

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING  
MONDAY, SEPTEMBER 5, 2018, 1-3 PM, MICROSOFT CAMPUS**

**MEETING MINUTES**

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) met on September 5, 2018 at the Microsoft headquarters in Redmond, Washington.

Board members: Brad Smith, Miller Adams, Diane Cecchettini, Antony Chiang, Joelle Denney, Mack Hogans, Jane Park, Julie Sandler, Jim Sinegal and Mike Wilson present

Additional attendees: Naria Santa Lucia, Lianda Abraham, Erin Ashley, Michael Bragg, Jane Broom, Meg Chambers, Kimber Connors, Rachel Darany, Jennifer Dechaine, Perry Fizzano, Karyl Gregory, Patrick Kang, Josh Karas, Caroline King, Keenan Konopaski, Amy Liu, Ryan McCord, Hannah Olson, Casey Radostitz, Jennifer Sulcer and Sam Whiting present; Terrie Ashby-Scott, Theresa Britschgi, Jenna Magnotti, Joanna Moznette and Stan Pichinevskiy by phone

**Meeting Called to Order**

Brad Smith called the Board Meeting to order at 1:01 pm.

**Approval of Minutes**

Mack Hogans moved that the minutes of the April 16, 2018 Board Meeting be approved. Diane Cecchettini seconded the motion and it carried unanimously.

**Joint Legislative Audit Review Committee Presentation**

Keenan Konopaski, Legislative Auditor, presented an overview of the Joint Legislative Audit and Review Committee (JLARC) as it works to make state government operations more effective, efficient, and accountable. The Committee is comprised of an equal number of House and Senate members, Democrats and Republicans. The non-partisan staff auditors conduct performance audits, program evaluations, sunset reviews, and other analyses. Assignments to conduct studies are made by the Legislature and the Committee itself. The Committee's independent research yields answers to audit study questions and recommendations are presented to improve performance.

Konopaski reported that JLARC is currently evaluating two WSOS programs: the ongoing Opportunity Scholarship and the Opportunity Expansion program, which expanded the number of degrees produced at Washington's colleges and universities. Four study questions have been identified to address program participation, funding and outcomes. The study team, under the direction of the Legislative Auditor, will deliver a preliminary report in May 2019. WSOS will have opportunity to respond to this report in May/June 2019. JLARC will submit their proposed final report along with the response from WSOS in July 2019. The Legislative Auditor will then submit the final report with an option to append the Committee's comments. The final step is the Committee's vote to distribute the completed audit.

Konopaski reported that audit recommendations included in the final report may or may not require legislative changes and stated that JLARC's role is not to be viewed as asserting policy.

**Mission Moment: OEF Grant Updates**

Smith reported that the Opportunity Expansion Fund (OEF) was formed as a result of companies who could donate high-tech, research and development tax credits to WSOS. Microsoft was the only company who donated their tax credits which totaled \$6M. The WSOS Board previously approved giving this money as grants to three Washington universities with the end goal of expanding the number of seats to provide high-demand STEM degrees.

Representatives from each of these three universities presented highlights of their first year impacts and they also identified their plan for sustainability. Dr. Michael Bragg, Frank & Julie Jungers Dean of Engineering at UW, reported on the expansion of their STARS program and the academic supports they offer to WSOS-like students in the College of Engineering. Dr. Jennifer Dechaine, Associate Professor, Biological Sciences at CWU, presented their Teach STEM program which expands the number of STEM teachers in Washington state. Dr. Perry Fizzano, Professor & Department Chair, College of Science & Engineering at WWU, reported on the expansion of their computer science program by hiring four new faculty. Classroom space for the additional classes has been provided by WWU.

Smith commended the efforts of all three universities. The strong results indicate the Board should solicit further information from each of the three universities in the next few months regarding their continued impacts. With this information in hand, WSOS can reach out to the legislature to advocate for another tax credit to raise additional funds to be used for this same purpose. Bragg and Fizzano each indicated that any further OEF expansion at their respective university would be restricted by capital needed for a new building.

### **Program Update**

Kimber Connors, Deputy Director at WSOS, highlighted key program updates. Connors reported that Cohort 7 has just started and altogether there are 4,400 new and renewing Scholars. Connors further reported that the new Scholar Lead program has just been launched with 150 third, fourth and fifth year Scholars being trained to mentor 1,667 incoming Scholars. Connors also reported that the newly-refreshed Skills that Shine program will connect third year Scholars with volunteer industry mentors. Connors introduced five new staff members: Lianda Abraham, Events Specialist; Rachel Darany, Communications Officer; Patrick Kang, Scholar Success Advisor; Hannah Olson, Talent Resource Manager; and Stan Pichinevskiy, Scholar Placement Manager. In her final update, Connors stated that the Legislative Report will be distributed on December 1<sup>st</sup> with highlights of Cohort 7 and survey results involving all our graduates to date.

