

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP SPECIAL BOARD MEETING
TUESDAY, JULY 29, 1:00 P.M. – 3:00 P.M., MICROSOFT TEAMS AND MICROSOFT CAMPUS
MEETING MINUTES**

The Washington State Opportunity Scholarship (WSOS) Board of Directors convened on July 29, 2025, via Microsoft Teams and the Microsoft campus. At least 24 hours in advance, the meeting was posted on the WSOS website for the public to view.

Board members present: Brad Smith (Chair), Scott Armstrong, Miller Adams, Patrick Smith, Julie Sandler, Jane Park, Beth Johnson, PV Sivakumar

Additional attendees: Jolenta Coleman-Bush, Brittney Hartshorn, Francisca Mejia Campos, Johnathan Luster, Grace Park, Gina Breukelman, Jane Broom, Lyanne O’Connell, Camille Reynaud, Hayley Schaefer, Kimber Connors, Melissa O’Keefe, and various other WSOS staff audience members via Teams

Meeting Called to Order

Brad Smith, Chair, called the Board meeting at 1:01 p.m.

Approval of Minutes

Scott Armstrong moved to approve April 9, 2025, Board meeting minutes. Miller Adams seconded the motion, which was carried unanimously.

Public Comment

No comments from the public

Mission Moment

Francisca Mejía Campos, Baccalaureate Advisor, introduced the Mission Moment Scholar, Brittney Hartshorn, a senior at Seattle Pacific University (SPU). Hartshorn is pursuing a double major in Physiology and a minor in Chemistry. Hartshorn shared her personal journey and aspirations, noting that her early passion for medicine was profoundly shaped by her experience as a youth cancer survivor. Having overcome ovarian cancer as a teenager, she expressed her long-term goal of becoming a pediatric oncologist to provide children and families with not only excellent medical care but also empathy and support during treatment and recovery. Originally from Puerto Vallarta, Mexico, Hartshorn relocated to Eastern Washington to pursue her education, navigating the challenges of being a first-generation student with limited family support nearby. She credited WSOS with alleviating financial pressures and opening opportunities for leadership and service, including her roles as Health Science Senator, incoming Intercultural Program Officer, and Learning Assistant in SPU’s BioCore program, where she mentors first-generation and underrepresented students. She also highlighted her participation in campus organizations, a medical brigade to Athens serving undocumented families, and her service as a Scholar Lead, where she supported peers across Washington by sharing resources and advocating for the program. Hartshorn emphasized that WSOS has provided more than tuition support—it has instilled confidence, leadership development, and a community that empowered her to grow both personally and professionally.

Miller Adams inquired how she first learned of WSOS, to which Hartshorn credited her BioCore program advisor, who shared scholarship opportunities. Adams also asked about her plans for medical school, and Hartshorn shared that she is considering both MD and DO programs, including at the University of Washington and Pacific Northwest University in Yakima, and is weighing the possibility of pursuing an MD-PhD track. Finally, Adams asked about networking opportunities in pediatric oncology. Hartshorn described her connections through her survivorship program and volunteer work at Fred Hutch, where she supports patients undergoing chemotherapy while learning from practicing physicians. Hartshorn emphasized the transformative impact of WSOS on her educational and professional development. Following her remarks, Board Chair Brad Smith thanked Hartshorn for sharing her story and observed that she was an exceptionally well-spoken young

woman whose journey exemplifies the mission of WSOS: to create pathways for talented students to pursue higher education, develop as leaders, and make meaningful contributions to their communities and chosen fields.

Honoring Former Board Members & Welcoming New Members

Brad Smith highlighted the reading of Resolution No. 2025-01, Honoring Diane Cecchetti, and Resolution No. 2025-02, Honoring Mike Wilson, moving to recognize both former Board members for their long service, deep commitment, and instrumental role in shaping WSOS into the state's leading public-private scholarship program. Brad Smith reflected on their collective contributions since joining the Board - Wilson in 2014 as former CEO of Providence Inland Northwest in Spokane, and Cecchetti in 2015 as former President of MultiCare Health System. Together, they strengthened governance, fiscal stewardship, and strategic direction, while ensuring WSOS remained focused on expanding access and opportunity for historically underserved students and communities across Washington. Their leadership guided the launch of new programs, supported nearly 20,000 scholarships, and celebrated more than 8,800 graduates, building a durable foundation for the organization's long-term success.

