beginning of the quarter and have taken your advice

on research positions. I ended up getting the one I told you about at the Health Promotion Research Center.”

For Skills that Shine (StS), 575 Scholars were paired with industry mentors who supported them in their career development journey. Mentee Brandon Kim shared:

“[StS] was a very special experience where I got to learn about my field of interest from an accomplished individual who works in my dream company. I got tips about interviewing, learned about the job environment, and learned about the importance of soft skills to an extent that I did not know about. Overall, I learned about many important things that I would not have known about if it was not for the Skills that Shine Mentorship.”

Our flagship programs have launched for AY 2022-23. Scholars are engaging with their Scholar Leads and beginning to meet with their StS mentors. Two examples of goals we have for this AY are that 90% of first-year BaS recipients will persist to their second year and that 300 will match with a StS mentor. Both goals represent an increase of 3%.

CAREER AND TECHNICAL SUPPORT SERVICES

In AY 2021-22, 180 Scholars participated in the pilot Scholar Ambassador and industry mentorship programs. This included 154 Scholars who utilized their Ambassador, and 57 students who were matched with a mentor; 31 Scholars participated in both programs. Yadira Chavez, an industry mentorship program mentee, had this to say about the program:

“I really recommend this program because you can get to know people who are working in the field you are pursuing. I got to learn many tips and tricks about their jobs. I learned how to feel confident in myself and why I chose the career I am pursuing.”

We have scaled the Ambassador and industry mentorship programs for AY 2022-23 and aligned their branding with BaS for simplicity. These services are now branded as the Scholar Lead and Skills that Shine (StS) programs though modified to match the CTS experience. Two examples of goals we have for this AY are for 80% of new CTS recipients to persist to their second quarter and 80% of those who utilize their Scholar Lead to strongly agree/agree that their Lead helped connect them to campus resources.

GRADUATE SCHOLAR SUPPORT SERVICES

In year one of the GRD Scholarship, we were able to provide additional support services (including a virtual meet-up and/or travel stipend) beyond financial aid to seven out of eight Scholars (87%). Six Scholars participated in the meet-up; they appreciated the opportunity to make connections with other students studying to become nurse practitioners across the state and give input on future GRD programming. GRD Scholar Samira Adan commented:

“Seeing everyone on Saturday was a great pleasure; thank you for setting up and connecting us. It is greatly appreciated.”

Three Scholars utilized the travel stipends, and five clinics took advantage of the practicum stipends. In the year-end survey, 75% percent of GRD Scholars strongly agreed that the practicum site stipends were valuable assistance in securing practicums in medically underserved areas.

At the end of June, we selected 19 new Cohort 2 GRD Scholars. The Scholars are from all six graduate nursing schools in Washington from seven campuses (both WSU-Spokane and WSU-Vancouver). Most of our Cohort 2 Scholars are in primary care specialties (12 Scholars), which reflects the higher number of students in primary care programs across the state. Cohort 2 Scholars received their first scholarship disbursement in August, and we look forward to getting to know and supporting this new group of GRD Scholars over the next few years.

Two examples of goals we have for AY 2022-23 are to launch new GRD connection groups by specialty, one for primary care and one for behavioral health, and for at least 60% of eligible clinics to apply for and receive the practicum site stipend.

DEVELOPMENT UPDATE

CAMPAIGN FOR WSOS UPDATE

We are thrilled to announce we have surpassed the halfway mark of the campaign! As of May 25, 2022, we have raised \$43,587,304 (58% to goal). This includes \$10,872,811 for FY22. Key commitments to highlight in the last quarter include a \$100,000 OpportunityTalks 2023 sponsorship from Costco, a \$100,000 renewal gift from Bristol Meyers Squibb, a \$50,000 gift from Boeing to support promotion efforts and a first-time gift of \$15,000 from Bamford Foundation. Our team has ramped up capacity this past year with the help of a contract grant writer which has led to an increasing number of grant proposals (and approvals).

