

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING
THURSDAY, DECEMBER 16, 2021, 1-3 PM, MICROSOFT TEAMS OR DIAL IN
MEETING MINUTES**

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) convened on December 16, 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 in attendance: Miller Adams, Diane Cecchettini, Joelle Denney, Jane Park, Gary Rubens, Julie Sandler, Patrick Smith and Mike Wilson. Members not present: Latisha Hill.

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

Opening

Due to 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 Genevieve Geiger, WSOS Graduate Scholarship Program Manager. Geiger then introduced Jeremy Bang, a Graduate Scholarship (GRD) recipient pursuing his degree at Seattle University to become a Psychiatric Mental Health Nurse Practitioner.

Bang currently works as a Registered Nurse (RN) on the Housing Health Outreach Team at NeighborCare Health's Pike Place Market Clinic. He cares deeply about working with medically underserved populations and after graduation plans to continue working with this patient population. Bang just finished a practicum course at Valley Cities in Kent, WA, a clinic that provides inpatient and outpatient mental health and substance abuse disorder treatment. He is particularly passionate about working with men to broaden their emotional vocabulary, normalize sensitivity and nurturing behaviors and encourage healthy and safe relationships. Bang, like all eight GRD Scholars, currently works as an RN while pursuing his advanced health care degree. Bang currently focuses on working at a permanent supportive housing facility with those transitioning from homelessness. He values psychiatric health because it is often the underlying condition leading to other health factors. Bang shared gratitude for the scholarship because being accepted made a clear statement that we believe he belongs—a feeling critical to his sense of self-worth and purpose.

Diane Cecchettini asked about the biggest challenge Bang faces. Bang responded that access to preceptors is the greatest challenge. The fact that WSOS actively seeks preceptorships in high-need areas made GRD particularly attractive to him. Accessing preceptorships in medically underserved areas is particularly challenging as those facilities are already short staffed. Miller Adams asked how Bang learned about WSOS. Bang responded that his school promoted the program to him. Once Bang convinced himself he had a chance of being accepted, he applied. Jane Broom asked about Bang's experience working with those transitioning from homelessness. Bang shared how much he has valued the opportunity to build relationships with these communities. Cecchettini asked what Bang's ideal job would be. Bang would like to work with Valley Cities in its 24-hour clinic operating out of Pike Place. This

would allow him to grow the relationships with the individuals and communities he has worked with to date while balancing in-patient and outpatient work. Connors thanked Bang for sharing his story.

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 1:17 pm.

Approval of Minutes

Julie Sandler moved that the minutes of the September 16, 2021, Board meeting be approved. Mike Wilson seconded the motion, and it carried unanimously.

Baccalaureate Selection for 2022

At 1:21 pm, Brad Smith joined the meeting. Connors introduced Steve Walker, WSOS Awards Administration Director. Walker reported we compared people who were barely selected for CTS Cohort 1 to those who were nearly selected to understand the program's impact. Those who were barely selected are twice as likely to have graduated, indicating incredible program efficiency. Half of those who were selected in Cohort 1 have received their credentials. The average salary of the Scholars from Cohort 1 who were on the labor market within the first year after graduation is \$50k, a family income three times higher than when they applied.

Walker indicated the group would review and approve the selection model for Bas Cohort 11. He proposed three selection principles: 1) select Scholars who are heading into high-demand careers across Washington state; 2) select Scholars who are likely to graduate with a degree in STEM or health care; and 3) select Scholars who are more likely to complete their degree or program if they receive a scholarship. With these three principles, six factors are used to operationalize the goals. The first selection factor is to use intended major to prioritize the jobs Washington needs most. The second factor is family income which is used to prioritize applicants least likely to graduate without our support. The third factor is to use first generation status to prioritize applicants least likely to graduate without our support. The fourth factor is to use applicants' STEM essay score to prioritize applicants most likely to graduate in STEM or health care. The fifth factor is to use the resilience essay score to prioritize applicants most likely to graduate from college. The sixth and final factor is to use GPA to prioritize applicants who are most likely to graduate from college. Walker affirmed the recommended point allocations in the materials represented no change from BaS Cohort 10. Brad Smith asked for discussion. Hearing none, he asked if there was a motion to approve the selection criteria.