Brad Smith welcomed newly appointed Board member Scott Armstrong to his first official meeting following his appointment by the Governor. Armstrong shared remarks about his professional background, including over three decades at Group Health, where he served as CEO for 12 years prior to its merger with Kaiser Permanente. He currently serves on several nonprofit and corporate boards, including Puget Sound Energy, Delta Dental of Washington, and the regional board of the National Association of Corporate Directors. Armstrong noted that he was honored to follow in the footsteps of Wilson and Cecchetti, both longtime friends, and emphasized his alignment with WSOS's mission. He underscored the importance of cultivating diverse talent pipelines, particularly for the health care sector, and expressed enthusiasm for contributing to the organization's continued impact.

Board Action: Julie Sandler moved to adopt Resolutions Nos. 2025-01 and 2025-02, and Miller Adams seconded the motion. The Board unanimously approved the resolutions and expressed its deep gratitude to Diane Cecchetti and Mike Wilson, recognizing their lasting contributions to WSOS's mission and sustainability.

Academic Year 2025 -2026 Programming Updates

Hayley Schaefer presented a review of the past academic year and shared priorities for the year ahead. Schaefer shared the story of Marinelle (Manel) Blackstock, a Career & Technical Scholar (CTS) who earned her associate's degree in nursing while parenting two children, serving as a Scholar Lead, and working as a medical assistant. Blackstock is now employed as a registered nurse at Skagit Regional Health and passed the NCLEX exam in fall 2024. Her journey demonstrates how WSOS programs change lives, strengthen families, and build Washington's workforce.

Schaefer presented a comprehensive review of WSOS programming for the past academic year and shared plans for the year ahead. She began by highlighting the Baccalaureate (BaS) peer mentorship program, which exceeded participation goals for the first time in many years. This is significant, she noted, because Scholars who engage with their leads to receive resources and support consistently demonstrate higher persistence year to year. This outcome is viewed as a leading indicator of academic success and degree completion. On the career development front, results were more mixed. Participation in the industry mentorship program, Skills That Shine, fell short of mentee enrollment goals, with focus groups revealing that Scholars often do not sign up because they cannot find direct mentor matches in their fields. In response, WSOS is redesigning the mentor matching platform, which will be relaunched in Salesforce to provide greater visibility into mentor and mentee profiles, increase transparency, and create a more user-friendly experience for both Scholars and volunteers. Despite these challenges, overall participation in career programming increased significantly compared to past years, with more than half of Scholars engaging in some component of career development. Scholars who participated reported high levels of support and value, and an alumni survey is underway to measure the long-term workforce impact of WSOS programming.

Turning to the Career & Technical Scholarship (CTS) program, Schaefer reported that participation also increased this year. The first year of the reimagined *Skills That Shine* pilot—a month-long model where Scholars scheduled one-on-one meetings with mentors on specific topics—came in under participation goals but generated valuable feedback from both Scholars and mentors. CTS Scholars particularly appreciated the flexibility of scheduling ad hoc mentor sessions, while mentors recommended additional Scholar preparation to ensure more consistent and effective engagement in mentorship meetings. Schaefer also emphasized strong persistence outcomes, noting that WSOS exceeded goals across all three programs. She attributed this progress to sustained improvements in program design, especially refinements to the peer mentorship model, which have yielded measurable gains in Scholar success and retention. With respect to opportunity gaps, Schaefer reported that BaS programming exceeded participation targets for BIPOC Scholars, rural Scholars, and low-income Scholars, showing significant progress over prior years. CTS programming also improved across most of these groups but remains an area where further growth is needed, particularly for Scholars supported through the Rural Jobs Initiative.

