

BOARD MEETING AGENDA
WEDNESDAY, SEPTEMBER 10, 2025 | 1:00-3:00 P.M. | IN-PERSON OR REMOTE

To join virtually: Click on the Microsoft Teams link in the meeting invitation or dial in #: 323-849-4874 / Phone conference ID: 986 994 881# *To join in person:* Microsoft Building 2, 15935 NE One Microsoft Way, Redmond, WA 98052, Conference Room: Large 2/4.2C (20) CVP Private | Attending in person? Check in at the front desk to get a nametag and give them your license plate number.

Meeting open to the public via conference line above.

I.	Meeting Called to Order		Brad Smith Board Chair	1:00pm
II.	Minutes from July 29, 2025 Meeting » Board Action: Approve minutes	[Tab A]	Brad Smith Board Chair	1:00 - 1:05pm
III.	Mission Moment: Opportunity Scholar Story	[Tab B]	Chase Griffin Opportunity Scholar	1:05 - 1:15pm
IV.	Public Comment		Public	1:15 - 1:20pm
V.	ED Corner: » Board Action: Approve one-time exemption of Technical Operating Support grant from the program expense ratio requirement	[Tab C]	Isabel Muñoz-Colón Executive Director	1:20 - 1:40pm
VI.	Legislative Update » Board Action: Approve 2026 legislative priorities.	[Tab D]	Jessica Mongar External Affairs Director	1:40 - 2:00pm
VII.	Five-year Strategic Planning Update	[Tab E]	Johnathan Luster Managing Director of Impact Kelly Kovacic Duran Education First	2:00 - 2:20pm
VIII.	Finance & Program Administrator Update » Board Action: Approve appointment of Yoko Shimomura to WSOSF Board	[Tab F]	Patrick Smith Finance & Investment Committee Chair Melissa O’Keefe Comptroller Kimber Connors Exec. Director WSOSF	2:20 - 2:35pm
IX.	Executive Session To discuss potential or actual litigation with legal counsel.		Brad Smith Board Chair	2:35 - 3:00pm
X.	Closing		Brad Smith Board Chair	3:00pm

Upcoming Board Meetings

Tuesday, January 13, 2026

Tab A

Minutes from 7.29.2025 Board Meeting

**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 Cecchettini, 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 Cecchettini 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 Cecchettini, 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 Cecchettini 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

Tab B

Mission Moment

SCHOLAR SPOTLIGHT



CHASE GRIFFIN
Computer Science
Columbia Basin College

ABOUT CHASE

Chase grew up moving around Washington, with Yakima and the Tri-Cities being the two places he called home the longest. He attended Davis High School in Yakima before graduating from Hanford High School in Richland. Currently, Chase is pursuing an Associate of Applied Science in Cybersecurity at Columbia Basin College, with plans to earn a Bachelor of Applied Science in Computer Science. His fascination with technology began at a young age where he enjoyed taking apart and reassembling TV remotes, old DVD players, and even his mom's Blackberry. That curiosity resurfaced years later when he began producing digital music, which led to a deeper interest in the systems and technologies behind the tools he uses every day. At Columbia Basin College, Chase is an active member of the campus community. He served two years as Vice President of the Honor Society, participated in the Cyber Hawks Cybersecurity Club, and gained hands-on experience in the Tech Services department working with sound systems, video, and event support. Additionally, Chase is a dedicated CTS Scholar Lead and is preparing for his second year in this role. Looking ahead, Chase plans to complete both his AAS and BAS by 2027, with aspirations of pursuing further degrees or a master's in computer science. Driven by a deep love of learning, he also sees himself teaching one day, hoping to inspire future students who may feel as uncertain as he once did.

IN HIS OWN WORDS

"My life has always consisted of drastic ups and downs. I truly never thought that a higher education was in my cards. I honestly never would have been able to pursue my degree without WSOS. WSOS was the first pat on the back I ever received. When I was struggling and unsure whether I should continue college, or even if I'd be able to continue WSOS and the CTS Scholarship reassured me in a way that no one else did."



MISSION MOMENT

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

MISSION MOMENT: Scholar Spotlight



Chase Griffin
Computer Science
Columbia Basin College

Tab C

ED Corner

ED CORNER: WSOS Q3 Update

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

THEORY OF CHANGE | Scholarships + Continuum of Support Services

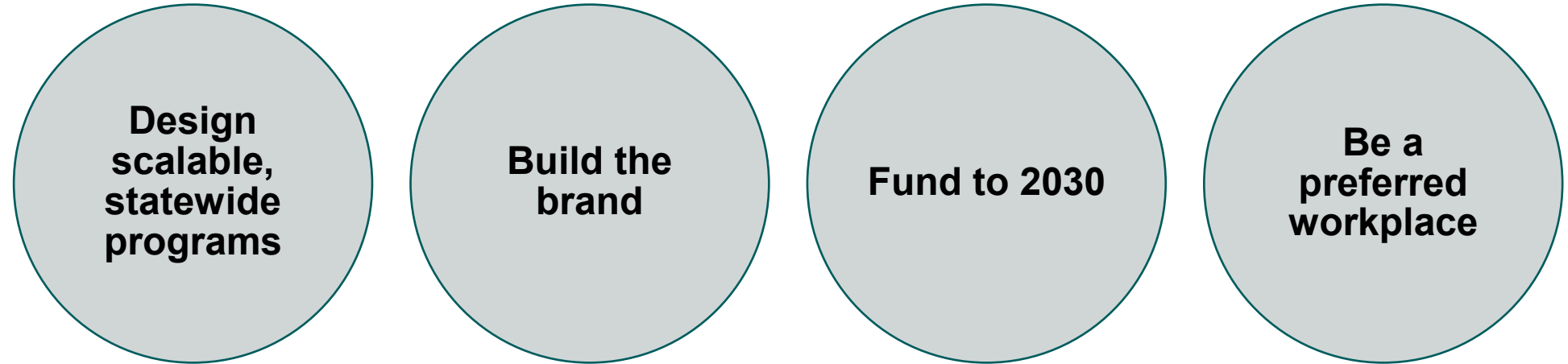
Intended Impact #1

- Earn a post-secondary credential in a high-demand STEM, health care or trade field

Intended Impact #2

- Gain employment in the field of study in WA state within nine months of graduation

STRATEGIC PRIORITIES



Org Strategic Priorities: 5-year Targets

Ensuring scalable, statewide scholarship accessibility and financial aid impact	Ensuring scalable, statewide support services	Build awareness of the WSOS brand	Fund to 2030 and beyond	Be a preferred workplace																
AWARDS	PROGRAMS	EXTERNAL AFFAIRS	DEVELOPMENT	OPERATIONS																
80% of applicants are eligible	65%, 45%, 95% graduate in eligible program for BaS, CTS, GRD	At least 33 earned media pieces per year	\$75M raised January 1, 2021, through December 31, 2026, with 25 \$25K to \$1M gifts secured in CY25	Regrettable separation rate below 15%; first year separation rate below 30%; average staff tenure of 36 months																
90% of Scholars complete renewal	Opportunity gaps are less than 10%, 5% by income, race	23 speaking engagements for WSOS leadership per year	75 donors loyal (3+ years) with 50% donor retention rate by end of CY26	90% of staff agree: "I believe the work I do advances our mission"																
90% work fewer hours because of WSOS	95%, 85% of graduates employed full-time within 9 months in any field, in high-demand field	Social media audience size of 4,800 (FB) 2,900 (LI) and 2,700 (IG)	350 new donors acquired in CY26 with 100 total from WA outside of Puget Sound	90% of staff agree: "I would recommend WSOS as a great place to work"																
90% attend full-time because of WSOS	95% of employed in-high demand graduates work in WA	<p>Applicant targets:</p> <table border="1"> <thead> <tr> <th></th> <th>BaS</th> <th>CTS</th> <th>GRD</th> </tr> </thead> <tbody> <tr> <td>BIPOC</td> <td>85%</td> <td>60%</td> <td>55%</td> </tr> <tr> <td>First-gen</td> <td>64%</td> <td>68%</td> <td>70%</td> </tr> <tr> <td>Rural</td> <td>34%</td> <td>40%</td> <td>10%</td> </tr> </tbody> </table>		BaS	CTS	GRD	BIPOC	85%	60%	55%	First-gen	64%	68%	70%	Rural	34%	40%	10%	At least 15% (by #) of donors in CY25 from health care, (S)TEM	90% of staff agree: "I would recommend my supervisor to future employees"
	BaS	CTS	GRD																	
BIPOC	85%	60%	55%																	
First-gen	64%	68%	70%																	
Rural	34%	40%	10%																	

Org Strategic Priorities: AY25-26 Leading Indicators

Ensuring scalable, statewide scholarship accessibility and financial aid impact	Ensuring scalable, statewide support services	Build awareness of the WSOS brand	Fund to 2030 and beyond	Be a preferred workplace																				
AWARDS	PROGRAMS	EXTERNAL AFFAIRS	DEVELOPMENT	OPERATIONS																				
75%, 87% and 75% of BaS, CTS and GRD applicants, respectively, are eligible	BaS: 90%, 90% , 70%, Y1-Y2-Y3-Y4 with 65% increasing CTS: 80% each quarter	At least 33 earned media pieces	\$7.2M with 20 \$25K to \$1M gifts secured	Regrettable separation rate below 15%; first year separation rate below 30%; average staff tenure of 28 months																				
90% (85%) of BaS (CTS) Scholars renew; 65% of BaS Scholars increase on time	60% of historically excluded Scholars based on race, income & rural participate in programming	Elevate WSOS thought partnership: 15 (7) engagements for ED (Directors)	At least 60 donors will be loyal (3+ years)	83% of staff agree: “I believe the work I do advances our mission”																				
90% work fewer hours because of WSOS	60% participate in career resources	Social media audience size of 4,700 (FB), 4,000 (LI) and 2,000 (IG)	At least 45% donors will be retained	83% of staff agree: “I would recommend WSOS as a great place to work”																				
90% attend full-time because of WSOS	90% report being more prepared	<table border="1"> <thead> <tr> <th>Program</th> <th>Total Applicants</th> <th>Grade 12 Applicants</th> <th>First Gen %</th> </tr> </thead> <tbody> <tr> <td>BaS</td> <td>2,040</td> <td>1,000</td> <td>60%</td> </tr> <tr> <td>CTS C7</td> <td>1,120</td> <td>N/A</td> <td>65%</td> </tr> <tr> <td>CTS C8 Fall</td> <td>1,120</td> <td>280</td> <td>65%</td> </tr> <tr> <td>GRD</td> <td>40</td> <td>N/A</td> <td>60%</td> </tr> </tbody> </table>	Program	Total Applicants	Grade 12 Applicants	First Gen %	BaS	2,040	1,000	60%	CTS C7	1,120	N/A	65%	CTS C8 Fall	1,120	280	65%	GRD	40	N/A	60%	100% retention of staff	83% of staff agree: “I would recommend my supervisor to future employees”
Program	Total Applicants	Grade 12 Applicants	First Gen %																					
BaS	2,040	1,000	60%																					
CTS C7	1,120	N/A	65%																					
CTS C8 Fall	1,120	280	65%																					
GRD	40	N/A	60%																					