Board Action: Adams made a motion to approve the selection criteria. Park seconded it, and it carried unanimously.

\$75M Campaign in 2022

Connors introduced Nick Peyton, WSOS Senior Development Director. Peyton reported that the campaign is a five-year effort to transform the lives for thousand students, specifically focused on funding cohorts through 2030 and increasing cohort sizes. The goals are: 1) raise \$75M in private philanthropy by December 31, 2025; 2) position WSOS as the most effective and well-known scholarship program in the state and as a go-to organization for companies across the state to support; 3) engage highly connected and influential leaders and volunteers; 4) grow and diversify WSOS's base of support; and 5) build a best-in-class fundraising program.

Peyton shared the organization collaborated with a consultant, Jennifer Weber, to conduct follow up interviews with Jane Broom, Jane Park, Gina Breukelman and others to get input developing a case for support; Brad Smith, Joelle Denney and others provided early input on the draft case. Peyton expressed the gratitude to all for providing feedback. Peyton then presented the fundamental campaign case for support as follows: There is a talent and opportunity gap in Washington state. While Washington businesses are eager to higher people in trade, STEM and health care careers, we face a shortage of workers prepared with the skills and training for these careers. At the same time, many Washington residents are ready to earn the credentials necessary but need support to do so. WSOS is the solution to

the talent and opportunity gap. The students WSOS serves represent the diversity of Washington state. The WSOS model is proven to work—both in closing the talent and opportunity gaps. However, WSOS is currently set to end in 2025 but should extend to 2030. Additionally, we're only able to serve about one in three eligible applicants, leaving many highly qualified students unsupported. Therefore, every gift to the campaign accelerates innovation and equity for Washington state. The full case is included in the pre-read materials.

Park commented that the case for support is strong—excellent data, framing and voiceover. Julie Sandler echoed Park's comments. Sandler particularly valued the emphasis on equity and how it was elevated in this version of the case for support. Adams also echoed the praise, acknowledging that we're making a case for future support based on WSOS's historical success. Our proven track record gives us an edge when raising funds. Peyton validated and expressed appreciation for the comments. Brad Smith added that a great job was done. Connors expressed gratitude to Jennifer, our consultant, and everyone who contributed.

Peyton presented the volunteer leadership structure that will be used for the campaign. This structure includes campaign co-chairs who serve as the campaign's chief executives (3-4 people), a campaign steering committee who use their passion, connections, and influence to support the fundraising efforts (12-14 people) and a campaign honorary cabinet who endorse the campaign through their credibility, prestige and connections (18-24 people). Peyton acknowledged that this Board is not a fundraising Board, but that he wants to make it easy for Board members to opt-in as volunteers if they desire to do so. He will be offering meetings to all Board members to discuss their ideas and interest. Adams asked about the timing for finding these volunteers. Peyton shared that we are currently in the stage of identifying volunteers and will be able to finalize the timeline soon. Brad Smith called out that WSOS has made strong progress in soliciting large donations. Connors affirmed this, sharing that we are approaching \$34M today and Brad Smith shared that another \$10M is nearly ready for a formal commitment in the next year.

