

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING
THURSDAY, JUNE 10, 2021, 1-3 PM, MICROSOFT TEAMS OR DIAL IN
MEETING MINUTES**

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) convened on June 10, 2021, via Microsoft Teams and dial-in only due to COVID-19 precautions. As such, the meeting was publicized as available to the public on the WSOS website though no physical location was hosted.

Board members: Brad Smith (Chair), Miller Adams, Diane Cecchetti, Joelle Denney, Jane Park, Gary Rubens, Julie Sandler, Patrick Smith and Mike Wilson

Additional attendees: Lianda Abraham, Michelle Barreto, Gina Breukelman, Jane Broom, Tori Campbell, Meg Chambers, Jolenta Coleman-Bush, Kimber Connors, Rebecca Ferber, Genevieve Geiger, Karyl Gregory, Mesa Herman, Sue Ann Huang, Nicolas Khamphilom, Hannia Larino, Johnathan Luster, Jessica Monger, Joanna Moznette, Patti Nelson, Brittny Nielsen, Hannah Olson, Cristal Rangel Peña, Javana Cross Polenska, Vanesa Contreras Rodriguez, Dave Stolier, Yoko Shimomura, Sarah Szabo, Heidi Thomson-Daly, Aileen Tubo, Emma Uman, Steve Walker and Rachel Wyers

Opening

Due to technical difficulties and scheduling conflicts, a Board quorum was not present at the start time of the meeting. As such, Kimber Connors, WSOS Executive Director, consulted with Dave Stolier of the Attorney General's Office about the ability to move forward with the meeting. Stolier advised that we could open with the Mission Moment before formally calling the meeting to order and moving into consent agenda items.

Mission Moment: Scholar Opportunity Story

Connors introduced Rebecca Ferber, WSOS Senior Career Development Advisor. Ferber then introduced Baccalaureate Scholar Hannia Larino, who is a biology major at Tacoma Community College. This was her first year as an Opportunity Scholar, and she will transfer to UW Tacoma in the fall.

Larino shared she has had a passion for animal welfare since middle school, and she plans to pursue a career as a veterinarian. In addition to participating in the Skills that Shine mentorship program, Larino interned at her college's Diversity Film Festival, an annual event that celebrates cultural diversity through independent films. As a leader on campus, she has participated in a quarter-long Identity, Culture, and Community Leadership Training through the Office of Student Engagement. She also volunteers at the Humane Society of Tacoma and Pierce County. Her experience as an Opportunity Scholar has helped Larino find balance between her various leadership roles and her strong focus on academic success.

Larino added that she was born in Mexico, and she moved to WA in 2007. She grew up in Federal Way and loves living in Washington. She always believed that she'd go to art school so she could work in the film industry. During her senior year of high school, she decided to get an associate's degree in biology instead. She ultimately decided to get her bachelor's degree in biology. Her passion for animal welfare motivates her to continue studying hard in school.

Larino explained that WSOS has positively impacted her education by providing financial support. The programming also encourages her as a female and a person of color to pursue her education and career. She added that even aspects like the Spanish-language materials WSOS offers helps her to feel included. She also expressed her gratitude that, as a first-generation student, she can participate in a program like Skills that Shine.

Mike Wilson asked how she found out about the scholarship. Larino responded that her college was good at promoting it, and that her English professor specifically recommended she apply. She also had a friend who had received the scholarship and encouraged her to apply. Miller Adams asked if she had researched veterinary schools and where she wants to go. Larino said ideally OSU, but she will also

apply to WSU and UC Davis. Julie Sandler asked if she has built relationships through the program. Larino said that she still meets with her Skills that Shine mentor even though the program is over and is grateful to have made two other connections through the Skills that Shine event who work in Washington wildlife conservation. Joelle Denney asked if there are one or two things to improve or add to WSOS. Larino responded that the scholarship should be further promoted because she knows a lot of students who don't yet know about it. It should also be communicated that it's easy to access so students feel more hopeful about applying. She has promoted the scholarship to many of her peers.

Meeting Called to Order

With a quorum now present but Chair Brad Smith not yet having joined the room, Jane Park, Board member, called the Board meeting to order at 1:20 p.m.

Approval of Minutes

Sandler moved that the minutes of the April 1, 2021, Board meeting be approved. Gary Rubens seconded the motion, and it carried unanimously.