Today's Snapshot



Ensuring scalable, statewide scholarship accessibility and financial aid impact AWARDS	Ensuring scalable, statewide support services PROGRAMS	Build awareness of the WSOS brand EXTERNAL AFFAIRS	Fund to 2030 and beyond ADVANCEMENT	Be a preferred workplace OPERATIONS
Improving eligibility of applicants: <ul style="list-style-type: none"> BaS, CTS and GRD managers are working together to align questions and student resources to create a better user experience for applicants <p style="text-align: right;">★★★★</p>	Improving persistence: <ul style="list-style-type: none"> BaS Lead program launched – focusing on driving Scholar engagement CTS Lead program launched – new model with 10 Leads supporting all CTS Scholars <p style="text-align: right;">★★★☆☆</p>	Media coverage/speaking engagements: <ul style="list-style-type: none"> Secured first speaking role for Isabel and have two Board member op-eds in the works Building out PR event and pitch calendar for the year <p style="text-align: right;">★★★☆☆</p>	Campaign revenue: <ul style="list-style-type: none"> Campaign total adjusted to \$46.3M due to unpaid major pledge. Isabel is opening doors to new funders. <p style="text-align: right;">★★☆☆☆</p>	HR and culture enhancements: <ul style="list-style-type: none"> Last Q Headcount 36 Open Positions 0 New Hires COLA & performance-based raises applied; market adjustments forthcoming Org survey complete; leadership team leading action plan <p style="text-align: right;">★★★★</p>
Successfully completing processes (increase, renewal): <ul style="list-style-type: none"> Live orientation + info sessions will be held this year to help Scholars understand program milestones and maintain eligibility. <p style="text-align: right;">★★★★</p>	Closing opportunity gaps: <ul style="list-style-type: none"> Focusing on support for rural Scholars with community-specific newsletters and PD opportunities <p style="text-align: right;">★★★☆☆</p>	Social/owned media growth: <ul style="list-style-type: none"> Digital marketing metrics show continued growth across social media platforms — meeting or exceeding goals Channels being audited for future optimization <p style="text-align: right;">★★★★</p>	Donor loyalty: <ul style="list-style-type: none"> Donor loyalty is on pace with 49 YTD (goal is 75 by end of CY25) <p style="text-align: right;">★★★☆☆</p>	Finance: <ul style="list-style-type: none"> Fiscal year 2024-25 closed; audit scheduled for Sept – Dec Budget-to-actual reporting active Update to recognizing scholarship liability applied Unpacking undesignated revenues historical treatment <p style="text-align: right;">★★★★</p>
Attend school full-time and work less: <ul style="list-style-type: none"> The team is collecting additional data from partners and scholars to understand how WSOS affects students' financial aid and their ability to work less while attending full-time. <p style="text-align: right;">★★★☆☆</p>	Improving career outcomes: <ul style="list-style-type: none"> Recruiting for BaS STS mentors and mentees – goal 480 pairs 5 Industry Insider events planned – goal 10 per year <p style="text-align: right;">★★★☆☆</p>	Scholarship promotion: <ul style="list-style-type: none"> Promotion strategy is built and will continue to be refined as the impacts of state, federal, and college/university cuts roll out Promo events including a busy season of fall fairs and workshops begin in September <p style="text-align: right;">★★★★</p>	Donor acquisition: <ul style="list-style-type: none"> \$500k and \$1.5M gifts in process. Strong grant pipeline - 13 grant submissions currently under review. 3 campaign events planned to acquire new supporters. <p style="text-align: right;">★★★☆☆</p>	IT and Data & Systems: <ul style="list-style-type: none"> Alumni survey complete! Prospective grant would unlock data analysis and enhanced systems to support cybersecurity and adoption of AI tools <p style="text-align: right;">★★★★</p>

Key wins of the quarter



- Launching WSOS Financial Aid Advisory to improve Scholar support coordination (Awards)
- WSOS info to be featured in the new state High School and Beyond digital application (External Affairs/ Awards)
- Organizational climate survey shows progress across key metrics and offers actionable insights for growth (Operations)

Challenges of the moment



- Dissolution of 501 Commons will impact completion of WSOS 2023 and 2024 financial audits (Advancement)
- Reduction in state support for college & career navigation and workforce development supports will make it difficult this year to reach students (External Affairs & Awards)

ED CORNER:

Information Technology and Data & Systems

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Alum survey was administered, revealing new key data points.

- **9 in 10** graduates **stay in Washington** state
- **4 in 5** graduates are **working in their home county**, keeping talent in place within the state
- **4 in 5** graduates are **working in one of the high-demand fields** WSOS aims to support
- BaS graduates earn an average of **\$81,000* per year**, while CTS graduates earn an average of **\$60,000 per year**

**Only salaried, full-time graduates earn much higher average wages: \$107,000 for BaS and \$62,000 for CTS.*

Alumni survey also revealed some areas to inform strategic planning.



They estimate **66% to 74%** full-time employed alumni are in households exceeding the UW **Self-Sufficiency Annual Wage** benchmark (i.e., earning a living wage)



Nearly **three-quarters** of alumni have earned, are pursuing, or plan to **pursue further education**



WSOS programming **supports** had **varying levels** of helpfulness reported

Pending \$1.5M Grant to Boost IT Systems, Data Access & Staff Capacity



Upgrade our Scholar management system for better functionality, scalability, and support



Expand data tools to analyze Scholar outcomes vs. non-Scholars (e.g., credentials, employment)



Strengthen infrastructure with a cybersecurity assessment, enhanced security services, AI tools, and staff training

Program Expense Ratio: One-time Exemption of Ballmer Grant

- In Q4 2024, the Board set a Program Expense Ratio target of 85%–92%
- FY2026 Budget meets this with an 88% ratio
- The Ballmer grant may lower the ratio below 85%

F&I Committee Recommendation:

Approve a one-time exemption for the Technical Operating Support grant from the program expense ratio requirement

- This exemption won't affect how grant expenses are reported in the budget
- These funds will be eligible for state match and count toward campaign goal

Tab D

Legislative Update

2026 Legislative Preview

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Agenda

- Overview of political, higher education landscape
- Overview of Local Promise implementation
- 2026 legislative session goals and opportunities
- Feedback and discussion



Students and prospective applicants will see fewer supports/outreach due to cuts

- FAFSA delays likely
- Institutions lose 1.5%+ and take on greater share of other costs
- WSAC budget cut by 14% (\$138M)
- Partners and financial aid outreach reduced or eliminated statewide

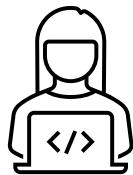
Credential attainment not keeping pace with workforce needs, AI disrupts

Goal: 70% of 25–44-year-olds attained a credential. As of 2023: 62%

- Students of color and rural students further behind
- Recent HS grads show glimmer of hope
- Sectors growing:



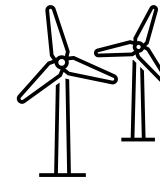
+ 168k jobs



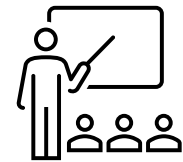
+ 95k jobs



+ 70k jobs




+ 45k jobs



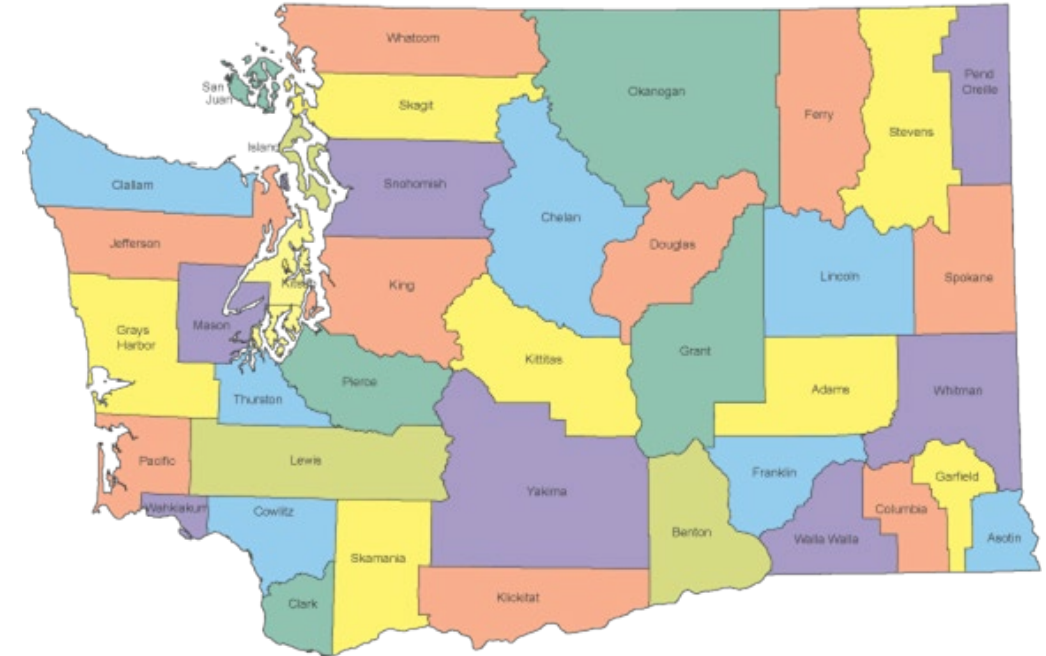
+ 34k jobs

Another fiscal deficit looms, Federal decisions compounding woes

- Total budget: **\$77.8 billion**
- June forecast showed lower-than-budgeted tax collections, due to uncertainty, spending 
- Federal decisions could increase costs, \$41B less in federal Medicaid funding over 10 years

2026 Goals:

- **Utilize the challenges of 2026**
- **Build champions**
 - Prioritize relationships based on gaps in committees, leadership, and regions
 - Connect data and stories to district needs
 - Utilize strategic planning



Amplifying PR, Strategy, and Community Presence

- New ED brings **bold** vision and thought leadership
- Strategic planning used to convene and **spark** dialogue
- Increased in-person engagement **across communities**
- Scholar Champions and **tech tools** help offset partner loss



Implement Local Promise bill, secure \$2.2M

Launch Renton and Tukwila Promise this fall

Position Local Promise as a driver of regional education and economic goals for 2027+

Secure new state match and prioritize \$2.2M at policy level

Stay focused on champion building

Timeline for legislative decision making

- **Late September:** New revenue forecast released
- **End of fall:** Internal analysis on need for bill related to state match calculation and process
- **November:** Election
- **December:** Governor releases proposed budget, WSOS published legislative report
- **January:** Short, supplemental session begins
- **January BoD mtg:** Align with the Board

Priorities review and approval

Build champions

Secure new state match and
outstanding \$2.2M

If necessary, pursue a statutory change
related to state match collection
and processes



Next Steps

To be successful in building awareness and champions, we need connections to stakeholders.

1. How do these goals and opportunities align with your network?
2. What connections and introductions can you make for WSOS?



