

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING  
THURSDAY, OCTOBER 11, 2022, 1-3 PM, AT MICROSOFT, OR MICROSOFT TEAMS  
MEETING MINUTES**

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) convened on October 11, 2022, in person and via Microsoft Teams. The meeting was publicized as available to the public on the WSOS website.

**Board members in person:** Brad Smith (Chair), Diane Cecchetti, Jane Park, and Mike Wilson  
**Board members virtual:** Patrick Smith, Latisha Hill, Miller Adams

**Additional attendees in person:** Gina Breukelman, Jane Broom, Kimber Connors, Aileen Miller, Johnathan Luster, Jessica Monger, Javana Cross Polenska, Lyanne O'Connell, Dena Parmer

**Attendees on Teams:** Eileen Moran, Nancy Long, Yoko Shimomura, Aileen Tubo, Camara Harris-Weaver, Cesar Seguil, Debora Johnson Miranda, Genevieve Geiger, Joanna Moznette, Juan Carlos Gomez, Kendyl Puhon, Lauren Pack, Lianda Abraham, Lindzey Lien, Mesa Herman, Nick Goodwin, Rachel Wyers, Sam Svilar, Tara Warming, Tori Campbell, Scholastic Boonabana

**Meeting Called to Order**

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

**Approval of Minutes**

Jane Park moved that the minutes of the June 8, 2022, Board meeting be approved. Miller Adams seconded, and it carried unanimously.

**Mission Moment: Scholar Opportunity Story**

Kimber Connors, WSOS executive director, introduced Nick Goodwin, WSOS CTS program manager. Goodwin noted Scholastic Boonabana, the Scholar to be highlighted in the Mission Moment, was not on the call yet because of her work schedule. Connors recommended we move to the ED Corner then return the Mission Moment once Boonabana had joined.

**ED Corner**

Connors reviewed WSOS strategic priorities which are to design scalable, statewide programs; build the brand; fund to 2030 and to be a preferred workplace. Connors then highlighted the goals for each team that advance the organization toward those strategic priorities. The Awards team is focused on ensuring scalable, statewide scholarship accessibility and financial aid impact for Opportunity Scholars. The Programs team is dedicated to achieving our two intended impacts: 1) to help students complete their programs or graduate on time; and 2) to attain a career in their field of study within Washington within nine months of graduation. They focus on students who are non-white, from rural areas and low-income families. The External Affairs team will build awareness of the WSOS brand. They are approaching this through earned media pieces, visible awareness in the community and having a presence on a variety of social media platforms. The Development team will fund WSOS to 2030 and beyond by bringing dollars and building donor loyalty. They need to acquire new donors from a variety of industries that benefit from WSOS. Finally, the Operations team's priorities are that WSOS is a preferred workplace. Staff should believe that their work advances our mission, recommend WSOS as a great place to work and recommend their supervisor to future employees. There must be strong people management at WSOS. Connors paused as Boonabana had joined the meeting.

### **Mission Moment: Scholar Opportunity Story**

Connors welcomed Boonabana. Boonabana moved to the US three years ago. She was pregnant and had her baby right before the pandemic hit. Her family was living in transitional housing. After two years at home, she applied to Bates Technical College for dental assisting. Due to her complicated legal status, she did not qualify for financial aid and did not qualify for most scholarships. She was determined to stay in school even though she did not know how she would pay for it. A counselor sent a link to apply for WSOS scholarship. She applied and was awarded. She was told about the Scholar Lead program for CTS, applied and was accepted. She enjoyed meeting other students and sharing information about WSOS because she believes everyone needs more financial support for college. She is on the dental assisting advisory board at her school, so she still gets the chance to tell others about the scholarship. She graduated and got a job at Bellevue Endodontics Associates which allowed her family to move into their own apartment. She said that nothing has changed her life like WSOS.

Brad Smith opened it up for questions. Diane Cecchettini asked about Boonabana's plans to continue her education. Boonabana wants to become a dental hygienist but needs to work for a few years to stabilize her family first. Mike Wilson was pleased to hear that the school counselor had heard of WSOS. He asked what the Board should do to help WSOS become more well-known throughout the state. Boonabana suggested connecting with more financial aid advisors and said that the Scholar Lead program is a great way to reach more students. Brad Smith said this was an inspirational moment and thanked Boonabana.