Other campaign milestones of the past quarter include securing our third and final co-chair, [Amy Coleman](#). Amy is the Corporate Vice President of Human Resources and Corporate Functions at Microsoft. She brings a wealth of expertise in talent development, an impressive tech sector network and a deep passion for our mission. Doug Barrancotto nominated Amy with great enthusiasm. As you may know, Doug is a long-time WSOS supporter, a mentor, and Chair of our Feasibility Study Committee and now a fellow member of the Campaign Steering Committee. Brad Smith also gave Amy his full support for this key role, and we are all thrilled she said yes.

Milli, the marketing and communications agency we retained to support in campaign branding, is nearing completion of campaign concepts. We hope to share their work with key partners for reactions and feedback in the coming weeks.

ENGAGEMENT EVENTS

Please update your calendars! The OpportunityTalks Breakfast is now scheduled for April 28, 2023, at the Sheraton Hotel. We apologize for the confusion. Originally, we had scheduled this event as a luncheon on May 1; given the chaotic experience on May Day in downtown Seattle, we decided it was prudent to shift the event to avoid a negative experience for guests as they arrive or leave the event.

As the campaign kicks off, we are diving deeper into more intimate engagement events to cultivate a donor pipeline and deepen engagement and stewardship. Thanks to Gary Rubens for hosting our first-ever Hot Topic Dinner in June. (These events follow the model of a Jeffersonian style dinner and evoke in-depth conversation and connection between attendees.) We have three additional Hot Topic Dinners slated for CY2022 – thanks to Jane Park, Miller

Adams and Jeff Peacock for hosting. If you are interested in hosting a Hot Topic Dinner in CY23, we are looking for the next set of volunteers!

HEADWINDS WITH HIRING FOR THE DEVELOPMENT TEAM

Development continues to struggle with hiring, but we hope there's light at the end of the tunnel. Even after engaging a search firm this summer to assist with recruitment, we were unable to hire a major gifts lead, and as you all know, we lost our development director who was recruited to another larger organization.

We shifted our strategy this quarter to hold on re-hiring for the development director and major gifts leads. Instead, we rescoped the responsibilities for an existing team member, Lauren Pack, promoting her from Development Operations Coordinator to Development Officer. This shift reflects both her strong skillset in grants and annual fund development and the needs of the organization. (Congratulations, Lauren!) To backfill, we have posted for a replacement operations coordinator. While word across the fundraising sector continues to show a tight labor market, there are some signals of a promising shift this fall. In the meantime, we have relied on increased support from our campaign counsel to keep campaign-critical tasks on track.

EXTERNAL AFFAIRS UPDATE

The External Affairs team is looking forward to introducing WSOS to the many fresh faces we expect to see in the Legislature in 2023 following the November election. Half of the Senate and the entire House are up for election, and many long-time members have retired in the last six months. Building new champions will be our top priority as we won't have a policy bill for the first time in the last five years. This will give us more time to champion WSOS and our outcomes as policy solutions in advocacy spaces, proactively share what we've learned in the last ten years of implementing the program and make sure the new members of the Legislature are aware of our program.

We are also looking to fill the vacated marketing and communications manager position and recruit for a new specialist role focused on promoting our suite of scholarship programs. Tori Cambell was also recently promoted to the role of Digital Marketing Manager, recognizing her growth and the needs within the organization. Congratulations to Tori!

Our busy season is ramping up as we collaborate across the organization and within every team. Despite the workload, the team is enjoying the benefits of a productive strategic planning season, leaving us better prepared to reach organizational and team goals.

MEDIA COVERAGE

Media coverage this quarter included:

MSFT sponsored ad | Nerd Farmer Podcast

[For dedicated STEM students, success starts with access to opportunity](#) | Seattle Times, July 7

For dedicated STEM students, success starts with access to opportunity | Walla Walla Union Bulletin, July 7

For dedicated STEM students, success starts with access to opportunity | Yakima Herald, July 7
MSFT newsletter, linking Seattle Times article | July 28

[Department of Education and Early Learning blog](#) | August 26

SOCIAL MEDIA COVERAGE

We are focused on growing followership rates across all channels aligned with the build the brand strategic priority. To do this, we are utilizing a content strategy that moves our followers through the customer journey from interest to trust to brand loyalty. The first step is to create a feed that fosters belonging. We want followers to know they belong in our community and consistently see content that adds value to their lives.