Tab E

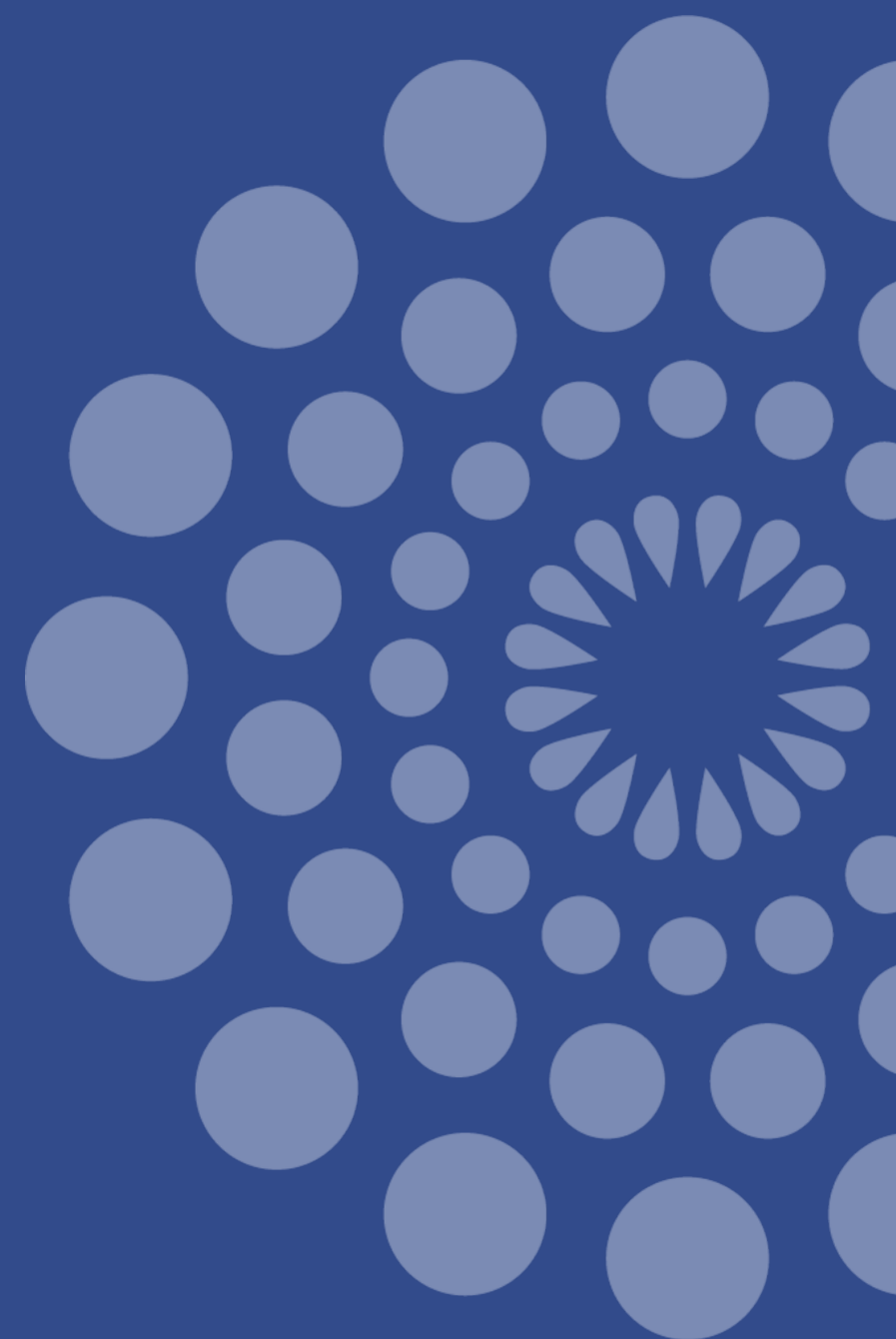
Strategic Planning Education First



Board Introductions and Discussion:

WSOS Strategic Planning

September 10, 2025



About the Education First Project Team

Education First is a national, mission-driven strategy and policy organization with unique and deep expertise in education improvement. We envision a world in which every student is prepared to succeed—a world in which zip code and race no longer determine the quality of education and opportunity for economic mobility.



Dr. Kelly Kovacic Duran
Project Director
Based in Seattle, WA



Adam Brumer
Delivery Manager
Based in Arlington, VA

Today's Aims

1

Introduce the WSOS-
Education First
partnership context



2

Share Board
reflections on the
strategic planning
outcomes and goals



3

Discuss how we'll
engage in strategic
planning in partnership
with stakeholders



4

Define the Board's role
in supporting planning
over the next 5-6
months





Project Context

There are barriers in Washington state that limit people's access to the training and education they need to fill the high-demand jobs that power our economy.

Businesses in Washington state are eager to fill trade, STEM, and health care jobs with talented local students, but there are currently not enough people graduating into high-demand jobs.

For nearly 15 years, WSOS has helped build a bridge between students and industry by increasing access and success into WA State's high-demand fields.

To consider what more WSOS can do to achieve greater success now and into the future, we are embarking on a strategic planning process.



Aims and Primary Deliverables

WSOS is embarking on a **six-month planning process**, guided by three driving questions, **to build on our successes and meet the moment for scholars now and in the future** :

- What are the **greatest opportunities and needs** in line with WSOS's mission?
- How is **WSOS uniquely positioned** to advance opportunity and address needs in this moment?
- What **capacity** would WSOS need to succeed?

Deliverables

- **Strategic plan PowerPoint deck** with a logic model that will guide WSOS's efforts over the next 3-5 years
- **A detailed strategy** for 2-3 key outcomes
- **Robust stakeholder engagement and facilitated sessions** throughout the planning process

Board members have shared their hopes and goals for WSOS and this strategic planning process during Isabel's onboarding process.

“Driving greater success for Washington students in accessing and completing priority pathways by expanding our role in the ecosystem .”

“Increasing awareness, clearly articulating our unique value proposition, and building legislative champions .”

“Continuing to enhance outcomes - oriented data systems, tools (AI) and infrastructure that supports continuous improvement, R&D, thought leadership, advocacy”

“Creating opportunity around how scholars explore and envision themselves as future industry leaders, and for how local industry meaningfully engage scholars .”

“Diversifying our revenue, including expanding our funder base.”

“Expanding our role as a lever for economic mobility and opportunity for students and communities around the state.”



What questions do you hope to have answers to at the end of this project?

What type of success will our partnership enable for WSOS, for Washington scholars, and for local industry?

The final deliverable – a strategic plan – will provide WSOS the background, logic model, strategy, and recommendations necessary to begin implementation.

Section	Purpose
I. Analysis of Opportunities and Needs (10-15 slides)	Through desk research and stakeholder engagement , will identify key needs and opportunities in relation to WSOS’s mission, and examine current capacity (internal and external) for addressing those needs.
II. Theory of Action (3-5 slides)	Will articulate how WSOS is uniquely positioned to address needs and advance opportunity in line with its mission. This will be succinctly illustrated in the form of a logic model.
III. Enabling Strategy (10-15 slides)	For 2-3 major outcomes identified in logic model, will provide details on the resources, activities, timing, and additional steps necessary to realize success – including for fundraising and partnership development given the major outcomes.
IV. Recommendations for Implementation (3-5 slides)	Will share considerations for successful implementation – from internal operations/management to networking and fundraising, to communications and engagement.

Here is how we plan to sequence meetings and other deliverables for WSOS's strategic plan.

Sep / Oct

Nov/Dec/Jan

Feb/Mar

November Board Engagement

January Board Engagement

March Board Engagement

Phase 1: Research and Listening	Phase 2: Strategy Formulation	Phase 3: Plan Development
<ul style="list-style-type: none"> ▪ 30+ listening sessions ▪ Data review of labor market needs and postsecondary outcomes ▪ Landscape scan of peer organizations (inside and outside WA State) ▪ SWOT analysis contributing to WSOS's current outcomes and readiness for future impact 	<p>Over multiple working meetings:</p> <ul style="list-style-type: none"> ▪ Make meaning of findings ▪ Define impact and outcomes ▪ Begin formulating hypothesis (i.e., strategy) for achieving outcomes <p>As needed, continued stakeholder engagement</p>	<ul style="list-style-type: none"> ▪ Codify logic model ▪ Finalize plans for achieving outcomes and for transitioning to implementation

Questions and Discussion

- Does our overall approach feel in line with best supporting WSOS's needs?
- Is there any part of the plan that feels unclear or that you'd like us to explain further? Are there any red flags or watch-outs you'd want us to keep in mind as we move forward?
- Is there anything you'd want to make sure the board stays closely updated on as we facilitate the process?

Tab F

Finance & Program Administrator Update

FINANCE & PROGRAM ADMINISTRATOR UPDATE

June 30, 2025

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

PROGRAM ADMINISTRATOR UPDATE

- **HR**

- Administered org survey and supporting programs team with action plan
- Processed compensation changes related to COLA and talent calibration with market survey changes to come

- **Finance**

- Closed the 2024-25 fiscal year; audit kickoff in September with final report by end of December
- Continuing to refine the scholarship liability modeling to better inform strategic planning
- Implementing change to scholarship expense liability reporting

- **IT**

- Alumni survey administered
- Planning for implementation of \$1.5M grant (key investments in data resources and technical infrastructure and cybersecurity)

Yoko Shimomura to join WSOSF Board!

A values-driven operations executive known for improving operational efficiency, strategic planning, enhancing workplace culture, and maximizing results, while nurturing quality relationships. A natural integrator and systems thinker who strives for alignment on behalf of organizational goals. Committed to working with organizations that have systemic social impact and strengthen communities.

Learn more about Yoko here:

<https://www.linkedin.com/in/yokoshimomura/>



WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP
FOUNDATION

REQUESTED BOARD ACTION

- Appoint Yoko Shimomura to the WSOSF Board of Directors.

Finance - Here's what you need to know today

1. We updated how we recognize our scholarship expenses and liabilities.
2. WSOS tracked well within their budgets, especially with an 18-month lookback.
3. State match appropriations from 2023-25 biennium spent and going strong on the 2025-27 biennium appropriations.

New (improved) scholarship expense recognition

Year	2020	2021	2022	2023	2024
Reported Scholarship Expense	\$ 10,208,369	\$ 11,125,412	\$ 16,380,338	\$ 15,859,785	\$ 8,192,609

What is Changing

- Recognize scholarship expenses as they occur. Liabilities will be reported as a footnote on financials.