Peyton moved the conversation to WSOS's gift acceptance policy. Today, this includes named scholarships—a recognition benefit that allows supporters to see the impact of their philanthropy through the eyes of specific students who embody their gift. Peyton raised the question of whether these named scholarships, which are responsible for about \$850k in annual revenue, may create challenges as we raise increasingly large sums of money. Park does not believe that named scholarships dilute the brand so long as they only involve a small number of students, but that a single donor "naming" many Scholars could. Wilson asked whether named scholarship criteria can impact the selection process. Connors confirmed the donor does not influence who is selected as this is a statutorily assigned Board duty. Brad Smith asked whether the named Scholars and the donors typically develop a meaningful relationship. Connors responded that the Scholars' experience depends on the donor. Kaiser Permanente, for example, actively attempts to build a relationship with its Scholars while other donors never contact their Scholars. Sandler wondered whether we might increase the cost per named Scholar to ensure the number of Scholars who are named recipients remains manageably small. Wilson acknowledged that some corporations may want to build a relationship with specific Scholars as a recruitment tool and asked about whether and how we might support this in the named scholarship program. Connors responded that we do that work with employers through the Industry Insider program, rather than through the named scholarship program. WSOS wants to avoid the suggestion that a named scholar sponsored by a corporation might have an obligation to ultimately work there.

Program Update

Given the limited time in the meeting to discuss further, Connors encouraged Board members to review the program summary in the pre-read materials for a valuable update on the programming activities. Connors shared several highlights from that summary before turning the floor over to Javania Polenska to provide an update on the RFP process. Polenska shared that WSOS is on schedule to go live with the RFP application in mid-January and to transition to a new program administrator by September 1, 2022. In advance of the applications going live, we have initiated conversations with a range of prospective administrators and continue conversations with five promising candidates. One challenge that has been

raised is what it will mean to support an organization of our size. Polenska shared big thanks for the Washington STEM team in supporting this transition. In the months ahead, we hope to have selected the new administrator in March and finalize the transition contracts by the end of June. Connors asked whether we have a sense of how many of the five suitors might apply to become our administrator. Polenska shared that she expects three of the five to do so. Park asked how Washington STEM has been as a partner in the transition process. Polenska shared that there's a lot neither WSOS nor Washington STEM knows about what the transition will require, as the nature of the transition depends on who we'll be transitioning to. However, Washington STEM has been a strong partner in working to figure out how this will happen. Yoko Shimomura echoed this in the chat, sharing Washington STEM is absolutely committed to supporting a successful transition. Connors echoed that sentiment as well.

Polenska proposed an RFP panel for vote by the board. This panel includes three board members (Miller Adams, Joelle Denney, and Patrick Smith) and three community partners (Jane Broom of Microsoft, Heather Hudson from WSAC, and Angela Jones formerly of Washington STEM). The panel will be staffed by Connors and Polenska. The role of the panel will be to review the submissions and make a recommendation to the Board, but Connors emphasized that the full Board will have the final vote on accepting the recommendation for the next program administrator. Wilson asked what two or three of the greatest strengths we are looking for in a program administrator. Connors spoke to three things: first, we're looking for an administrator who can provide HR, IT and finance support. Second, we're seeking a partner who is open to a mutually respectful relationship where we are treated as equal partners in the arrangement. Finally, we're seeking an organization with the longevity to be a long-term partner. Brad Smith thanked volunteers who have offered to staff the RFP panel and affirmed the priorities Connors shared WSOS is looking for. Brad Smith offered that it is worth considering whether this design—that of a public-private organization dependent on a program administrator—is the right design for WSOS at all, as it would be a possibility to see a revision to the legislation to allow an alternate design.

Board action: Cecchettini moved for approval of the RFP panel. Wilson seconded it, and it carried unanimously.

Finance & Program Administrator Update

The Finance & Investment Committee meeting met on December 8. Sandler provided an update since Patrick couldn't join the last F&I Committee Meeting. We have \$119M in assets, a 6% decrease from our last quarterly update and a 3% increase from this time last year. The 6% decrease is largely due to scholarship disbursements, while the 3% increase is largely due to new revenues and investment income. Our total liabilities are just over \$25M, a 22% increase since the last quarter but a decrease since last year. This increase from the last quarter is the result of taking on a new cohort of Scholars, while the decrease since last year is the result of taking on a smaller Baccalaureate cohort size than in years past. Pledge receivables include \$10M from the Rubens Family Foundation.