As such, success indicators include 1) an increase in content views (impressions), 2) an increase in shares and engagement with our content and 3) an increase in followers, especially from our target communities, including scholars, legislators, business leaders, nonprofits, etc.

1) Impressions (number of times our content was viewed)

Impressions/views this quarter

	Total impressions June 2022- August 2022
Facebook	6,015
Twitter	13,700
LinkedIn	23,551
Instagram	971
Total	44,237

	June 2021	June 2022	Percentage Growth
Facebook (Reach)	1,516	1,336	-11%
Twitter (Impressions)	4,140	4,940	19%
LinkedIn (Impressions)	3,489	11,375	5.5%
Instagram (Reach)	419	474	13%
Total	9,564	17,925	87%

**Reach is used for Instagram and Facebook*

Platforms like Instagram and Facebook rapidly change their algorithms, making it challenging to align content. That, coupled with staff turnover and the program administrator change, has led to slower-than-desired growth. We believe our strategy is sound and expect to see more robust growth as the year progresses.

2) Shares & Engagement

This academic year we are also interested in increasing user-generated content (UGC) on our channels. UGC is original, brand-specific content created by other followers and published on their channels. A follower creating an original post promoting our scholarship would be a form of UGC, for example.

This quarter we had a 500% increase in UGC! This significant increase shows our followers feel close enough to the organization to share us within their communities and become ambassadors for our brand.

We also had several key ambassadors share our content. Douglas Barrancotto, a long-time supporter and OpportunityTalks speaker, shared our post about Skills that Shine (StS). Matt Gebert, a 5-time StS mentor and engineer, shared our mentorship recruitment post. Overall, we received 104 content shares this quarter. The most shared pieces were WSOS hiring needs and education policy updates.

3) Followership growth

Year-over-year followership growth

	August 2019	August 2020	August 2021	August 2022
Facebook	3,679	3,952	4,057	4,373
Twitter	1,818	1,861	1,879	1,960
LinkedIn	200	607	1092	1,641
Instagram	373	517	861	1,011
Total audience size	6,070	6,937	7,889	8,986

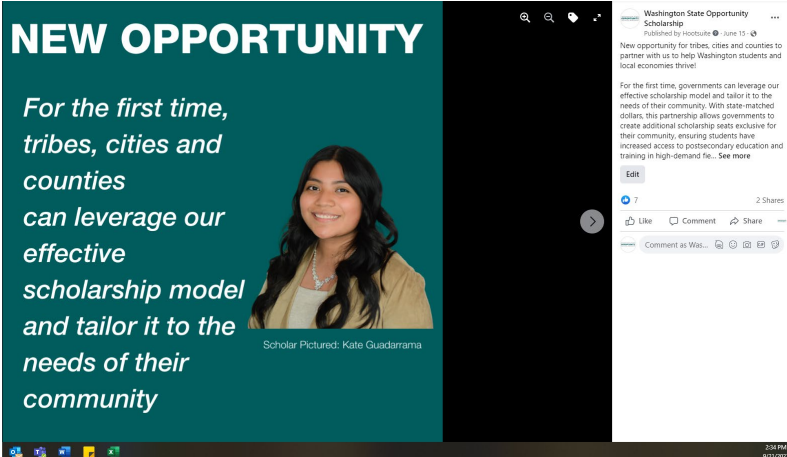
Followership growth, goals vs. actual

	Target % Growth 22-23 Academic Year	Actual % Growth 22-23 Academic Year (as of August 2022)
Facebook	5%	1%
Twitter	9%	1%
LinkedIn	45%	2%
Instagram	30%	1%
Total audience size	16%	1%

We had 35+ students follow us on LinkedIn this quarter, along with some key leaders in our community. Leaders include executives at the Washington Student Achievement Council, South Central STEM Network Director, VP at Highline College, Associate Director of Advancement at the UW, Chief Diversity Officer at Microsoft and Director of Workforce Education at North Seattle College.