What is NOT Changing

- No changes to how our Scholars access their scholarships – no delays in funding for them.
- No changes to our commitment to fully fund our scholarships
- Continue modeling and forecasting our scholarships

Benefits

- Fewer swings in expense recognition
- Ease the administrative burden – lowered audit risk
- Transparent data connected to actual costs

WSOS Year End Budget-to-Actual on target

Washington State Opportunity Scholarship

NOTES

	Budget to Actuals 01/01/2025 - 06/30/2025		
	Actual	Board	Actual minus budget
Revenues			
Private	249,286	1,202,000	(952,714)
State Match	6,018,937	4,300,000	1,718,937
Investment Dividends & Interest	51,917	33,300	18,617
Investment Unrealized/Realized Gains	6,554,228	1,267,800	5,286,428
Total Revenue	12,874,368	6,803,100	6,071,268
Program Expense			
Salaries and Benefits	1,774,301	1,690,393	83,908
Professional Fees - Program Administrator Fees	665,512	704,976	(39,464)
Professional Fees - Contractors & Lobbying	187,940	195,915	(7,975)
Conferences, Conventions & Meetings	119,010	115,924	3,086
Operating Expense	261,421	350,713	(89,292)
Bad Debt Offset	6,222,995	0	6,222,995
Scholarship Expense less refunds	13,020,645	(1,942,264)	14,962,909
Total Expenses	22,251,824	1,115,657	21,136,167
Net Income (Loss)	(9,377,456)	5,687,443	(15,064,899)
Net Income (Loss) Calendar Year 2024	11,833,731	(6,900,072)	18,733,803

Income

- State match caught up through Year End (June 30, 2025)
- Investments performed higher than budgeted

Expense

- Benefit variance – caught and updated for FY26 budget
- Pledge reduction booked against bad debt
- Scholarship expense booked
 - Continue to receive some refunds

Net Income (Loss)

- Overall, the program performed well against the budget over the last 18 months

WSOS Balance Sheet

Washington State Opportunity Scholarship			
Balance Sheet as of June 30th, 2025			
	Quarter Ending		
	03/31/2025	06/30/2025	
	Prior QTR	Current QTR	Period difference
Assets			
Current Assets			
Cash and Cash Equivalents	953,027	3,782,880	2,829,853
Accounts Receivable, Net	20,937,185	11,740,554	(9,196,630)
Other Current Assets - Prepays	213,733	94,456	(88,879)
Total Current Assets	22,103,945	15,617,890	(6,455,656)
Long-term Assets			
Property & Equipment	15,485	22,287	6,801
Other Long-term Assets - Leases	74,533	43,680	(30,853)
Total Long-term Assets	90,018	65,967	(24,052)
Investments			
Long Term Investments	100,256,486	105,632,167	5,375,681
Total Investments	100,256,486	105,632,167	5,375,681
Total Assets	122,450,449	121,316,024	(1,104,027)
Liabilities and Net Assets			
Liabilities			
Short-term Liabilities			
Accounts Payable	14,165	130,894	116,730
Expensify Payable	1,906	9,857	7,950
Wages Payable	473	49,833	49,360
Accrued PTO	47,200	120,711	73,511
Payroll Taxes Payable	256	20,368	20,113
FSA Payable	4,619	1,442	(3,178)
401K Payable	0	7,207	7,207
Accrued Expenses	0	(333,077)	(333,077)
Deferred Revenue - State Match Offset	2,779,387	0	(2,779,387)
Due to WSOSF	62,483	0	(62,483)
Total Short-term Liabilities	2,910,489	7,235	11,202,745
Long Term Liabilities			
ROU Liability	72,468	40,365	(32,103)
Total Long Term Liabilities	72,468	40,365	(32,103)
Total Liabilities	2,982,957	47,600	11,170,642
Net Assets	119,467,492	121,268,424	(12,274,669)
Total Liabilities and Net Assets	122,450,449	121,316,024	(1,104,027)

Notes

Assets

- Cash: Microsoft \$2.5M received
- AR: Decrease reflects donor pledge changes
- WSIB investments strong

Liabilities

- No more scholarship liabilities reported on the balance sheet
- Accrued Expenses: Year-end accruals for the Scholarship Refunds we received are booked as an off-setting expense
- State Match Appropriations: Spent down full appropriated amount from prior biennium and have begun spending down the next

WSOS Cash Flow – Inception to date

30-Jun-25		Inception to reporting Date		
		Scholarship	Endowment	Total
<u>CASH FLOW</u>				
Cash Inflow:				
Corporations		79,540,281		79,540,281
Foundations		27,339,699		27,339,699
Individuals		29,149,783		29,149,783
Other Private		1,102,677		1,102,677
State Match		136,255,077		136,255,077
State Implementation Funds		500,000		500,000
Investment Income*		40,152,116	9,168,010	49,320,127
Total Cash Inflows		314,039,632	9,168,010	323,207,643
Cash Outflow:				
Scholarships		175,466,359		175,466,359
Program Expenses		48,768,122	(5,812)	48,762,310
Total Cash Outflows		224,234,481	(5,812)	224,228,669
Net Change to Cash		538,274,113	9,162,198	547,436,312
<u>Composition of Net Cash Flow</u>				
Chase Checking Account		3,782,880	-	3,782,880
Investment Accounts at WSIB		96,464,156	9,162,198	105,626,355
Total		100,247,036	9,162,198	109,409,235

Increase of \$4.2M receipts (mix of new revenue and payment on receivables) and corresponding State Match

**Report builds off March 31, 2025, report – but may have updates by next meeting.*

* Includes unrealized gains and losses.

APPENDIX 1

8.28.2025 F&I Committee Pre-Read

FINANCE & INVESTMENT COMMITTEE MEETING AGENDA AUGUST 28, 2025 REMOTE

To join virtually: click on the Microsoft Teams link in meeting invitation

I.	Meeting Called to Order		Patrick Smith Board Member Committee Chair	2:30pm
II.	Approval of Minutes from June 16 Meeting	[Tab A]	Patrick Smith Board Member Committee Chair	2:30-2:35p
III.	WSIB Quarterly Performance Report	[Tab B]	David Schumacher WSIB	2:35-2:55p
IV.	Program Administrator Report	[Tab C]	Melissa O’Keefe Comptroller, WSOSF	2:55-3:15p
V.	Program Update	[Tab D]	Isabel Muñoz-Colón Exec. Director, WSOS	3:15-3:45p
	<ul style="list-style-type: none"> » <i>Committee Update:</i> Scholarship Cohort Models » <i>Committee Action:</i> Recommendation that Board approve a one-time exemption to the established program expense ratio » <i>Committee Update:</i> WSOS Program Next Five-Year Strat Planning Process 		Lyanne O’Connell Awards Administration Director, WSOS	
VI.	Executive Session (if needed)		Patrick Smith Board Member Committee Chair	3:45-4:00p
VII.	Meeting Adjourned		Patrick Smith Board Member Committee Chair	4:00p

Committee Questions for Consideration:

- TBD

Upcoming Committee Meetings

Q4: Tuesday - 12/09/2025 1:00 p.m. to 2:30 p.m.

Tab A

Approval of Minutes

06/16/2025 Meeting Minutes

**FINANCE & INVESTMENT COMMITTEE MEETING MINUTES |
MONDAY, JUNE 16, 2025, 2:30 P.M. – 4:00 P.M.**

Members present via Microsoft Teams: Patrick Smith, Brad Faulhaber, Elisa La Cava, Matt Rubright, Joseph Walker, Bo Lee, Matt Wang, Kendra Mathias

Members not present: Jess Peet

Other Attendees on Teams: Isabel Muñoz-Colón, Steve Walker, Johnathan Luster, Grace Park, Melissa O'Keefe, Giuliana Franco, David Schumacher, James Abner, Lyanne O'Connell, Lisa Magennis

Meeting Called to Order

Patrick Smith called the meeting of the Washington State Opportunity Scholarship (WSOS) Finance and Investment Committee (F&I) to order at 2:32 p.m.

Approval of Minutes from December 4th, 2024, Finance and Investment Committee

Smith proceeded to the first order of business, which was to approve the minutes from the 04/02/2025 meeting.

Committee Action: Elisa La Cava moved to approve the minutes, and Joseph Walker seconded the motion. The Board unanimously approved the meeting minutes.

Welcome and Introductions

Chair Smith introduced WSOS's new Executive Director, Isabel Muñoz-Colón, noting this was her first engagement with the Committee. Muñoz-Colón expressed enthusiasm for joining the organization and working with board-level stakeholders.

WSIB Quarterly Performance Report

Smith turned it over to David Schumacher from the Washington State Investment Board (WSIB), and he presented the quarterly investment performance update for the WSOS funds, covering results through March 31, 2025.

Schumacher noted that for the quarter, fixed income investments outperformed equities. As a result, WSOS funds with higher fixed income allocations, such as the scholarship funds, performed better than the endowment fund. Schumacher also discussed broader economic and market conditions, noting that U.S. trade policy developments have added uncertainty to market conditions, U.S. equities were down for the quarter, and inflation continued to trend downward.

Schumacher presented the portfolio composition charts for each of the four WSOS funds, highlighting differences in the mix of private versus state (public) contributions and the associated investment restrictions. For example, in the endowment fund, public funds are held primarily in cash, while private funds are allocated to both equities and fixed income. He also noted that restrictions on private money are very different from those on state money. Allocation differences (e.g., 70/30 versus 20/80 equity-to-fixed income) were identified as the primary driver of quarterly performance variations. Schumacher noted that over longer time horizons, equities have historically produced higher returns despite greater volatility, and quarterly fluctuations should not drive investment strategy changes.

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Matt Wang asked who sets the private benchmarks. Schumacher explained that WSIB develops appropriate benchmarks internally, in consultation with each program or agency, and updates them approximately every four years to ensure alignment with board expectations. Bo Lee asked why 1-year returns across funds were similar despite differing allocations. Schumacher and Smith noted that this was largely coincidental, as equity and fixed income returns had been unusually close over the 1-year period. Over longer horizons, equities are expected to outperform fixed income, as reflected in the 3- and 4-year data. Schumacher concluded with an overview of capital market benchmarks, illustrating how recent equity declines in the U.S. were partially offset by gains in international markets, and how fixed income returns remained comparatively stable. Schumacher invited Committee members to reach out before the next meeting with any topics requiring deeper analysis.

Program Administrator Report

Steve Walker, the Foundation's Interim Executive Director, presented the Program Administrator Report. Walker began by welcoming Melissa O'Keefe as the Foundation's new Comptroller. O'Keefe joins WSOS from Impact Public Schools, where she served as Senior Director of Finance and Policy. She succeeds Gary Hoffman, who concluded his interim service as Finance Director the previous week. Walker expressed strong confidence in O'Keefe's expertise and noted that she will assume responsibility for presenting the Committee's financial reports in future meetings, following his departure and the return of Executive Director Kimber Connors next quarter.

Walker outlined several operational improvements made during the quarter, including the initiation of performance tracking for the newly developed scholarship model, comparing projections to actual disbursements; transitioning the state match process from quarterly to monthly submissions to the Washington Student Achievement Council (WSAC) to improve cash flow predictability; and continued validation of historical financial data migrated from 501 Commons, alongside process refinements in collaboration with the program team to improve systems and Scholar outcomes.

Balance Sheet Review

Walker highlighted the high-level review of the balance sheet. The primary change in assets was due to scholarship disbursements, totaling approximately \$4.8 million in the quarter. The main revenue was \$1.35 million from the state match, resulting in a net reduction of roughly \$3.5 million in total assets. Additionally, \$195,000 receivable was recorded for an insurance recovery related to an ACH fraud incident; the funds were received in Q4 but recognized in Q3.

Income Statement & Cash Flow

Walker stated that budget-to-actual analysis for the quarter showed state match revenues below budget due to timing differences in contributions, though the full-year outlook remains on track. Investment income exceeded expectations by approximately \$500,000. Favorable budget variances were also reported for salaries, due to staffing gaps during role transitions, and for the program administration fee, due to a refund from 501 Commons for uncompleted work.

Walker highlighted a structural change in the donor reporting slide. Previously, major donors were listed individually; this has been revised to categorize contributions by source—corporations, foundations, individuals, and other private donors—to reflect donor privacy preferences and internal tracking practices. Detailed breakdowns, including counts of million-dollar-plus gifts, remain available upon request. During the quarter, WSOS received six donations of \$25,000 or more, including a \$300,000 gift from the 17 Foundation. The largest expenditure remained scholarship disbursements, net of refunds.