### **ED Corner**

Connors resumed by presenting outcomes that we are aiming for by the end of this academic year as we work toward those larger goals by the end of the 2025-26 academic year. On the Awards team, one of the things we are working on is improving the eligibility of applicants. A step that we're taking is hiring a promotional specialist who will build relationships across the state. We can do this due to a generous new grant from the Boeing team. Gina Breukelman commented that this funding came out of the last Board meeting's discussion about the need to promote WSOS more. Connors said that the Awards team is looking at the student experience, so we do not lose Scholars during the application process. We also are thinking about the increase process where students demonstrate that they have gotten into their high-demand major. We are looking at the impact of WSOS on the financial aid package of Scholars overall. We are reviewing how it's impacting scholars' experiences and how that has changed in the last 10 years. We want to make sure that we're offsetting the need for people to work while they're in school. We are celebrating that even with a transition to 501 Commons, all disbursements went out on time, and no student scholarships have been interrupted by the transition, which was important to us.

The Programs team is being intentional about focusing resources on students who are from rural areas, non-white or from low-income families. Recruiting mentors was harder this year due to burnout from both the mentor side and from students. Brad Smith asked how things feel in terms of difficulty, either on the mentor or mentee side compared to 6 or 12 months ago. Connors stated that there is still a lingering sense of overwhelm from the pandemic experience itself even as people are adjusting. The External Affairs team had strong growth in user-generated content and is working toward increased media coverage and speaking engagements. The promotion specialist will help build new relationships and partnerships around the state. Additionally, we are investing in some small regional champion grants. Development has had challenges with no director or frontline fundraisers. We've been trying to fill some sort of major giving position since January and have not had success. Connors is the single frontline fundraiser for the WSOS team. We've had strong returns in the grants program by hiring a grant writing consultant. We're launching our first annual fund appeal and launched our first impact report. The next impact report will come out in January. Latisha Hill asked if jobs are hybrid or if they have to be in Seattle. Connors responded that they have to be in the Seattle office two days a week and can be remote the other three days. Connors went on to talk about donor acquisition and events in the last quarter. Jane Park hosted a Hot Topic Dinner with a great mix of people. Some already knew WSOS and others were just learning. We are hosting another Hot Topic Dinner with Miller Adams in the next month or two.

Javania Cross Polenska, WSOS deputy director, stated that we have 24 FTE and seven open positions. Three of the open positions were budgeted for this year and have not yet been filled. The retention issue seems to have slowed, but we still haven't had as strong of a hiring experience. We paused on reposting our development positions but intend to post again soon. Jane Broom stated that her team is in the middle of meeting with all 80 grantees around the region. She affirmed that this is retention and hiring challenge is consistent among every single nonprofit, regardless of sector. Brad Smith asked if it is more of a factor for nonprofits than public sector companies. Broom said it is especially tough where people have been on the frontline and feel burned out as there is fatigue, trauma and wage issues in addition to what the private sector is feeling.

Connors overviewed the key wins and challenges of the quarter which are outlined in the pre-read materials in the ED Corner section.

Polenska talked about the program transition and said that we stayed true to guiding principles. We have completed critical path items but still have work to do to optimize processes and practices. Park thanked WSOS staff for getting through the hardships of just getting back to where we were before the transition. Wilson added that we have positive leadership who maintain a positive attitude.

Connors asked for advice and discussion around the challenge of recruiting and retaining talent. We are struggling to hire for certain positions. Some WSOS staff have been poached for higher pay. Also, we get to the end of the hiring process and the candidate accepts a higher-paying job elsewhere. One of our values is that our people are our greatest asset which makes hiring and retention especially critical to our mission. Connors reviewed data about nonprofit turnover. WSOS compensation is competitive in the nonprofit sector (using benchmarks from market compensation surveys) yet still maintains spending a low percentage of its budget on operations items. Park asked if we are losing candidates to nonprofits or for-profits. Connors said that it has been a mix of both. Some get recruited to higher education or very large non-profits and some go to corporate. We are not losing people to smaller nonprofits. Brad Smith asked if the salary surveys for market compensation differentiate between the size of nonprofits. Polenska stated that it does look at the size and geographic areas. We look at a couple of years of Seattle specific data. Connors said we pulled another survey but we were surprised that there was very little movement on the survey. Breukelman said that we are not looking at benefits and that can make it hard to compare. Brad Smith asked if our benefits were competitive. Connors stated that they are very good which is common among nonprofits which tend to give good benefits but lower pay. Brad Smith said it is challenging that we're losing people to higher pay and that suggests a need to pay more. There is a low percentage that is going to operating expenses and suggests that this supports raising salaries. Brad Smith asked if we are looking at the right comparison group in the market surveys and questioned if we need to look beyond nonprofits. He asked if the development positions have all been lost to nonprofits. Connors affirmed that we lost them to large, higher education institutions or larger nonprofits. Broom said that pay is significantly different, and people are jumping around to grow in their careers. Park asked if we could pay more than market for specific positions that have been difficult to hire for. Polenska said if there are one-off exceptions it can turn into an equity issue. Park said there are certain times when you pay people more and the current situation is not sustainable for Connors.