Top Performing Posts

Facebook: Announcement of our new Government Partnerships Opportunity



LinkedIn: Happy one-year work anniversary to Lauren!



Instagram: Student Loan cancellation update



Twitter: 10-year anniversary legislative highlight



OPERATIONS UPDATE

PROGRAM ADMINISTRATOR TRANSITION

As of September 1, WSOS is officially administered by 501 Commons. WA STEM has a few items to close out related to financials, but WSOS support needs are being handled by the 501 Commons team. While the transition was not as seamless as we had hoped, we have been able to continue our day-to-day functions while addressing issues that arose along the way. Like any new partnership, we are learning how to marry our different organization cultures and working toward partnering more efficiently on a go-forward basis.

HYBRID WORKPLACE

On September 6, WSOS implemented a change to its hybrid policy. Incorporating feedback from the team, we moved away from establishing two set days in the office per week to one set day and a floating day for each team member. In addition, we clarified our policy regarding remote work arrangement. The change was made to honor the desire for greater flexibility for the team while also enabling in-office collaboration and team building which supports our ability to deliver on our intended impacts.

CULTURE & LEADERSHIP

This academic year, WSOS will be piloting a management and leadership academy intended to grow our organization-wide capacity and skills. The audience is all people managers, and we will address topics such as accountability, feedback, strategic planning, etc. We will be seeking external partners and resources to help bring this program to life. If you or someone in your network would like to support us in this effort, we welcome the opportunity to connect. We will be looking for presenters and recommendations for resources to utilize to support our professional growth and development.

STAFFING UPDATE

Rachel Wyers (she/her) rejoined WSOS on September 1 as our Caspio Database Administrator. Rachel had been with WSOS for five years before she left this past April, and we are thrilled to have her back. Rachel was part of the team that chose and initially built out our Caspio instance. In her role, she will own all aspects of our Scholar database, including design, training, implementation, and security. We look forward to her continued stewardship of the database.

[Sam Svilar](#) (he/him) joined WSOS on September 19 as a Baccalaureate Advisor. He was at Year Up for the past four years as the Internship Services Manager. Sam's career has been guided by his passions for advocacy and mentorship, and he is excited to help Opportunity Scholars persist and graduate. We look forward to Sam bringing his drive and skills set to the Programs team.

WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

GIFT ACCEPTANCE AND DESIGNATION POLICY FOR 501 COMMONS DBA WASHINGTON STATE OPPORTUNITY SCHOLARSHIP (WSOS)

501 COMMONS dba Washington State Opportunity Scholarship (hereafter referred to as “WSOS”) strongly encourages the solicitation and acceptance of private gifts and grants, which enables it to fulfill its mission. 501 Commons, as fiscal sponsor and 501(c)(3) nonprofit organization, is the legal entity that has the right to accept gifts on behalf of WSOS. Gifts designated for WSOS may take a variety of forms. Both WSOS and 501 COMMONS value and will protect their integrity; gifts that expose them to adverse publicity, require expenditures beyond the resources designated for WSOS or involve 501 COMMONS in unexpected responsibilities because of their source or condition, or the purposes are not consistent with the mission will not be accepted. This policy is designed to provide guidance to the 501 COMMONS community and the general public to facilitate the gift-giving process. 501 COMMONS encourages philanthropic creativity; therefore, this policy is to be interpreted liberally so that prospective donors may enjoy the greatest freedom possible in formulating their gifts.