Connors shared the F&I committee's recommendations about how to use our current assets and pledged funds to reassess our cohort model size. Ultimately, the committee considered how many Scholars we can support in each scholarship assuming our goal is to spend all these current and pledged funds on cohorts selected through 2030. The committee recommended increasing cohort sizes to 1,275 for BaS, 1,275 for CTS, 110 for RJI and 20 for GRD effective with our next cohorts. With these cohort sizes, the Committee projects \$13.8m will be available after funding all Scholars, assuming the campaign is successful.

Connors also reviewed the proposed 2022 budget. Non-scholarship spending is projected to increase by ~\$752K in 2022. The increase is due to salaries and benefits (COLA increase, one-time PTO payout related to the program administrator transition and an additional FTE), an assumed increase in the program administrator fee (+\$144K) and new costs related to the capital campaign. Cecchettini asked whether a 3% COLA is enough and wondered how this might impact retention. Connors acknowledged the importance of the question and named that the organization's policy currently caps a COLA increase at 3%. Adams asked how the 3% COLA compares to other organizations. Sandler shared that she is aware of many organizations who will be implementing a higher COLA increase, more in line with 5-6%.

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Brad Smith asked what steps would be required to amend the 3% restriction on the COLA increase. Connors shared this could be amended and would have an impact of perhaps \$175K to the budget. Cecchettini recommended amending the policy to increase the COLA to 5-6%, emphasizing that this feels important to stay competitive. Sandler said this would be in line with other organizations. Denney supported an increase of at least 4% and possibly 5%. Smith asked whether the Board was supportive of giving Connors the authority to raise the COLA to 5%, which brought widespread consent and no dissent.

Board action: Cecchettini moved to formally give Connors the power to raise the COLA to 5% and accept the associated impact to the budget. Sandler seconded. The motion passed unanimously.

Connors returned the conversation to the F&I committee's recommended cohort sizes. Wilson asked whether we believe we can achieve the same outcomes if we increase cohort sizes, including Scholar outcomes, the recruitment of mentors, etc. Connors shared that she is confident we can support at least 1,000 Scholars in the BaS and CTS programs, as we have supported large numbers of students before. Patrick Smith asked whether the increase in cohort sizes will impact the number of applications we get. Connors responded that when we moved from 1,860 to 750 scholarship seats for BaS, we saw a drop in the number of applications because many promotional partners were disenfranchised by the change in return on their efforts in promoting. Connors shared confidence that we will be able to select a strong BaS pool of applicants, but that we have a lot of work to do to determine how to have a strong application pool for CTS. Patrick Smith agreed with this concern for CTS, as if we do not see an increase in applications, we will have a selection rate of about 88%. Connors offered that we might consider setting a cut-off threshold in the selection process in which we advertise that we will select "up to" 1,275 CTS recipients but may select fewer based on the competitiveness of the applicant pool. The Board shared general agreement. Brad Smith proposed voting to accept the F&I committee's recommendation using the language of accepting up to the proposed cohort sizes.

Board action: Sandler made the motion. Adams seconded. The motion passed unanimously.

Brad Smith shared his acknowledgement of the challenges and the magnitude of the work WSOS has taken on in 2021, gratitude to WSOS staff as well as an appreciation for Connors leading this work. Brad Smith also acknowledged that Dave Stolier will be retiring and shared his gratitude for his large and longstanding contributions to WSOS. Stolier graciously accepted that thanks and his appreciation for working for a unique program like WSOS.

Executive Session

The meeting went into Executive Session at 2:43 pm. The Board returned to public meeting at 2:52 pm.

Board action: Park made a motion for the 5% COLA to apply to the executive director's salary. Adams seconded. The motion passed unanimously.

The meeting adjourned at 2:54 pm.

Respectfully submitted,

Irina Grubic