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Walker noted that, for the first time in several years, year-end cash balances exceeded beginning balances. Historically, the organization's reserves trended downward due to spend-down without a fully developed fundraising strategy. The positive result this year was largely due to catch-up state match payments delayed under 501 Commons's administration; these payments, totaling several million dollars, would have been recognized in prior years had they been submitted on time. Without this anomaly, cash balances would have declined over the year.

Scholarship Model Review

Walker reminded the Committee that in the previous quarter, they had requested an overview of two processes: the calculation of scholarship liabilities using the scholarship model and the state match process. Walker noted that the next section of the agenda would provide a detailed walkthrough of the scholarship model before proceeding to the state match discussion.

Walker provided an overview of the scholarship model used to calculate anticipated liability for current and future cohorts of Scholars. He explained that the model is updated each fiscal year upon selection of a new cohort, with a full six years of projected liability posted at that time. The model incorporates three primary factors: (1) number of Scholars selected, (2) year-over-year retention rates by year in program, and (3) average disbursement per Scholar for each program year. Walker noted that the model is built primarily on historical data from the three most recent academic years, which best reflects current enrollment trends and WSOS programming. In cases where historical data is unavailable - such as for newly introduced sixth-year support - the model is supplemented with system-wide higher education data and informed estimates. The model's primary use is to calculate current liabilities; however, it can also be used for scenario forecasting to evaluate the potential impact of program changes, such as adjusting the number of Scholars selected, altering award amounts, or implementing program enhancements to improve retention.

Walker described the modeling process: pulling disbursement from Scholar database and adding to the model; calculating total disbursements made and anticipated for each cohort by fiscal year; aggregating the totals in the cash flow forecast; factoring in the outstanding liability already made, and yet to be made, and refunds; and applying a 5% discount rate for future year liabilities. Walker then walked through the model's core data components, noting that historical data of the last three full academic years is used, as this best reflects the current higher education enrollment trends and WSOS program design. Data from the current academic year is excluded until refunds from disbursements are fully processed, ensuring accuracy.

Retention rates are calculated from the point of Scholar selection (year zero) through each subsequent program year. For example, the transition from selection to first-year enrollment is 89% for applicants from high school (grade 12) and 96% for applicants who enter as college freshmen (grade 13). Year-over-year retention rates are tracked for all subsequent years. Average disbursements per Scholar are calculated for each application category, with segmentation for Baccalaureate Scholars (BaS) based on application year, and for Career & Technical Scholarship (CTS) recipients based on entry term (fall, winter, or spring). These retention rates and disbursement averages are combined to project annual expenditures and overall liability per cohort.

Walker shared a detailed example for the BaS cohort 10, which began in 2021–22 with 750 recipients (prior to the program's expansion to 1,275 recipients). Actual historical data is highlighted in green within the model to distinguish it from projections. Variances between actual and projected values are tracked annually to monitor model performance. Cohort-level data is then aggregated into an annual

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“cash flow waterfall” showing total projected expenditures per academic year across all cohorts. The total forms the basis of the program’s liability calculation.

While the BaS and Graduate Scholarship models remain within expected tolerance, Walker reported that CTS and Rural Jobs programs are significantly exceeding forecasts - by more than \$2 million year to date - due to two primary factors:

1. Application cycle consolidation – Winter and spring application cycles were merged, resulting in a greater number of Scholars starting in winter and receiving an additional quarter of funding compared to prior years.
2. Increased retention rates – Year one-to-two persistence rose from an average of 52% to 72% following the implementation of a streamlined annual renewal process.

Walker noted that it remains uncertain whether the elevated retention rate will be sustained, as some funding may be recouped if Scholars ultimately do not enroll. Refund data later in the cycle will clarify the final persistence rate. The model, which is grounded in historical data, performs well when program and higher education trends remain consistent. However, significant changes - such as the recent application cycle consolidation and renewal process modifications - can cause deviations from projections before historical data is available to validate their impact.

Walker asked the Committee to consider how the Foundation and program teams should collaborate to identify and incorporate such material changes into the model in real time so that liability forecasts remain as accurate as possible - before historical data is available to validate the impact on expenditures.

Elisa La Cava inquired about the timeline for incorporating new data into the model following program changes such as the consolidation of winter and spring application cycles. Walker explained that most refund data is received before the start of the next academic year, with a “forcing function” in December when WSAC requires colleges to reconcile records with WSOS. Preliminary data is typically available by September, with more complete data in January. La Cava confirmed that this general timeline would apply to both the renewal process changes and the application cycle consolidation, noting that the latter’s impact could be identified earlier through start-term selections in WSOS’s internal process. Walker agreed, noting that persistence rate changes require more time to validate, as they depend on actual enrollment and refund data.

Matt Rubright asked whether the finance function aligns its planning cycle with the program team to anticipate operational changes that could materially affect retention rates and other model inputs. Walker responded that such coordination was not possible for the current year due to the timing of the finance function’s establishment but will be a priority moving forward. Initial collaboration has begun with the Awards team, which typically drives programmatic changes affecting retention. Going forward, the program team will flag potential changes, after which finance and program staff will jointly assess likely impacts. In cases where WSOS-specific historical data is limited, adjustments may be informed by external benchmarks, such as enrollment trends from the University of Washington, Washington State University, or statewide higher education data. Rubright observed that the model has a limited number of primary levers—distribution amounts and retention rates—and asked whether scenario planning is used to model best-, mid-, and worst-case outcomes. Walker confirmed that such analysis is possible and would be valuable when major program changes occur. Although not conducted in the current cycle, he agreed that establishing upper and lower bounds for expectations, especially for retention, would strengthen forecasting. Rubright added that newer programs often have wider

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variances, making forecasting more difficult, but emphasized that scenario modeling has been a useful tool in other planning efforts.

Smith asked about refund variability across cohorts and fiscal years, noting that consistency would simplify modeling. Walker explained that refund rates have historically been relatively stable, typically varying only a few percentage points for each scholarship. Programmatic or environmental changes, however, can disrupt this stability—for example, higher retention rates may reflect auto-renewals rather than actual persistence, potentially leading to higher refunds. Conversely, reductions in state financial aid could decrease the number of Scholars hitting the cost-of-attendance maximum, lowering refunds. While current refund proportions provide an upper bound for forecasting, Walker emphasized the difficulty of predicting precise impacts in advance. Smith then asked about the materiality of refunds relative to total disbursements. Walker confirmed that refunds are significant, averaging approximately 11% for BaS disbursements and nearly 25% for CTS disbursements annually.

La Cava referenced prior F&I Committee discussions about shifting to a direct-billing process to address refunds and asked whether the change is moving forward. Walker confirmed plans to implement an invoice-based process in the upcoming year. Under this approach, institutions would bill WSOS after the census date—once enrollment is finalized—allowing a single payment per term for actual enrollees. This would eliminate large refund cycles, significantly reduce refund volumes, streamline operations, and provide more timely, accurate data for modeling. Under the new system, WSOS could assess model accuracy before the quarter closed rather than waiting more than a year for full reconciliation. La Cava observed that the primary challenge lies in the interim period before next winter, when additional historical data will be available and the direct-billing process is in place. At that point, some existing financial “levers” will be reduced or eliminated. Walker agreed, noting that each summer—before booking liability for a newly selected cohort—the organization must determine whether adjustments to historical assumptions are warranted based on recent programmatic or environmental changes. While this review will remain an annual practice, direct billing will enable faster, quarter-by-quarter validation of assumptions.

Smith suggested weighting recent data more heavily when variables show significant change, such as CTS retention, rather than relying solely on a straight three-year average. Where the sustainability of a change is uncertain, the model could blend historical and recent data to balance accuracy and prudence. Smith noted that while no model is perfect, the goal is to make it as useful as possible for the program, the Foundation, and the Board.

Isabel Muñoz-Colón asked whether WSOS collaborates with other organizations that disburse scholarships to “pressure test” assumptions, particularly regarding factors outside of WSOS’s direct control that may influence scholarship utilization. Walker responded that no such routine collaboration currently exists, aside from engaging with agencies such as WSAC and the State Board for Community and Technical Colleges (SBCTC) when specific questions arise. Walker stated not at this moment but agreed that exploring such collaboration could help validate assumptions and improve the accuracy of the model. Muñoz-Colón noted that, in her prior work, such collaboration helped identify changes in the field and incorporate them into projections. Walker agreed with the value of this approach and, acknowledging that the discussion was running over time, suggested concluding the agenda item to allow time for the remaining topics.

Walker invited committee members interested in a deeper dive into the scholarship model with Kimber Connors' return and with O'Keefe after July. Kendra Mathias proposed in the chat to arrange a small group meeting. O'Keefe expressed support for convening a smaller group to continue the scholarship

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model discussion, noting that with the fiscal year-end now set at June 30, it would also be valuable to consider year-end processes in that context. Walker noted that one remaining discussion question could be addressed by the smaller group to preserve time for other agenda items. Smith agreed, observing that the question could require extensive discussion and that sufficient time remains to address it before December. Walker also suggested postponing the state match review until the next quarter, explaining that Connors, who would be returning, has historically managed the process in detail and would be best positioned to answer questions. The Committee agreed to defer the topic, noting that the current slide deck provides a brief overview for interim reference. With no further items from Walker, the Committee transitioned to the next agenda item, the Program Update.

Program Update

Muñoz-Colón noted that, as she had only recently joined WSOS, Jonathan Luster would present most of the program update. Luster started the first order of business with the reappointment of Bo Lee - he acknowledged Lee and her willingness to serve another term.

Committee Action: Joseph Walker made a motion to recommend Lee's reappointment, and Brad Faulhaber seconded. The motion carried unanimously.

Proposed Budget

Luster provided an overview of the proposed budget for the new fiscal year beginning July 1 to June 30, noting that this would be the first full fiscal year. He explained key variances, including a \$7.1 million revenue variance caused by the delayed booking of state match gifts by 501 Commons, and a \$3.2 million variance in scholarship expenses due to the underreporting of liabilities in the prior fiscal year. Non-scholarship expenses are proposed to increase by 12%, with 7–8% of that amount being one-time costs. The budget maintains the 88% program expense ratio previously approved. Fundraising projections anticipate increased gifts due to a fully staffed advancement team. Without meeting fundraising targets, a \$10.4 million reduction in assets is expected. Personnel expenses will increase by 3.6% to address market compensation adjustments, a potential 2.5% cost-of-living increase, and an increase in program administrator fees. Some savings from not filling one position and reduced taxes due to staffing changes. Audit costs are anticipated to be higher than previously estimated.

Strategic Planning Investment

Muñoz-Colón described the need to invest in professional consulting for strategic planning, given changes in the sector and recent budget cuts affecting peer organizations. She emphasized the importance of defining WSOS's long-term role in supporting Scholars and the broader field. Smith asked whether the increase was primarily a one-time expense. Luster confirmed that the strategic planning consulting engagement represented the most notable one-time expense, along with campaign-related operating costs tied to the upcoming public campaign. Smith further suggested that the board should be briefed in advance of the meeting, noting that introducing the idea without context could come as a surprise to some members. Muñoz-Colón agreed, adding that Jane and Jolenta had already been informed and were supportive. Luster concurred, stating that board members should be brought along ahead of time to ensure alignment and avoid unnecessary confusion.