Connors shared WSOS values. We are building an organization that is best-in-class and high performance. We set metrics and outcomes. We hold people accountable. There are many things beyond pay that Amy Coleman, lead of HR for Microsoft, talks about. The 5 Ps of employee performance are purpose, people, pride, perks and pay. Connors reviewed how WSOS supports strong purpose (with a compelling mission), people (with a community-centric and friendly culture), pride (with clear goals so individuals understand the role they play in achieving our mission) and perks (with things like a work-from-home stipend to set up a home office). She believes pay is the one area where WSOS could be stronger.

Connors asked for input from the Board and Brad Smith opened it up for discussion. Cecchetti stated that we have flexibility in the data we use, and we should look at the compensation of leading non-profits. She said to be creative, and to push out thinking on non-financial incentives because culture is really important. Every year WSOS should share a summary of everything that employees get in pay and benefits so employees see the full picture. Breukelman commented that often when an organization is small, advancement happens outside of the organization. She asked if we could move people along the continuum internally. Park said we need to think about each position and who we are competing against for talent. Connors affirmed we need the right benchmarks for the various roles and what they are responsible for. Wilson said it boils down to pay and flexibility. He emphasized that inflation was 8.5% this year and needs to be accounted for. Brad Smith added that we have room to increase compensation if we need to and that Connors is in the best position to make that decision. We have to be confident we are comparing ourselves to the right organizations. If WSOS is continuing to get turned down for jobs with higher pay, Connors should use her judgment. He also encouraged her to think about the purpose side of this work. One of the benefits of WSOS is working with the students. We need to make sure we are doing everything we can to reconnect staff with students because this enables us to tap into the ready-made energy on the campuses. Connors thanked the Board for their input and asked them to reach out if they have more to add.

### **2023 Legislative Priorities**

Jessica Monger, WSOS external affairs director, said we are not bringing a bill to Olympia for the first time in 5 years which will allow us to focus on relationships. The state continues to grapple with the decrease in enrollment. The state's goal is that 70% of Washington residents will earn a post-secondary credential by the age of 26. The state has invested significantly in financial aid. WSAC is focused on distributing dollars to communities focusing on historically excluded communities such as low-income, students of color, foster, homeless youth, etc. There has been a significant investment by Career Connect Washington to expand career-connected learning programs. The forecast is down by \$500M. Lawmakers passed lots of new programs last session and now they need to figure out how to fund them in a resource-constrained environment. This will limit new programs and we will see cuts to some existing programs. The positive side is that jobs are up about 400,000 over the next five years. The downside is that there is a mismatch of credentials. For example, there are about 18,000 nursing related job openings. We are producing about 5,000 credentials. There are 20,000 unfilled computing jobs at any one time in Washington, a lot require a two-year credential and earn a living wage. We still do not have a lot of significant data in Washington state to understand the impacts of Covid. Nationally the data shows that there is a significant threat that our equity gaps are going to get larger. In Washington, FAFSA completion is one of the lowest in the nation, even though our financial aid is one of the best.

The silver lining is that WSOS was created out of the last recession and is tailored to lead in times like these. There is still strong job need, growth and opportunity. Healthcare workforce shortage and behavior health is still the top target for legislators. The work we have done is a great opportunity to talk about the benefit that WSOS can bring. There is extraordinary turnover in Olympia. All members of the house and half of the senate are up for election. We have lost some champions who have been with WSOS since the beginning. Now is an opportunity to build new relationships and champions for WSOS. 2023 priorities are all about relationship building and building the brand.

Cecchetti asked if we have had much success with tribal matching. Monger explained that resourced tribes have strong scholarships already, offering a full ride with no restrictions. Under-resourced tribes don't have the money to invest. There were talks of pooling money for those tribes pre-pandemic. Now is a good time to circle back to these discussions.

Adams asked if there is a plan in place for steps to build relationships and asked if the Board could help. Monger said our lobbyist team has been with us since the beginning, and they have great relationships. After elections, we will know who is on the various committees. We're really going to target meeting with every single one of them between now and the session. We will circle back if we struggle to make connections on our own.