Career & Technical Scholarship (CTS) Selection

Steve Walker, WSOS Awards Administration Director, presented the three goals for the CTS selection principles: first, to review the CTS and RJI selection principles; second, discuss support for high school applicants; and third, approve the 2021-22 selection principles for CTS and RJI. He explained that the selection principles have been steady from the beginning: WSOS selects Scholars who are: 1) heading into high-demand fields, which means fields with a high number of job openings; 2) heading into high-return jobs, which are jobs with higher salaries and/or have shorter preparation programs; 3) likely to graduate with a credential in STEM, health care or the trades; and 4) more likely to complete their credential or program if they receive a scholarship. The proposed criteria and points are: High-Demand, High-Return Program (50 points); Family Income (20 points); Resilience (short answer responses) (15 points); Distance to Campus (RJI only) (30 points), First-Generation (7.5 points); and Single Parent (7.5 points). Walker noted that the proposal removes Community Opportunity (unemployment by zip code) which had been used in previous cycles. Community Opportunity was found to have little influence over who is accepted, so WSOS is proposing to remove this. Another change from last year Walker highlighted is that WSOS is proposing first-generation and single parent criteria be evenly split rather than its allocation left to staff discretion. He explained that the Distance to Campus (RJI only) criteria is for prioritizing students whose biggest barrier is transportation to campus, based on distance and is for the Rural Jobs Initiative only.

Walker explained that two factors make it more challenging for high school applicants to receive CTS. First, the Legislature expanded CTS eligibility criteria this session. Previously, applicants were required to have graduated from a WA-based high school. This means that many more non-traditional students (i.e., not direct-from-high-school) who didn't graduate from a Washington high school can now compete for available seats. Second, the selection currently prioritizes single parents, a majority of whom are not high school students. As a result, this criterion also puts high school students at a disadvantage.

Walker requested the Board providence guidance on to what extent WSOS should prioritize the selection of high school applicants. He explained that Option A is to award additional points to HS applicants; Option B is to set aside a specific number of fall seats reserved only for direct-from-high-school applicants; and Option C is that WSOS doesn't prioritize high school students. Walker welcomed questions. Denney asked how many of the past cohort's applicants were high school students and how many students were mid-career. Walker answered that statewide the number of high school students in community college is typically 13%. In CTS Cohort 2, we know about 70% are age 23 or older, so we believe CTS recipients closely mirror that of the community college population at large. Gary Rubens wanted clarification about if the Board is being asked to determine if WSOS should prioritize high schoolers over non-high schoolers for selection. Walker confirmed that this is what he is asking. Rubens said that if the intent is to fill jobs quickly, WSOS shouldn't prioritize certain students based on their career stage. Wilson said that he agreed. Wilson added that in his experience, younger students start their education unsure of where they want to go, whereas older students are surer of their goals and may be a better bet as far as selecting students most likely to fill high-demand jobs. Sandler asked if we have data

on the graduation rates for students who enter straight from high school compared to later in life. Walker responded that on a national level, high school students are more likely to attend full-time and therefore more likely to graduate. Sandler responded that this would support the need to promote and prioritize high school applicants as it connects with WSOS program completion goals. Denney agreed that WSOS should explore the indicators. Adams asked for clarification of which expanded eligibility criteria the Legislature had adjusted that affects high school applicants. Walker responded that the expanded criteria means that it's possible for someone who didn't graduate from a high school in Washington to apply, making more non-traditional students eligible and therefore increasing competition for high-school-aged applicants. Walker also noted the single parent criterion disadvantages high school applicants. Wilson said he understands the motivation to include a single parent factor but did not recommend penalizing non-single parents. Wilson recommended WSOS consider removing the single parent factor and instead allocating more points for the low-income criteria. Park asked about the need for supporting single parents. Walker said that 27% of community college students are single parents, they graduate with more debt and have greater unmet need. Park responded that we might consider addressing this by increasing the funding for single parent recipients rather than prioritizing them during selection.