Erin Ashley presented details on our fourth annual OpportunityTalks Breakfast to be held on Thursday, November 1<sup>st</sup> at the Sheraton Seattle. Board members are encouraged to register themselves and to invite their network connections to join their table. Ashley reported that the OpportunityTalks Challenge Fund has been launched to continue to offer the 4:1 match which had previously been provided by the Rubens Family Foundation for the first three years. Ashley also reported that already half of the \$150,000 goal has been raised which will become \$600,000 with the 4:1 match. Ashley further reported that the Named Scholarship program, which began in 2015 with a grant from the Rubens Family Foundation, has continued to expand. Most recently, Kaiser Permanente has agreed to fund ten full Scholars over five years utilizing the state match.

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

Hogans reported that the Finance & Investment Committee met last week. The Committee welcomed new member Julie Sandler. Hogans further reported that the Committee expressed great confidence in Washington STEM in providing thorough financial reporting. Hogans additionally reported that WSOS is waiting for \$2M in state match money. Hogans also reported that Caroline King, CEO at Washington STEM, provided an update on the process to fill their CFO position following Cindy Gustafson's retirement. King stated that strong measures are in place to provide sound and responsible financial support in the interim.

Hogans reported that the performance of WSOS funds followed the market. The Committee expressed great confidence in WSIB's handling of our portfolio.

Hogans then reported on the asset allocation study conducted by WSIB and presented their recommendations. WSIB recommends no change to the Endowment Account with an ongoing 20-80 split for fixed income and equity. For the Scholarship Account, WSIB recommends that the 0-40-60 split with cash-fixed income-equity be shifted to 5-70-25 to reflect the market. This recommended change will lower risk, improve efficiency of the portfolio and increase growth of funds because we will be dipping into our private funds. Hogans also reported that the Committee authorized additional study of WSIB's recommendation. A committee decision will be made prior to WSIB's next board meeting on November 15<sup>th</sup> which is when recommendations are considered for final approval. Hogans stated that an update will be sent to the Board prior to our next board meeting.

**Pathways Scholarship Discussion**

Naria Santa Lucia reported that the legislature passed a bill that will enable WSOS to provide scholarship funds to low- and middle-income students who are pursuing high-demand professional and technical degrees and certifications at Washington's community and technical colleges. At four visioning sessions, 70+ industry, education, philanthropy and community leaders provided input for developing key guidelines related to student demographics, award amount, degree programs and support services for the Pathways Scholarship.

The initial design proposal included the following: \$1500 per quarter per Scholar or \$4500 for the year plus \$500 for support services; targeted awardees would be recent high school graduates who have demonstrated interest in a professional/technical career pathway; degree programs would be regional high-demand degrees verified by industry, with the capability to earn a STEM or health care degree in two years or less, and able to gain employment in a living wage within 12 months of graduation; full range of support services from industry mentorship to assistance getting work-like experiences and post-completion career placement counseling; the design model would fund 500 Scholars per year at \$5000 for a total expenditure of \$25M; the model would target a 66% completion rate in two years. The goal is to help students not take a gap but go straight into college or a professional/technical degree program and would increase the percentage of those who graduate. Flexible funding could be provided to help students with living expenses and the funding could be offered on a renewable basis until they graduate. The legislature has agreed to match the dollars that WSOS raises for the Pathways Scholarship so if the model is \$25M, then only \$12.5M needs to be raised.

Smith suggested that a menu be created with three possible sizes of the Pathways program to determine the viability of donor support. Santa Lucia will speak with college presidents to clarify the scope of the total program.

A discussion followed on various aspects of the design proposal. Giving would be incentivized as more Pathways Scholars graduate and, as their number grows, the state will likely target even more funding for the program.

Testing of the program may result in offering more than \$4500 per year and/or an expanded set of support services. If we focus on high schoolers as our target group for the Pathways Scholarship, then achieving a 66% completion rate may be realistic. However, if we target older students, that percentage may need to be lowered. The equity goals for the Pathways Scholarship should replicate those of our original Opportunity Scholarship.

The timeline of next steps include the Board's approval of the final Pathways Scholarship at the next board meeting and Pathways Scholars awarded in 2019.

The meeting adjourned at 3:03 pm.

Respectfully submitted,  
Karyl Gregory