Looking ahead, Schaefer outlined several key program refinements. The BaS program will continue to strengthen reengagement strategies for Scholars who are not connecting with their leads and refine lead responsibilities to focus on activities with the greatest impact on persistence. On the CTS side, WSOS is completely reimagining the peer support model, hiring ten new leads organized by industry cohorts who will be available to all CTS Scholars. This shift to a cohort-based advising model will give Scholars the flexibility to connect with leads whose experiences most align with their own, for example, parents being able to connect directly with leads who are also balancing parenting responsibilities. On the mentorship side, the redesigned *Skills That Shine* for Baccalaureate Scholars will launch in Salesforce, offering more robust mentor and mentee profiles, increased transparency, and more streamlined experience for volunteers and Scholars alike. The CTS version of *Skills That Shine* will expand to include more industries, extend from one month to two months to better align with school schedules, and incorporate training modules to help Scholars prepare more effectively for mentorship meetings. Schaefer concluded by noting that these changes, informed by Scholar and mentor feedback as well as persistence and participation data, are designed to strengthen engagement, address opportunity gaps, and ensure that WSOS programming continues to scale effectively while meeting the unique needs of Scholars across Washington.

Schaefer reported that in response to a challenging job market, WSOS is expanding programming to strengthen Scholar career readiness and job search support. For the first time, dedicated programming will be developed for Rural Jobs Initiative (RJI) Scholars, informed by focus groups held this year. Plans include targeted newsletters with resources and opportunities in rural communities, as well as invitations for RJI Scholars to participate in WSOS-led professional development workshops on topics such as salary negotiation and job searching. Schaefer also noted that WSOS is preparing Scholars for the realities of a workforce increasingly shaped by artificial intelligence. Leveraging corporate and community partnerships, WSOS will host informational sessions on the impact of AI on the job market and provide training on how Scholars can use AI tools to support their job search. At the same time, WSOS is prioritizing partnerships that can deliver internships and job placements, which Scholars consistently identify as their most valued opportunities, and will continue to promote these roles through the WSOS job board. To strengthen WSOS's statewide presence, Schaefer shared that the organization would collaborate with the Advancement and External Affairs teams to host in-person networking events connecting Scholars, donors, and partners across different regions of Washington.

Scott Armstrong sought clarification on the distinction between WSOS's Scholar Lead and Industry Mentor programs. Schaefer explained that Scholar Leads are third- and fourth-year WSOS Scholars recruited annually to serve as peer mentors for first- and second-year Scholars on their campuses. Leads manage a caseload, host events, send reminders, and provide resources throughout the year; they are paid stipends of approximately \$2,100 for first-year Leads and \$2,400 for returning Leads, with caseloads and responsibilities adjusted accordingly. In contrast, the Industry Mentorship program pairs third-year Scholars with professional

volunteers from relevant fields in structured, longer-term relationships, running from October to April. Both programs play complementary roles in supporting Scholar success and career readiness.

Julie Sandler noted that while some goals had been missed, many were intentionally set as stretch targets, and the progress made—such as 58% participation in the peer mentorship program against a 60% goal—was remarkable and a strong sign of growth. She encouraged the team to continue setting ambitious goals, highlighting the CTS program as a model for how peer support can thrive in this space. She also reflected on the program's history, noting her involvement in the 2017 working group that first designed the peer mentorship model, and expressed appreciation for seeing it evolve into a vibrant and impactful part of WSOS.

In response to a question about engagement trends, Schaefer shared that variation tends to occur more by season than by institution, with Scholars most engaged in autumn, followed by a dip in winter and a rise again in spring. Brad Smith echoed Sandler's comments, emphasizing that the peer mentorship program has become a defining attribute of WSOS and a key differentiator in supporting Scholars beyond financial aid. He noted that it not only strengthens Scholar success and community but also creates stipend leadership opportunities for upper-year Scholars. Miller Adams inquired further about Scholar awareness of WSOS's wraparound supports beyond scholarships. Schaefer explained that most Scholars learn about peer mentorship and leadership opportunities after becoming part of the program, typically during orientation, since these opportunities are only open to students with two years of campus experience. Finally, Armstrong requested more clarity on how WSOS leverages corporate partnerships to create unique opportunities for Scholars. Schaefer shared examples of partners providing internship pipelines directly to WSOS, such as the Institute for Systems Biology, which recently launched a collaborative program offering internships exclusively to WSOS Scholars in health care and research fields. She noted that these curated opportunities are especially critical in today's challenging job market.