Walker asked whether there is a proposal for adjusting the proposed principles or if they were acceptable in their current form for CTS Cohort 3 and RJI Cohort 2. Rubens asked whether driving to campus is still a factor if students can take classes virtually, especially after the past year of mostly online learning. Walker responded that the RJI is to encourage students in college deserts and is designed to support students in rural areas whether they access classes remotely or in-person. Miller asked what led WSOS to identify expanded eligibility to be an issue impacting high school applicants. Walker responded that they don't yet know the exact impact of this expanded eligibility, but by expanding the pool of eligible applicants it will make the application process more competitive for all applicants—including those in high school. Adams asked what would happen if we set aside a certain number of seats specifically for high school applicants. Walker responded that this would ensure a minimum number of high school applicants would be selected. Patrick Smith asked if there is an understanding of whether we get better results if we grant scholarships to high school students compared to older students. Walker responded that students who enroll full-time are more likely to graduate, and high school students are more likely to enroll full-time. Denney recognized that the discussion is focusing on high school students which she has advocated for in the past. She noted that at Boeing, they have been talking about how the pandemic has resulted in adults shifting careers and needing reskilling. She added that all qualified applicants should have the same opportunity to apply.

Walker suggested that the option to remove prioritization of high school students is most aligned with this discussion or Option C. Walker stated that WSOS, as always, will report on the results of future applications and can reopen this discussion at any time the Board wishes. Patrick Smith asked if putting guardrails around the other principles might be necessary, such as putting a minimum number of seats for high school students. Walker affirmed that was an option and said we could also remove the Single Parent factor altogether which would have a similar effect to saving seats for high school students. Park stated she is a proponent of not making radical changes to the selection model without a compelling reason. Park asked if there was appetite for a Board vote is to use the model as presented but to eliminate the single parent factor when considering high school applicants.

Board Action: Mike Wilson made a motion to approve the selection principles for CTS Cohort 3 and RJI Cohort 2 as recommended, removing the single parent factor for high school applicants. Patrick Smith seconded it, and it carried unanimously.

Fund to 2030 Visioning

Brad Smith joined the meeting. Connors presented the vision for funding WSOS to 2030. She explained the history of WSOS, which was created by the Washington State Legislature in 2011 with the intention to sunset after a decade of impact. In 2015, WSOS's early major fundraising efforts secured support for BaS cohorts through 2025. The Board voted in 2015 on a model for CTS that included a decade of cohorts to be funded through 2029. The 2019 JLARC impact report demonstrated that WSOS is a proven model, bringing to light the question of whether WSOS should in fact sunset. In January 2020, the Board voted to

allow staff to explore the possibility of reinvigorated fundraising efforts to extend the program including approving additional budget funding for a feasibility study.

The original proposed goal of \$100M was built on a simple model that makes the following assumptions: extend funding BaS from 2026 to 2030; extend funding CTS from 2029 to 2030; grow cohorts starting in 2022 to 1,200 Scholars (550 CTS & 750 BaS); fund RJI at the maximum of statutory cap to extend from 2025 to 2030; fund GRD at the maximum of statutory cap to extend from 2023 to 2030; and assumes no change in amount funded nor any significant programming changes. To come to a final campaign goal number, these assumptions need to be challenged or confirmed by the Board.

There are five purposes of the campaign. The first purpose is to raise money to continue supporting students. A second purpose is to galvanize an expanded and diversified donor base. WSOS has an incredible base committed to the program and a successful breakfast, but there hasn't been a campaign or major gifts program to raise significant capital. A third purpose is to grow state-wide visibility to amplify the mission. A fourth purpose is to build a high-performing yet lean fundraising program. And the fifth purpose is to clarify and hone our strategic direction. WSOS seeks Board guidance on their vision for the work ahead.

Connors reaffirmed the campaign will not only raise money for today but will also be a catalyst that results in a sustainable fundraising program, building a pipeline of funders for 2026 and beyond past the campaign. In reviewing the gift table, Connors noted that Cornerstone gifts could be made at the \$10M+ level. Additionally, she noted that historical support for WSOS was concentrated at the Cornerstone level and that future work would need to grow Leadership level giving. Connors shared there have been exciting developments with regard to the fundraising work since the last Board meeting.

Rubens announced that just last week he had made the final contribution of his initial pledge. He will be kicking off funding for the campaign with a pledge of \$10M. Connors thanked him and his wife, Jennifer Rubens, for their generous commitment and ongoing dedication to Opportunity Scholars. Brad Smith said Microsoft was inspired by the Rubens' generosity and announced that Microsoft has pledged \$15M to the campaign. Denney stepped in to highlight Boeing's commitment to fund several million dollars over the next five years, with exact funding amount to be announced soon. Connors thanked all returning partners for their ongoing confidence and dedication to WSOS. Because of their generosity, we are primed to offer the same opportunity today's high school students will have to today's middle school students.