Committee Action: Matt Rubright moved to approve the budget for the presentation to the Board. Elisa La Cava seconded a motion. The motion passed unanimously.

Audit Update

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Luster reported continued delays in 501 Commons's audits. Dissatisfaction with the previous audit firm (CLA) led to engaging Clark Nuber to complete the audits for FY 2022, 2023, and 2024. Luster noted that the Foundation's first audit can proceed without waiting for the 2024 audit to conclude, removing a potential bottleneck. No specific completion date has been provided; Luster estimated early 2026 as the soonest possible resolution.

Reimbursement Model Update

Lyanne O'Connell provided an update on the implementation of the reimbursement model. The legislation bill HB 1587 was passed. The legislation allows local government partners to set and verify eligibility criteria for their own scholarship programs in partnership with WSOS and includes the requirement for WSOS to move to a reimbursement model. The reimbursement model will start in the fall of 2025. All financial aid offices across the state, including community colleges and four-year institutions, have been briefed and are on board. Under the new process, colleges will prepackage WSOS scholarships into students' financial aid packages for the full academic year and adjust rosters after each term's census date. Adjusted disbursement requests will be submitted to WSOS, replacing the previous large lump-sum disbursements. The goal is to reduce the \$4 million in annual refunds, some of which have been received years after disbursement. The model is expected to lessen the administrative burden and improve accuracy. Walker added that funds from newly authorized local government "Promise Scholarships" must be held in a separate dedicated money market account, as they cannot be pooled with existing WSOS scholarship accounts or invested in higher-risk vehicles.

Executive Session:

At 3:47 p.m., Patrick Smith, Committee Chair, announced an Executive Session to receive a cybersecurity incident update. With no further public agenda items, the committee adjourned into executive session.

Adjournment

The open meeting was reconvened at 4:03 p.m., and no formal action was taken. The F&I Committee adjourned at 4:03 p.m.

Respectfully submitted,

Grace Park

Tab B

WSIB Quarterly Performance Report

WSOS INVESTMENT AND FINANCE COMMITTEE PERFORMANCE REVIEW – 2Q 2025

AUGUST 28, 2025

David Schumacher
Government and Public Affairs Director



WSOS INVESTMENT PROGRAM SUMMARY

JUNE 30, 2025

- BaS and CTS funds (30% equity/70% fixed income) returned 5.1% for the quarter
- BaS and CTS returned 10.4% for the 12 months ending June 30
- Endowment (80% equity/20% fixed income) returned 9.8% for the quarter and 14.6% for the one-year period
- Equity funds returned 11.7% for the quarter and 16.1% for the year
- Fixed income funds returned 2.3% for the quarter and 8.0% for the year
- Equity and bond markets generated positive returns during the second quarter
- There were no WSOS transaction during Q2

- The announcement of widespread U.S. tariffs on April 2 sent global equity markets sharply lower
 - The U.S. government later announced a 90-day pause on many of the tariffs, and markets rebounded with many equity benchmarks reaching record highs by the end of the quarter
- U.S. inflation remained low during the quarter
 - The June Consumer Price Index (CPI) figure came in at 2.7% year-over-year
- The MSCI Developed World IMI returned 11.5% for the quarter, bringing the 1-year return to 16.1%
 - Meanwhile, the MSCI Emerging Markets IMI returned 12.7% during the quarter
- The Federal Open Market Committee (Fed), which held two meetings during the quarter, kept the Federal Reserve Target Rate unchanged at 4.25% to 4.50%
- U.S. Treasury yields were highly volatile during the quarter but ended just slightly higher at 4.2%
 - Moody's downgraded the U.S. sovereign rating to Aa1 in May, citing concerns over U.S. fiscal policy
- Most fixed income sectors closed out the quarter in positive territory
 - The Bloomberg Treasury index was up 0.9%, the Bloomberg High Yield index returned 3.5%, and the broader Bloomberg U.S. Universal index returned 1.4%

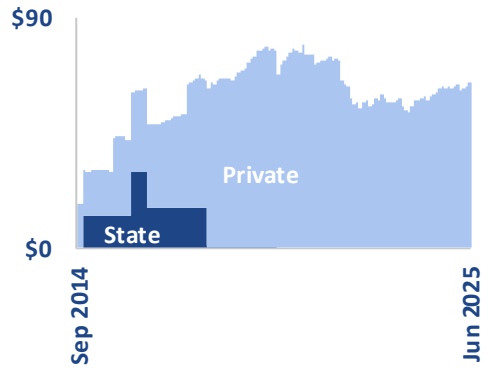
WSOS GROWTH OF ASSETS

JUNE 30, 2025



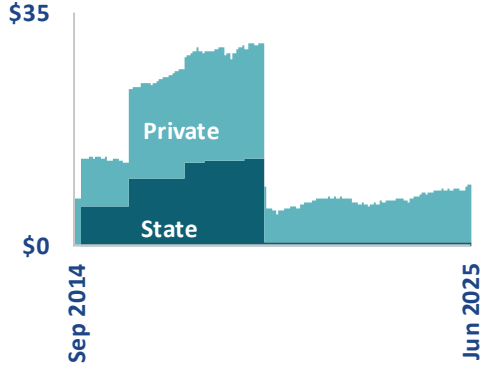
BaS (100% Private)

Private Total	\$64,808,576
Equity	\$20,423,459
Fixed Income	\$44,310,020
Cash	\$75,097
State Match	\$0



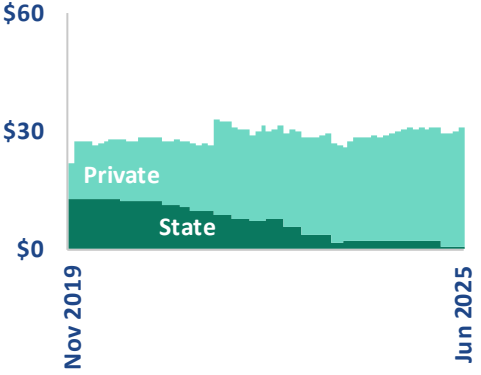
Endowment (93% Private / 7% State Match)

Private Total	\$8,499,813
Equity	\$6,961,539
Fixed Income	\$1,385,088
Cash	\$153,185
State Match	\$668,197



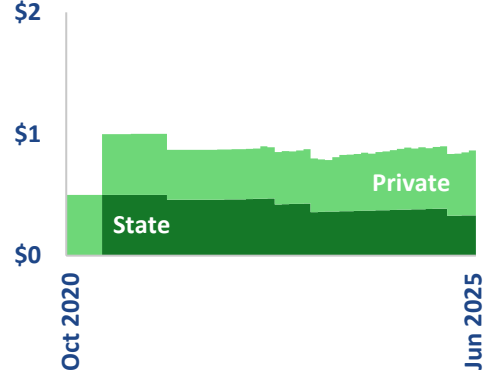
CTS (99% Private / 1% State Match)

Private Total	\$30,352,823
Equity	\$9,570,384
Fixed Income	\$20,656,979
Cash	\$125,459
State Match	\$438,832



GRD (62% Private / 38% State Match)

Private Total	\$532,278
Equity	\$169,490
Fixed Income	\$362,784
Cash	\$3
State Match	\$331,647



TOTAL MARKET VALUES AND ASSET ALLOCATION

JUNE 30, 2025



Private Funds

Equity

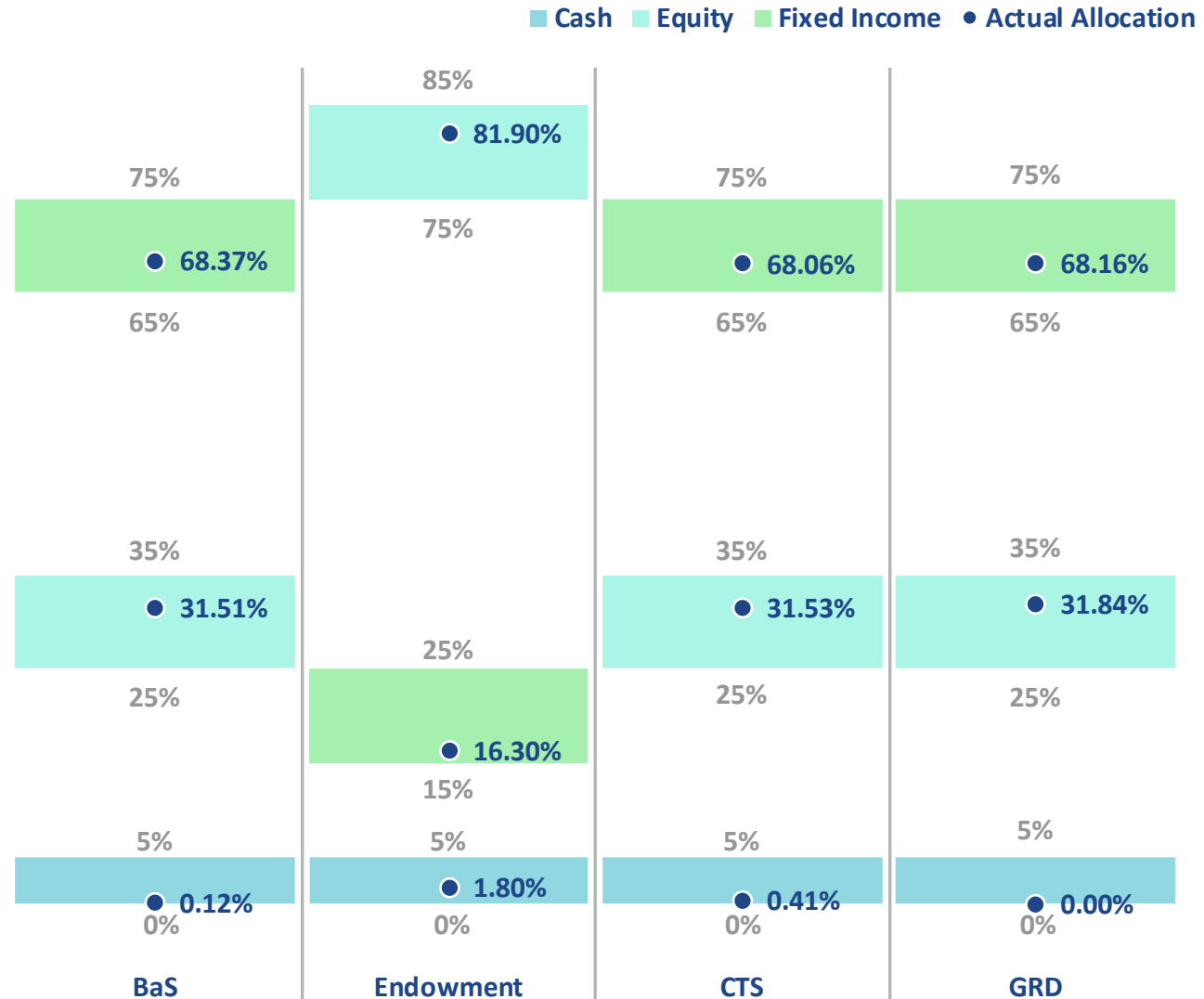
- Passive equity strategy managed by BlackRock
- Expected to closely track the MSCI All Country World Investable Market Index