Finance & Program Administrator Update

Kimber Connors provided an update from the Foundation side, beginning with the introduction of Melissa O'Keefe as the new permanent Comptroller following interim support from Garry Hoffman, who helped set up systems during the transition. O'Keefe is currently focused on year-end close under WSOS's new fiscal year cycle, which now ends June 30 to align with the academic year, and preparing for the FY 2024–25 audit. Connors also reported on human resources activities, including completion of a market compensation analysis, the talent calibration process, and the June organizational survey, with results now being summarized for leadership. On the data and systems front, Lisa Magennis successfully closed out the response to the earlier cybersecurity breach, with the final wave of notifications now complete. Connors noted our appreciation for Jane Broom, who provided guidance on security review and Microsoft collaboration, as well as exploring opportunities with additional partners.

Patrick Smith then presented the Finance & Investment Committee's June 16 meeting. Reviewing the balance sheet as of March 31, 2025, Patrick Smith noted total assets of \$119.6 million, a 3% decrease from year-end but consistent with the same period in 2024. The decline was attributed primarily to \$4.8 million in scholarship disbursements and operating expenses, partially offset by \$3.2 million in revenue from investments, state match, and donations. Significant contributions included a \$300,000 gift from the Centene Foundation. Pledges receivable totaled \$18 million, a decrease from the prior quarter due to collected donations. Liabilities decreased sharply to \$17.6 million, reflecting disbursements net of refunds and improved accuracy in scholarship liability calculations following corrections to prior erroneous assumptions. This resulted in total net assets of \$102 million, a 3% increase from year-end.

On the income statement, Patrick Smith reported that most actuals were performing favorably relative to budget, with the exception of the state match, which lagged due to timing. Investment income exceeded the budget by \$565,000, offsetting the variance, while salaries and benefits were under budget due to delayed hiring. The Program Administrator's fee line was also below budget following a refund from the prior administrator for incomplete work. Reviewing cash flows, Patrick Smith noted quarterly revenues of \$3.2 million, including \$1.35 million from the state match, \$650,000 from donations, and \$1.2 million from

investment returns. Expenses totaled \$6.5 million, including \$4.8 million in scholarship disbursements and \$1.7 million in program expenses. Current cash stood at \$101.2 million, slightly above the prior year. Patrick Smith observed that while recent years typically showed net cash declines, this period reflected a net positive, largely due to strong investment performance and the recovery of approximately \$7.5 million in state match funds not previously submitted by the prior administrator.

Patrick Smith concluded by noting that the Committee also reviewed the scholarship model in partnership with the Foundation and heard updates from Interim ED Steve Walker. Jonathan Luster and Isabel Muñoz-Colón presented the proposed FY 2025–26 budget, which would be reviewed in more detail later in the meeting, and Luster also reported on the status of ongoing audits. Additionally, Leanne O' Connelle shared an update on state legislative impacts, noting that beginning this fall, WSOS will transition to a new reimbursement model where colleges invoice WSOS directly for scholarship disbursements, replacing the current practice of front-loading funds and later seeking refunds. This change is expected to streamline disbursement processes and reduce administrative inefficiencies.

Proposed 2025-2026 Budget

Isabel Muñoz-Colón presented the proposed fiscal year 2025–26 budget, noting that the transition to a fiscal year cycle aligns financial planning with the academic calendar and supports WSOS's mission more effectively. She began by flagging a potential follow-up discussion for September regarding the Board-approved ratio of program to operations spending. This stems from promising news: a philanthropic partner has selected WSOS for a pilot investment in IT and data system modernization. While this represents a significant operational upgrade, it may temporarily shift the program-to-operations ratio and will therefore be brought back to the Board for approval once the figures and details are finalized.

Muñoz-Colón highlighted several key budget themes. Revenue variance is down by \$7.1 million, largely due to prior handling of state match booking under 501 Commons, which reported funds in FY25 that should have been allocated to the previous fiscal year. Scholarship expenses increased by \$3.2 million, also due to underreporting of liabilities in the earlier scholarship model; with updated calculations, the liability is now reflected more accurately. Overall, the proposed budget reflects a 12% increase in non-scholarship expenses, approximately two-thirds of which are one-time costs tied to strategic planning and campaign launch efforts. The proposed budget maintains—for now—the 88% program expense ratio, though Muñoz-Colón reiterated that the IT and data investment may require adjustments later this year. Projected revenues are set to increase by \$1.5 million, reflecting the strengthening of the advancement team, new momentum in fundraising, and the her own engagement as Executive Director. Despite this progress, net assets are projected to decrease by \$10.4 million, underscoring the urgency of sustaining momentum toward WSOS's goal of reaching \$10 million annually in private gifts by 2028.