Connors asked the Board for guidance on their priorities for spending in the campaign with the goal of informing a more sophisticated goal model. She shared that she planned to model these specifics for the September Board meeting. Sandler asked if the selection process for each cohort has become more competitive over time. Connors responded that it is indeed much more competitive than it used to be; we are oversubscribed in both BaS and CTS. There are many applicants who have strong applications who don't get selected (around two-thirds of BaS eligible applicants are not selected and half of eligible CTS eligible applicants are not selected). Sandler said that given this, if we can fund more Scholars, we should. Walker added that feedback from high schools has been that they tell fewer students to apply because our acceptance rate is much lower than it was when the scholarship first opened.

Rubens asked if insufficient funding is the reason for Scholars not finishing their programs. If so, this would be a reason to increase the award amount. Rubens also asked if WSOS could use investment income to fund more Scholars or increase funding. Connors responded that Scholars do not complete their programs for many reasons. It is often because there is a financial change and they must work, thus making it harder to balance work and school. There are also students who struggle because they were not well prepared for the academic rigor of school which is one reason why the mentoring and programming support is so important. Connors clarified that the investment income is reinvested in the scholarship program generally and is already accounted for in our plan to fund students through 2025 (BaS) and 2029 (CTS) at current levels (750 for BaS and 550 for CTS).

Wilson asked if increased funding could be used as an incentive to completion. Connors said that the current funding structure for BaS is intended to incentivize completion; the award level increases after the

first two years, which is meant as an incentive to keep students in school as their program progresses. However, there has never been an explicit incentive for completion. Adams said that JLARC gave WSOS a good report. He asked if the report specifically speaks to the impact of WSOS programming on student outcomes. Connors responded that JLARC doesn't make a causal statement about what's impactful about WSOS programming, but they did call out peer leadership programming as particularly impactful in the research.

Brad Smith asked if anyone else had questions. Patrick Smith said that there seems to be different, competing objectives for the vision. He asked how WSOS defines success, which will guide where to best allocate the funds. Brad Smith said that question is important and it's one that should be asked any time extending the program is discussed to assess the ongoing value proposition of the program. He requested WSOS build models based on how much money we're likely to have based on a working goal of \$75-\$100M. He said there are potentially multiple objectives that aren't mutually exclusive so maybe they can be combined and discussed as part of the vision. Brad Smith confirmed that the Board's discussions in the past year have clearly indicated the WSOS timeline should be extended to some degree. He recommended WSOS model a base case of what would happen if we just extended the timeline with current money raised. If it's found we have more money than what will be spent, it can be used for programming, increasing seats or increasing award amount. If there isn't excess money beyond what it will take to extend the program, that will limit our options to consider. Brad Smith also asked for a cost-benefit analysis of models presented.

Denney added that we can improve our tracking of whether students get jobs in Washington state to continuously assess our lifecycle and ongoing impact. Park said that what is unique about WSOS is the efficacy of the program. She asked if there is ability to bring back Boston Consulting Group (BCG) to re-map the efficacy for this future funding. Brad Smith said that WSOS can bring back BCG and try for pro-bono services. Patrick Smith asked if the current timeline for CTS and BaS is set by legislative action. Connors answered that the timelines are set by the Board based on the scholarship model. The scholarship model shows a cash flow spend down of currently available funds in a sunset model. Patrick Smith asked if the sunset feature of a program creates additional urgency or scarcity, and if there is an advantage with thinking about WSOS in perpetuity. Brad Smith said the original vision was to address the skills gap in Washington with a decade-long pilot program. He added that now the benefits of WSOS are clear and the need continues, so WSOS should continue as long as the Board as appetite for it. The current Board is prepared to take on fundraising for at least another generation of students, and, in the future, the vision should be reassessed continually for new generations of students. Brad Smith stated we did not need a formal vote on the \$75M to \$100M working goal as the Board confirmed their interest in following up with the modeling at the September 2021 meeting.

Graduate Scholarship (GRD) Update

Javania Polenska, WSOS Deputy Director, presented an update on the Graduate Scholarship (GRD). Since the last Board meeting, our knowledge and capacity have increased exponentially as we prepare to launch the program. She announced that Johnathan Luster, WSOS Programs Director, and Genevieve Geiger, Graduate Scholarship Program Manager, have recently joined the team.