Fixed Income

- Actively managed by WSIB staff
- Expected to meet or exceed the Barclays U.S. Intermediate Credit Index

State Match Funds

- Both target and current allocations are 100% cash
- Cash is invested in a money market fund managed by BlackRock



FUND PERFORMANCE UPDATES

ALL COLUMNS SHOW PERFORMANCE CALCULATED AS OF JUNE 30, 2025

		Annualized			
	Qtr.	1 Year	3 Year	5 Year	Since Inception
BaS					
Private	5.05%	10.43%	8.66%	5.13%	5.39%
Private Benchmark	4.92%	10.24%	8.48%	4.92%	5.33%
State Match	N/A	N/A	N/A	N/A	0.48%
State Match Benchmark	1.05%	4.73%	4.64%	2.81%	1.90%
Private Funds Benchmark: 30% Equity and 70% Fixed Income. State Match Benchmark: 100% Cash					
Endowment					
Private	9.81%	14.55%	14.75%	11.39%	8.13%
Private Benchmark	9.73%	14.50%	14.69%	11.28%	8.41%
State Match	1.05%	4.59%	4.53%	2.74%	1.78%
State Match Benchmark	1.05%	4.73%	4.64%	2.81%	1.90%
Private Funds Benchmark: 80% Equity and 20% Fixed Income. State Match Benchmark: 100% Cash.					
CTS					
Private	5.05%	10.39%	8.79%	5.24%	5.27%
Private Benchmark	4.92%	10.24%	8.48%	4.92%	4.85%
State Match	1.05%	4.73%	4.57%	2.76%	2.56%
State Match Benchmark	1.05%	4.73%	4.64%	2.81%	2.65%
Private Funds Benchmark: 30% Equity and 70% Fixed Income. State Match Benchmark: 100% Cash					
GRD					
Private	5.08%	10.44%	9.13%	N/A	5.82%
Private Benchmark	4.92%	10.24%	8.89%	N/A	5.67%
State Match	1.05%	4.65%	4.55%	N/A	3.21%
State Match Benchmark	1.05%	4.73%	4.64%	N/A	3.27%
Private Funds Benchmark: 100% Cash. State Match Benchmark: 100% Cash.					

APPENDIX 1 - 8.28.2025 F&I COMMITTEE PRE-READ

Note: All program benchmarks use the MSCI ACWI IMI w/U.S. Gross, Bloomberg Intermediate Credit, and the 90 Day Tbill

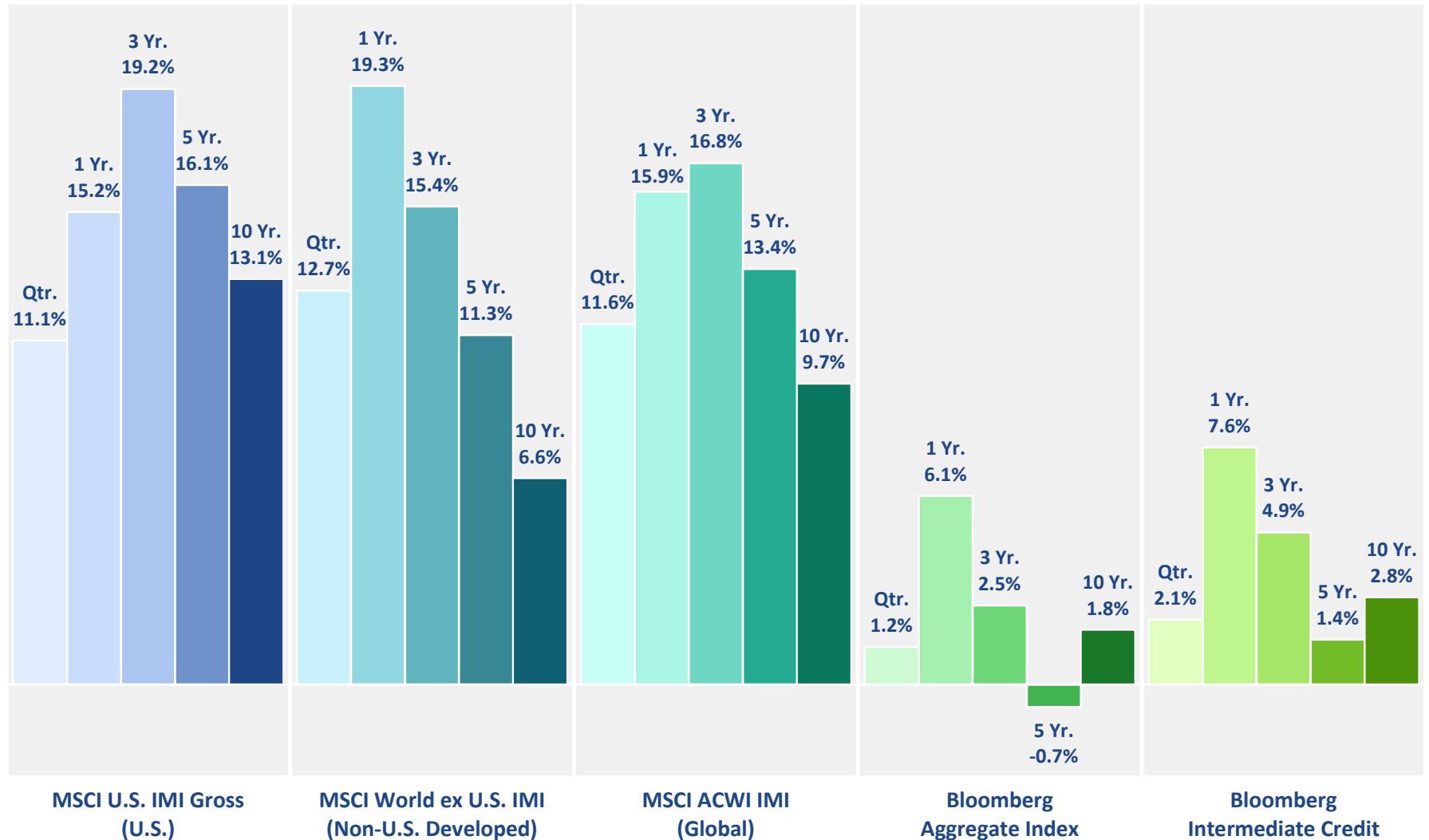
FUND PERFORMANCE UPDATES

ALL COLUMNS SHOW PERFORMANCE CALCULATED AS OF JUNE 30, 2025

	Qtr.	Annualized			
		1 Year	3 Year	5 Year	Since Inception
Equity					
BaS	11.67%	16.11%	17.10%	13.67%	9.75%
Endowment	11.67%	16.08%	17.09%	13.66%	9.73%
CTS	11.67%	16.12%	17.07%	13.65%	11.81%
GRD	11.67%	16.15%	N/A	N/A	19.90%
MSCI ACWI IMI w/ U.S. Gross	11.69%	16.18%	17.13%	13.70%	
Fixed Income					
BaS	2.26%	7.96%	5.27%	1.74%	3.08%
Endowment	2.26%	7.96%	5.27%	1.75%	3.08%
CTS	2.26%	7.96%	5.27%	1.75%	2.52%
GRD	2.26%	7.96%	N/A	N/A	6.31%
Bloomberg Intermediate Credit	2.09%	7.64%	4.90%	1.45%	

CAPITAL MARKETS AT A GLANCE

JUNE 30, 2025



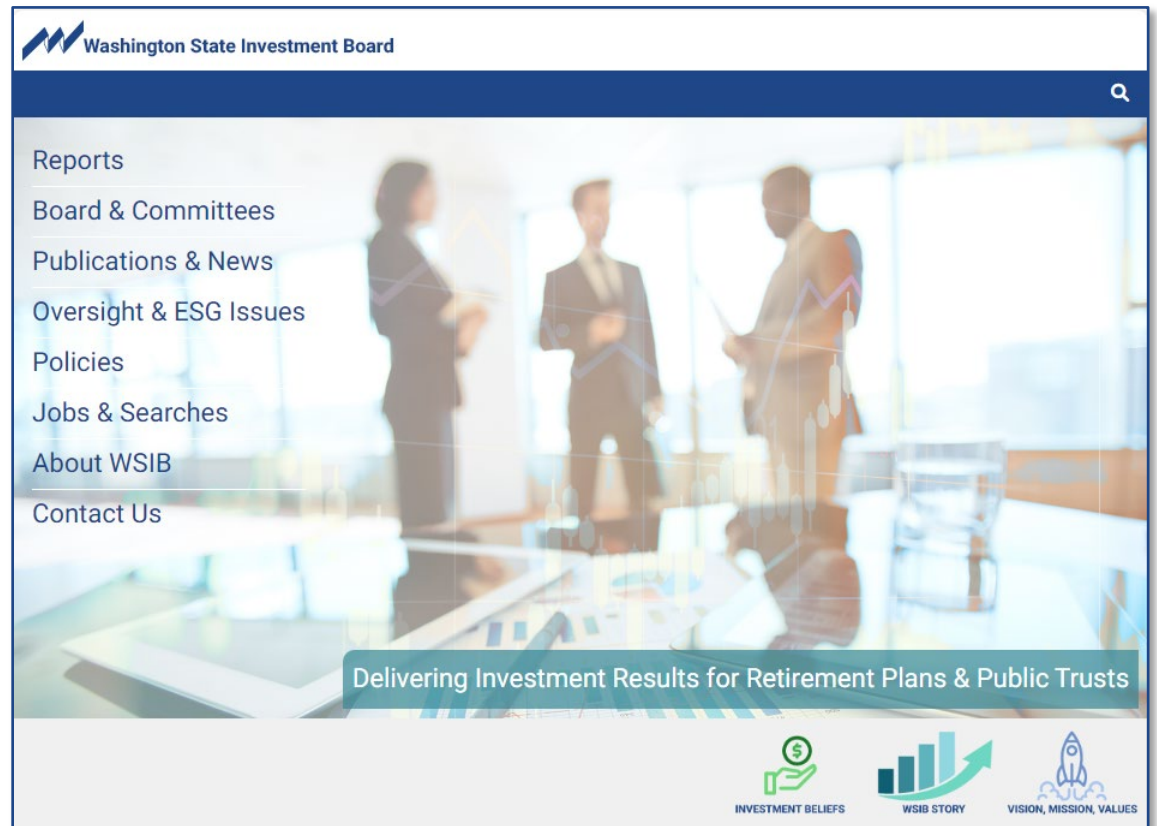
APPENDIX 1 - 8.28.2025 F&I COMMITTEE PRE-READ

CONTACT INFORMATION

Website: <http://www.sib.wa.gov>

Address: 2100 Evergreen Park Drive SW
P.O. Box 40916
Olympia, WA 98504-0916

Phone: (360) 956-4600



Tab C

Program Administrator & Finance Report

MEMO

SUBJECT Change in Scholarship Liability Recognition Principles
FROM Melissa O'Keefe, Comptroller
DATE August 15, 2025

Context

We propose changing how the scholarship liability is reported on our financial statements. (You can view previous practice by reading this [WA STEM memo](#)). While the previous interpretation of how GAAP rules applied to our program was logically sound, several key components to that interpretation have since changed requiring a new interpretation. Specifically, [legislative language](#) introduced in the 2025 session now requires institutions regularly confirm participant eligibility and recent program enhancements have resulted in higher retention rates, both of which were part of the previous interpretation. Additionally, the program's transition to the new program administrator creates a one-time opportunity to change how we report this liability from opening balance sheet. We plan to apply this new interpretation effective as of the 2024-25 academic year.