On the expense side, personnel costs are projected to rise 3.6%, consistent with results from the biennial market compensation analysis and a cost-of-living adjustment to ensure wages remain competitive. Offsetting this increase are savings from the reassignment of some staff salaries to the Program Administrator fee and the decision not to fill a second promotion role. Program Administrator fees are expected to be slightly higher than forecast, reflecting higher audit costs and the addition of \$100,000 for the compensation study. Muñoz-Colón noted that scholarship costs are down by 2%, primarily due to programmatic adjustments within the CTS Lead program, resulting in fewer hires this year. At the same time, consulting, professional services, and lobbying expenses are projected to rise by 49%, reflecting one-time investments in strategic planning, which will be discussed further in the Executive Director's corner. Other operating costs are also increasing due to one-time expenditures for campaign resources in preparation for the official launch of the fundraising campaign. She concluded her presentation by noting that the Finance & Investment Committee requests Board approval of the proposed fiscal year 2025–26 budget, affirming WSOS's continued financial stewardship and preparedness to advance its mission.

During the discussion, Armstrong asked whether WSOS had experienced consistent erosion of net assets in recent years or if the decline reflected in the current budget, was a new phenomenon. Brad Smith explained

that while net assets had gradually eroded following the organization's initial fundraising surge during its first five years, this was anticipated given WSOS's original design as a time-limited initiative. He noted that subsequent campaigns had raised significant resources, though revenue recognition was staggered across fiscal years. The decline has been more pronounced in the past two years, in part due to adjustments in accounting practices, the loss of a donor pledge, and slower fundraising momentum during the leadership transition. Brad Smith emphasized, however, that WSOS remains in a strong financial position, with sufficient reserves and the opportunity to reestablish momentum through strategic planning and a forthcoming fundraising campaign. He underscored that the focus should be on developing the right long-term plan and aligning funding with strategy, rather than reacting to short-term fluctuations.

Board Action: Patrick Smith moved to approve the recommendation for the approval of the fiscal year 2025–26, which was seconded by PV Sivakumar. The motion passed unanimously.

Finance & Investment Committee Appointment

Patrick Smith, on behalf of the Finance & Investment Committee, recommended Bo Lee's reappointment, noting her valuable contributions and engagement.

Board Action: Patrick Smith moved to approve the recommendation, Julie Sandler seconded, and the Board voted unanimously in favor. Lee was formally reappointed to the Finance & Investment Committee.

Audit Updates

Johnathan Luster updated the Board regarding the 501 Commons audits. 501 Commons has disengaged from its prior firm, CLA, and has now engaged Clark Nuber to conduct the FY 2022, 2023, and 2024 audits. The FY 2022 audit is expected to be completed by the end of summer, though timelines for the FY 2023 and 2024 audits are still to be determined. Encouragingly, it was confirmed that WSOSF can proceed with its first audit without requiring an opening balance from these prior audits, allowing work to move forward independently.

Adams asked who the audit partner is at Clark Nuber. Luster stated he would follow up on the name. Adams asked if the audit flowed up to the F&I Committee. In response to questions, Connors noted that while audits historically have been presented to the Program Administrator's board, going forward the Foundation will present results directly to the F & I Committee (with participation from both WSOS and WSOSF leadership) before rolling them up to the full Board.

Executive Director Corner

Isabel Muñoz-Colón opened her remarks by expressing gratitude to Luster for his leadership during the extended transition period, noting that he guided the organization with grace and clarity while ensuring staff and systems were well-prepared for her arrival. She thanked him personally for creating a smooth handoff that enabled her to contribute quickly while learning about the organization. She reflected that her June 9 start date came at an opportune time, allowing her to immediately participate in an all-staff meeting, the annual talent review, and early strategic planning sessions. These experiences gave her a broad and early view of staff strengths and organizational priorities. She shared her enthusiasm for WSOS's talented staff, the Board's deep commitment, and the organization's positioning to focus more strategically on student impact and economic mobility in this new chapter under the Foundation model.