501 COMMONS is unable to accept gifts too restrictive in purpose. 501 COMMONS cannot accept gifts which involve unlawful discrimination based upon race, gender, age, national origin, color, handicap, or any other bias prohibited by federal, state, and local laws and regulations, and cannot accept gifts which obligate it to violate any law or regulation. Additionally, 501 COMMONS cannot accept gifts that violate the terms of the WSOS program statute. Some are bequests or testamentary gifts that take effect upon the donor’s death. Others are different forms of deferred or split-interest gifts. In keeping with its official gift acceptance policies, 501 COMMONS may accept the following types of contributions on behalf of WSOS:

- ~~Cash: 501 COMMONS may accept outright cash gifts in any amount. Gifts made to establish a named scholarship at WSOS must meet the following minimum funding requirements:~~
- ~~Funds received from a private entity (individual, corporation, foundation):~~
- ~~\$22,500 to support two Baccalaureate Scholarship (BaS) recipients~~
- ~~\$10,000 to support two Career and Technical Scholarship (CTS) recipients, unless the funder elects to support only recipients of short-term programs, in which case an alternate amount may be determined~~
- ~~Privately funded named scholarship recipients are selected from the pool of students who are selected through criteria set by the Board of Directors, as stipulated in statute.~~
- ~~Funds received from a public entity (tribe, county or municipality):~~
- ~~\$7,500 to support one BaS recipient~~
- ~~\$4,250 to support one CTS recipient~~
- ~~Publicly funded named scholarship recipients are selected from the pool of eligible applicants who meet the program rules as defined by the donor, as stipulated in statute. All funds, both~~

Commented [KC1]: All references to WA STEM have been replaced by 501 Commons.

WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

~~private and associated state match, may only be used for participants who meet the donor's program rules and are, in effect, restricted funds.~~

- **Publicly traded securities:** 501 COMMONS may accept gifts of publicly traded stocks and bonds at fair market values as determined under Internal Revenue Service rules. Gifts of publicly traded securities will be sold as soon as possible, and the fund the donor established (or the BaS scholarship account if undesignated) will be credited with the proceeds from the sale, after commissions and expenses, if any. Publicly traded securities are given a receiptable value which is the average of the high and low prices of the day they are received by 501 COMMONS; this is the amount that is booked as the receipted gift by 501 COMMONS and provided in a letter to the donor. The sell amount, minus any brokerage or other fees, is also recorded and may be higher or lower than the *receiptable value* as outlined above and is also noted with the gift.
- **Tangible Personal Property:** Tangible personal property may be accepted as a gift, provided that (1) such property is saleable or useable as is for mission purposes; (2) the property fulfills the mission of the charity; (3) there are no undue restrictions on the use, display, or sale of the property; and (4) the donor agrees that the property can be sold at 501 COMMONS's discretion. 501 COMMONS may need input from responsible parties (i.e. the WSOS Finance & Investment Committee or other qualified professional) in order to sell said personal property. *The donor is responsible for obtaining a qualified appraisal prior to completing the gift.*
- **Life Insurance Policies:** 501 COMMONS may accept gifts of life insurance policies, provided that 501 COMMONS and the donor reach a prior written agreement about arrangements for the payment of any required premiums.
- **Real Property:** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, 501 COMMONS shall require an initial environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, 501 COMMONS shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor. When appropriate, the title binder shall be obtained by 501 COMMONS prior to acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by 501 COMMONS ~~Director of Finance~~Controller, WSOS Executive Director and WSOS Development Director and by 501 COMMONS and WSOS's legal counsel. The criteria include: (1) Is the property useful for the purposes of WSOS? (Yes); (2) Is the property marketable? (Yes); (3) Are there any restrictions, reservations, easements, or other limitations associated with the property? (None or reasonable); (4) Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property? (None or reasonable); (5) Does the environmental audit reflect that the property is not damaged? (Yes)

- **Closely Held Stock and Partnership Interests:** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted subject

WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

to the approval of the gift acceptance committee as defined above. However, gifts must be reviewed prior to acceptance to determine:

- (1) There are no restrictions on the security that would prevent WSOS from ultimately converting those assets to cash; (2) The security is marketable; and (3) The security will not generate any undesirable tax consequences for 501 COMMONS.
- If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The gifts acceptance committee as defined above along with legal counsel from both 501 COMMONS and WSOS shall make the final determination on the acceptance of closely held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

501 COMMONS reserves the right to refuse any proposed gift. In conformity with IRS regulations governing nonprofits, gifts to 501 COMMONS may not be directly or indirectly subjected by a donor to any material restriction or condition that would prevent WSOS from freely and effectively employing the transferred assets, or the income derived therefrom, in furtherance of its exempt purposes.