As a result of our learnings, WSOS has made two notable changes to the 2021-22 GRD pilot from what was proposed and approved by the Board in June 2020. WSOS is still aligned with the statutory intent for the scholarship which is to increase the number of health care professionals providing physical and behavioral health care, particularly in communities designated as rural or medically underserved in Washington state. The first change is that Cohort 1 will accept 8 total students (6 DNP's; 2 MSN's). The approved number previously proposed was 12 (6 DNP's; 6 MSN's.) This recommendation is being made to stay conservatively within budget as it has been revealed that MSN programs are much more expensive to support than previously thought (greater number of practicum hours). The second change is that travel stipends will be treated as a stand-alone request for the 2021-22 academic year in order to design and assess. The stipend process will be shared at the September 2021 Board meeting.

Polenska presented the GRD selection principles: select Scholars who are heading into behavioral and primary health care fields across Washington state; select Scholars who are most likely to practice in

Washington state post-program completion; and select Scholars who are most likely to benefit from the financial support.

Our goal with four key factors is to honor statutory intent while aligning with our mission and values. The program track would be allocated 20 points, which would prioritize the statutory intent to focus on behavioral and primary health care. Family income would be allocated 30 points to prioritize applicants who are most likely to benefit from the financial support. A Commitment Letter of Recommendation would be allocated 20 points and the commitment essays would be allocated 30 points. Both would prioritize applicants who are most likely to practice in a medically underserved area in Washington state.

Polenska requested questions and the Board's approval of the selection principles for the GRD Scholarship. Adams asked what the requirements are for the commitment letter from applicants. Polenska answered that letter is prepared by an external party, such as a faculty member, a colleague or a supervisor, to describe why they believe the candidate will be committed to serving in a medically underserved area (MUA). This is a requirement for a similar program in vetting applicants, so WSOS decided to follow suit in the pilot year. Polenska added that WSOS is working with nursing schools to ensure students complete at least half of their practicum in an MUA. Brad Smith asked if there was a motion to approve the selection principles for GRD Cohort 1 as recommended.

Board Action: Diane Cecchetti made a motion to approve the selection principles for GRD Cohort 1. Park seconded it, and it carried unanimously.

Finance & Program Administrator Update

The Finance & Investment Committee met on May 26. After approving the minutes, we received the financial report from Matt Poth, Washington STEM's Director of Finance, and the investment update from Chris Phillips at WSIB. Total assets as of April 30 are \$111.6M, total liabilities are \$21.3M and yields total net assets are \$90.4M. Salaries and benefits are slightly under budget YTD because the Development Director left and was replaced by a short-term contractor. There is the possibility of other short-term gaps in employment with other positions.

Our investments as of 4/30/21 are as follows: the Scholarship account totals \$101.2M; the Endowment Account is \$7.0M and is all held at WSIB. The income allocation is actively managed by WSIB. The state match funds are held in cash accounts, as per the state statute.

The committee then discussed financial modeling for the proposed capital campaign. The discussion centered on the assumptions, methods and outputs that would be most beneficial for the committee and Board.

Sandler confirmed that Patrick Smith's report included the highlights of the F&I committee meeting. Brad Smith said it would be valuable to understand whether current pledges have been paid and if there are outstanding pledges the Legislature hasn't matched. Connors responded that ~\$3.5-4M will be received by WSOS on July 1 to match private dollars to date. Brad Smith asked if the scholarship model includes everything through December 2020. He said this confirmed that WSOS has \$115-\$120 million, and we'll add another \$50-\$75 million.

Connors noted that the committee had voted to formally recommend Bo Lee as a new member of the Finance & Investment Committee. Brad Smith asked for a motion to approve Lee as a Finance & Investment Committee member.

Board Action: Sandler made a motion to approve the appointment of Bo Lee to the Finance & Investment Committee. Rubens seconded it, and it carried unanimously.

Executive Session

The meeting went into Executive Session at 2:56 p.m. for the purpose of reviewing the performance of a public employee.

The open meeting reconvened at 3:01 p.m.

Board Action: Sandler made a motion to authorize delegated authority to the executive director to: 1) initiate an RFP process in partnership with WSAC to secure a new program administrator; and 2) negotiate a transition contract with the current program administrator not to exceed 6 months and for a fee not to exceed the amount authorized in the 2022 program budget. Adams seconded the motion, and it carried unanimously.

The meeting adjourned at 3:02 pm.

Respectfully submitted,
Meg Chambers