Muñoz-Colón emphasized WSOS's strong culture of accountability and learning, highlighting how data is integrated into every level of the organization, from dashboards reviewed by the Board to individual staff performance goals. She pointed to Schaefer's earlier presentation as an example of how WSOS learns from challenges while driving progress, and to the annual impact report as further evidence of meaningful results. She also reflected on the strength of the public-private model, which has insulated WSOS from sector-wide contractions caused by state and federal budget cuts and allowed the organization to remain a stable presence for Scholars. Still, she reminded the Board of ongoing systemic challenges, including the continued under-enrollment of low-income and rural students, even as workforce demand in Washington—particularly in STEM fields—is projected to grow sharply by 2030.

She then offered extended reflections on WSOS’s future direction, situating the strategic planning process within the current context of systemic pressures on higher education and the rapid transformation of the workforce, particularly with the rise of artificial intelligence. She stressed that WSOS’s mission of advancing economic mobility is more relevant than ever and that the organization is uniquely positioned to respond with agility. The challenge, she observed, is not simply to maintain impact but to expand and evolve it. She invited the Board to reflect on critical questions: what barriers continue to go unaddressed for Scholars, what new issues such as AI and shifting political contexts, may reshape student needs, what innovations can help WSOS serve more Scholars more deeply, and how the organization can expand its visibility and influence both in Washington and nationally.

Muñoz-Colón described her long-term vision of WSOS as an organization that reaches every eligible Scholar across the state, leverages AI to provide customized career guidance and operational efficiencies, leads state and national dialogue on effective scholarship and persistence programming, and becomes a national model for bridging education and workforce opportunity. She framed the forthcoming strategic planning process not simply as planning but as a moment of strategic opportunity—a chance to reaffirm WSOS’s mission while reimagining how best to deliver on it in a rapidly changing environment. To support this work, she recommended engaging Education First, a consulting firm with deep expertise in postsecondary pathways and a record of helping education and nonprofit organizations develop actionable strategies. She noted their collaborative, student-centered approach, their ability to connect state and national partners, and confirmed that funding for this engagement was already included in the approved FY 2025–26 budget. Muñoz-Colón asked the Board to remain closely engaged in the process. She encouraged one or two members to participate more directly in day-to-day planning to ensure alignment with Board vision. She invited all members to help consider how the two open Board seats could be filled to strengthen higher education representation, broaden geographic diversity, and add voices with lived Scholar experience. And she urged directors to act as thought partners throughout the process, pressure-testing bold ideas, surfacing new opportunities, and ensuring that WSOS builds toward long-term sustainability and impact. She stressed that the work would not represent wholesale change, but rather an enhancement and expansion of impact—reimagining the “how” while reaffirming the “why.”

Adams asked if Isabel had worked with Education First in previous experiences. Muñoz-Colón noted that she has previously worked with Education First on several projects, most recently their support in launching the Postsecondary Pathways Network, a Gates Foundation–funded initiative that connects K–12 and higher education partners to strengthen student transitions. She emphasized that the network consistently received high marks from participants for the intentionality and quality of Education First’s facilitation. She further observed that in her experience, Education First has delivered strong value in both convening partners and supporting strategic planning efforts.

Brad Smith concluded the discussion by affirming strong support for Muñoz-Colón’s leadership and vision and expressed excitement about WSOS’s opportunity to sustain its impact and become a national model for connecting historically underserved students to higher education, credentials, and meaningful careers. Brad Smith suggested that a fall Board retreat would be valuable to allow members to align more fully on the process, explore emerging issues in greater depth, and strengthen collective ownership of the plan.

Executive Session: At 2:49 p.m., Brad Smith, the Board Chair, announced that the Board was going into the Executive Session until 3:00 p.m. to review the performance of a public employee. The open meeting was reconvened at 3:00 p.m., and no formal action was taken.

The Board meeting adjourned at 3:00 p.m.

Respectfully submitted,

Grace Park