Gifts Designated/Undesignated for Programs of Washington State Opportunity Scholarship

Revenue. 501 COMMONS receives gifts on behalf of WSOS that are designated for a specific program of WSOS as well as gifts that are undesignated for a particular program. Designated gifts that meet the gift policy are accepted and attributed to the program as restricted by the donor in the financial accounts as well as in the accounting software and donor database. Designation of state match funds will follow designation. The current scholarship programs include the following:

- 1) Baccalaureate Scholarship (BaS)
- 2) Career & Technical Scholarship (CTS)
- 3) Rural Jobs Initiative (RJI) – an initiative of CTS
- 4) Graduate Scholarship (GRD)
- 5) Endowment account (statutorily restricted to BaS only)

*No more scholarship programs are expected at the time of drafting of this policy.

Received undesignated gifts are recorded in the accounting software (and donor database) as such upon initial receipt. The policy that follows, upon approval from the WSOS Finance & Investment Committee, will act as the policy for handling these types of gifts:

- Undesignated funds and their associated state match are initially deposited into the BaS account. Once annually in December, the 501 COMMONS finance team will use undesignated gifts to bring into balance the total of all gifts received in the year (undesignated and designated) into alignment with the proportional split included in the current scholarship model. An estimate of gains/losses realized during the year will be included in the calculation of undesignated funds to account for earnings during the year.ⁱ

WASHINGTON STATE **OPPORTUNITY** SCHOLARSHIP

- Revenue targets for each program are based on the respective scholarship models already established and maintained by 501 COMMONS in partnership with the WSOS team.
- This policy is to be revisited when the scholarship model is renewed or when a major designated gift is received to keep allocation in proportion of the need of each scholarship.
- Undesignated gifts will be sent to Washington State Achievement Council (WSAC) for state match of private gift along with designated gifts for BaS and CTS (at least quarterly or more often as larger donations are received). Both scholarships are pulled from the same pool of funds at the state level, from the Opportunity Scholarship Match Account.

Expenses. The allocation of undesignated expenses as outlined in the scholarship model is used annually to allocate expenses with no function code.ⁱⁱ This ratio is revisited when the scholarship model is reviewed and will be updated as more actual expense data is available.

- Costs can be split in the accounting software to account for staff time and other costs so that reporting will show expenses by scholarship program by using a “function” code. These are coded as closely as possible to reality. If WSOS staff, when coding expenses, utilize “No Function Code”, then those costs will be split in accordance with the scholarship modeling and this policy. The 501 COMMONS finance team may elect to allocate expenses within +/- 5 percent of the scholarship model’s expense allocation for undesignated gifts if doing so is necessary to maintain a positive balance in both the BaS and CTS accounts.
- Reclassifying journal entries will be needed in order to code “No Function Code” costs to the appropriate scholarship program. This will be done annually in December in alignment with the undesignated revenue process described above.

For more information about 501 COMMONS’s Gift Acceptance Policies and Procedures, contact the [Chief Operating Officer](#), [501 COMMONS Executive Director](#) or [Controller](#) or the [Director of Finance](#).

ⁱ As of November 2020, those designated splits were: 1) For first two calendar years (2020 and 2021), undesignated gifts are to be split 50%/50% between BaS and CTS, respectively; 2) for 2022, undesignated gifts will be split 60% (BaS) / 40% (CTS); 3) for 2023-2029, undesignated gifts are to be split 80% (BaS) / 20% (CTS); 4) as of 2030, all fundraising is allocated to CTS as BaS will be sunseting; and 5) RJJ and GRD are not currently included in the use of undesignated gifts. This will be evaluated in the future. The proportional split is exclusive of installment payments related to a major pledge made in a prior year that are due in 2020 and 2021.

ⁱⁱ The expense ratio included in the scholarship model as of November 2020 of BaS vs. CTS on overall organization is 80% (BaS) / 20% (CTS).