### **AY 2022-23 Programs**

Jonathan Luster, WSOS programs director, overviewed the academic year ahead. He said that peer mentorship leads to higher persistence rates which leads to higher graduation rates, demonstrating the Scholar Lead program works. In 2021-2022, scholars who used a mentor had a 96% persistence rate compared to 88% for those who did not. Skills that Shine will help Scholars build their networks before they graduate. Last academic year, 91% of scholars who participated in Skills that Shine said they felt more prepared to seek relevant work as a result of that program. Last academic year, we supported 1,573 scholars, which is about 60% of our eligible scholar population.

Luster reflected on academic year 2021-22 and how we are implementing learnings for 2022-23. Engagement has been challenging as we have talked about multiple times. We learned that Graduate (GRD) Scholars need minimal yet intentional programming. We have scaled Scholar Lead and Skills that Shine to be available for both Baccalaureate (BaS) and Career & Technical Scholarship (CTS) recipients. New programs and strategies include prioritizing historically excluded Scholars and GRD connection groups. We now have clear measures to help us understand success. Luster acknowledged and thanked the entire Programs team.

Brad Smith asked about the amount of on-campus activity that is expected in this academic year compared to before the pandemic. Luster said that things are not quite business-as-usual, but they are getting close as long as Covid numbers don't increase again this fall/winter. Brad Smith commented that WSOS should position itself with more in-person events to be top-of-mind for students and partners. Connors said that we are mapping out different events for next year and thinking creatively about that.

### **Finance and Program Administrative Update**

Patrick Smith, Finance and Investment (F&I) Committee Chair, reported that as of August 31, 2022, total assets were \$121.9M. This is down slightly from the last board meeting as of April 30, 2022, which was \$122.2M and a slight increase from the same month's end in 2021. The change in assets in that period was due to state match cash receipts of about \$8.35M, being matched on private receipts between the months of August 2021 and July 2022, once the state appropriations became available. Private receipts of \$3.69M during the period included Microsoft pledge payment of \$2.5M and Gary Rubens pledge payment of \$1M among others.

Our total liabilities for the period were \$26.5M. This is up over the April numbers due to scholarship commitments for the new cohorts for the new academic year. This yields total net assets of \$95.4M. This is a 10% decrease from the period ending April 2022. From the income statement, we have some new revenues. May and August include the receivables mentioned before. In addition, there was \$100,000 from Costco, \$50,000 from Boeing and \$50,000 from Central Washington University and a handful of others. In September, 501 Commons will pick up some of the revenues from the first Ballmer payment. The major difference is related to unrealized investment losses from the unfavorable market.

From the expense side, salaries and benefits are under budget for the year by \$321,000 from gaps in hiring and unexpected departures. Professional fees were under budget by about \$53,000 due to some of the PR campaign and website consulting budgeted for the full year that hasn't started yet. Those are offset by the overages on the legal side related to the program administrator transition. Travel and other operating expenses are also under budget due to not attending as many events because of Covid. Connors added that the balance on the budget versus actuals for private revenue notes that the Ballmer gift of \$10M can't be formally recognized even though it was included in the budget. This is because it is promised through a Donor Advised Fund (DAF) and accounting rules don't let you recognize it until it has been approved by the DAF. Patrick Smith explained it is just a timing difference. Smith presented the usual cash flow statement from inception to date. He asked if there were any questions. There were none.

Patrick Smith moved on to the requested Board action. He explained the Committee reviewed assumptions of WSIB's new proposed asset allocation model, and WSIB is quite comfortable with their recommendation. The F&I committee became comfortable with their recommendations after a rigorous discussion. He noted the decrease of amount to be held in cash a particular point of conversation. The F&I Committee voted that the Board accept WSIB's new recommended

asset allocations. Adams asked when the new recommended allocations will become effective. Connors explained that the order of operations is that the WSOS Board has to approve and then the WSIB Board has to approve at their meeting in November. If the WSIB approves it would be implemented in short order after that meeting.

Connors said that the gift acceptance policy has very small administrative updates, changing references to Washington STEM to 501 Commons and striking reference to the specific policies around the named scholarship programs as we had talked about as a larger Board six months ago. She asked the Board consider a vote to accept both the changes to the gift acceptance policy and the adopt the new asset allocation approach. Brad Smith asked for questions but there were none.

**Board Action:** Cecchettini made a motion to adopt committee and WSIB recommended asset allocation and approve the updated gift acceptance policy, Park seconded the motion, and it carried unanimously.

Connors shared that Joelle Denny is stepping back from Boeing and the WSOS Board due to a health issue. We will reach out to her again to thank her for her time serving on the Board. If you would like to add a note of appreciation, that would be great. Connors will be working with Breukelman to fill this vacant position. Brad Smith affirmed that Denny has been such a great part of this Board and will be sincerely missed.

The meeting adjourned at 2:58 pm.

Respectfully submitted,

Dena Parmer