Previously, our financial statements recorded the scholarship liability as the *predicted amount that we would pay over the lifetime of our scholarships*. In other words, whenever a new cohort was selected, we booked the entire amount we would expect to pay to all recipients over the lifetime of their scholarship participation. This predicted number came from our scholarship liability model which relies on historical data. Booking this full amount also relied on classifying our scholarships as unconditional under GAAP. Both the classification and the viability of our predictive capabilities of the scholarship liability require a new treatment under GAAP that will be described in more detail below. Instead, we propose *recognizing scholarship expenses on a term-by-term basis* when colleges and universities bill us for eligible Scholars in attendance each term.

It is important to note this reflects *no change* in how Scholars access their funding. This also *does not change* WSOSF's commitment to fully fund scholarship awards. On the contrary, it will make our scholarship expenses more transparent and rooted in actual costs versus predicted costs ensuring we are on track to meet our scholarship funding needs in the short and long term. This new treatment more accurately reflects the hard work of our Scholars and WSOS's efforts to improve their academic and professional outcomes as it reflects our higher retention rates.

Analysis

To appropriately determine whether we should book expenses either as eligibility is confirmed or book the full multi-year award hinges on how we classify our scholarships as either unconditional or conditional. Unconditional typically means that the full award is available with no significant barriers or right of return of funds. Conditional means that there are ongoing barriers to overcome to receive the award and if not met, can result in a return of funds or release from future funds. Below is a close analysis of these terms,

how it was previously interpreted, and the current interpretation given the change in policies and programming.

Classification of Scholarships – Unconditional versus Conditional

Classification of scholarships as unconditional or conditional hinges on measurable performance-related barriers and a right of return.

1. Measurable Performance-Related Barrier or Other Measurable Barrier

Measurable performance-related barriers are essentially requirements that need to be achieved before funding is received. See ASC 958-605-25-5A through 25-5C (performance-related barrier definition) for a detailed explanation.

For Opportunity Scholars to be eligible to receive funding, they must maintain Satisfactory Academic Progress (SAP), be in an eligible program in an eligible higher education institution as well as meet the income eligibility requirements annually. These requirements are verified by colleges and universities each term as well as annually through the WSOS-run renewal process. SAP can differ from institution to institution, but it is key to note that all eligible institutions require either a 2.0 GPA or completion of a minimum percentage of credits. If a student is not meeting SAP or has changed their program or school to an ineligible one, they do not receive funding for that term. If payment has already been distributed to the college or university, those funds are refunded to WSOS.

Prior interpretation: A majority of students maintain SAP which is a requirement for other financial aid and therefore more administrative than a barrier.

Current interpretation: According to ASC 958-605-55-68 through 55-71, a purely administrative requirement is not a barrier. Our interpretation, however, is that a GPA minimum and/or credit completion coupled with income thresholds are not administrative but are examples barriers that can meaningfully end a student's access to our scholarship. Maintaining SAP is measurable as it is tied to maintaining a specific GPA or completing a set number of credits for most programs. It is also performance-related in the specific area for which the funding is provided which is important to note. While this type of measurable performance is common in many scholarships, that does not equate to administrative in nature. When reflecting on the Scholars who are prioritized for our scholarships, demoting SAP to administrative does not accurately reflect the effort that is needed to meet this requirement. On the contrary, when one considers the systemic barriers at play in achieving SAP for many of our Scholars, this requirement can truly not be seen as anything but a measurable performance-related barrier and a cause for celebration of progress each term it is met.

Additionally, to demonstrate financial need, Scholars are required to complete their FASFA or WAFSA annually and their scholarship amount is contingent upon their Student Aid Index (SAI) number being lower than their Cost of Attendance (COA).

Meaning, if they do not meet the income requirements, they would not continue to receive scholarship funding from WSOS. Under GAAP, this also qualifies as a measurable performance-related barrier.

2. Right of Return

A “right of return” means if the recipient doesn’t meet stated conditions, the donor is entitled to get the funds back or is released from having to pay the promised amount. Historically, WSOS funds were sent to the college or university based on the knowledge WSOS had of the Scholar’s eligibility. Colleges and universities would confirm student eligibility each term. If they were found ineligible, the funds that had been provided for that Scholar for that term were returned. Under the new statutory language, it is explicitly stated that colleges and universities will confirm eligibility prior to disbursement each term. This will greatly limit the number of refunds WSOS receives, resulting in actual scholarship expenses that will much more closely match final amounts paid.

Prior interpretation: Refunds are an administrative error of timing. Liability should be based on modeling.

Current interpretation: While we would argue the right of return has always been implied and practiced, the new statutory language solidifies the right of return of our scholarships if requirements haven’t been met. This does not mean Scholars will repay any prior funding for eligible terms, but it does mean WSOS is not liable for future payments, even temporarily. Accordingly, any scholarship liability for future terms should not be booked until conditions have been confirmed per ASU 2018-08.

Because changes in eligibility typically occur at the end of a term or are reviewed annually, confirmation of continued eligibility at the beginning of each new term is both reasonable and timely. In practice, this means WSOS would recognize the expenses when colleges and universities bill us each term.

Scholarship Modeling

Another aspect of the prior interpretation that is worth noting is the estimated liability based on scholarship modeling. In the ASU 2018-08 guidance that this treatment is based on, the Financial Accounting Standards Board “considered but rejected an alternative that would have required a probability assessment about whether it is likely that a recipient will meet the stipulations in an agreement” ([pg. 57](#)). This was because predicting future behavior of recipients meeting stipulations could result in too many variations in practice as well as an administrative impracticality of reassessing this prediction for ongoing or long-term agreements. And in fact, both challenges have come to fruition in WSOS’s financials since this treatment began.

For example, here is the scholarship expense as reported to the board 2020-2024:

2020	2021	2022	2023	2024
\$ 10,208,369	\$ 11,125,412	\$ 16,380,338	\$ 15,859,785	\$ 8,192,609

While each of these numbers followed the approved accounting treatment for these expenses, the variability in scholarship modeling demonstrates the difficulty of predicting future liabilities. It is also not a reach to say that the prior program administrators experienced the administrative challenge of reassessing this model in a reliable, timely manner.

To further complicate our modeling efforts, it has been an important goal for WSOS to *improve* these retention rates to better achieve our mission. And proudly we have seen success in this area by lowering renewal administrative burdens and providing support through our Scholar Lead mentoring, career development resources, and industry mentorship. But these successful program enhancements have made our reliance on historical data less useful in accurately predicting retention rates and thereby our future scholarship liability.

It is important to add that when this prior interpretation was made, many of our scholarships (Career & Technical Scholarship or CTS, Rural Jobs Initiative or RJI, and Graduate Scholarship or GRD) were relatively new, making the initial interpretation understandable given the information available at the time. If our rates were extremely low, this could signify that our scholarships – in practice – are more consistent to an unconditional award. But because they are not, in policy and practice, these retention rates further reflect that our awards are and operate as a conditional award.

The proposed treatment does not rely on predictive modeling but instead is grounded in actual costs which better aligns with the intention of the ASU 2018-08 guidance.

Input Received

This new interpretation of how our scholarship expenses should be treated under GAAP went through a review with the current Comptroller of WSOSF, the prior Finance Director of WSOSF, an accounting consultant who teaches at the University of Washington, and our audit partners at Clark Nuber. All parties were supportive of this proposed change.

Next Steps

Because 2024-25 is the first year Washington State Opportunity Scholarship Foundation has served as WSOS program administrator, no official restating financials or change in accounting is being recommended for prior years. Instead, this change in treatment will begin with the fiscal year ending June 30, 2025. Ending scholarship liability balances from the prior administrator will be rolled into the net assets of WSOSF's beginning balances. All distributions for scholarships paid from the day we began our program administrative agreement with WSOS on September 1, 2024, will be recognized as

expenses. The prediction of our future scholarship liabilities will be disclosed as a footnote on our audited financials.

This will bring greater transparency to the actual costs of our scholarships and significantly ease the administrative challenge that has previously resulted in big swings in our reported expenses. This lower volatility of our financials will provide a more stable snapshot for our Board, donors, and other stakeholders while still being transparent about what we think the future costs may be. Because we are moving to a new process where we are billed by colleges and universities after eligibility is determined, the requirement under GAAP to recognize expenses when conditions have been made will be seamlessly built into our process.

These changes will be most notable in any comparison reports from prior years. This was already a temporary challenge considering the shift from calendar to fiscal year ending June 30 (which WSOSF adopted to better align the fiscal with the academic year) as well as the change in program administrators. Reports and supportive narratives will be provided to the Board and other stakeholders to understand the scholarship expenses over time. Additionally, as years pass, this will naturally become less of a barrier.

It is also important to note that we will continue to report our prediction of future scholarship liabilities to the Board throughout the year. This modeling is critical to our internal budgeting process and determining fundraising goals and future cohort sizes. The scholarship model tool WSOSF developed in the spring of 2025 will continue to be used to determine our best-effort prediction of our future scholarship liabilities.

FINANCE & PROGRAM ADMINISTRATOR UPDATE June 30, 2025

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

APPENDIX 1 - 8.28.2025 F&I COMMITTEE PRE-READ

Overview

- New **scholarship distribution process** will begin this fall
 - Minimize unnecessary cash transfers and administrative burden
- New **scholarship expense recognition reporting**
 - Improve transparency and minimize swings
- Closed the books on **Fiscal Year 2024-25!**
 - Careful review of all first-year transactions and processes complete
- Financial audit will begin mid-September

Scholarship liability recognition changes but Scholars remain our North Star



- No changes to how our Scholars access their scholarship funds
- No changes to our commitment to fully fund our scholarships

Changing How Scholarship Expenses are Reported

What is changing:

- Previously recognized **full multi-year scholarship** expenses based on our Scholarship Liability Model
- Changing to recognize scholarships on a **term-by-term basis** after colleges and universities confirm eligibility
- Scholarship liabilities will be a **footnote** in financials and no longer on the **balance sheet**
- **Continue modeling** but no longer tied to an accounting treatment

Changes to Program = Changes to Accounting Treatment

Why we are changing:

- Key changes in **policy and practice**
 - **Statutory** change last legislative session explicitly requires colleges and universities confirm eligibility
 - Clarifies our scholarships as “**conditional**” vs. “**unconditional**”
 - Changes in our program to improve retention
 - Complicates our predictive modeling which is based on historical data
- **New program administrator**
 - One-time opportunity to shift without need to restate financials or formally defend a “change in accounting”

Feedback on the new approach

- Tested approach with our **auditors** at Clark Nuber, other accounting professionals, the previous Finance Director, and WA STEM

New approach has many benefits!

Year	2020	2021	2022	2023	2024
Reported Scholarship Expense	\$ 10,208,369	\$ 11,125,412	\$ 16,380,338	\$ 15,859,785	\$ 8,192,609

Benefits

- Fewer swings in expense recognition
- Ease the administrative burden – small changes can make a big impact on financials
- Lowered audit risk
- Transparent data connected to actual costs
- Continue reporting our modeling – just not on the balance sheet

Trade Off

- Temporary challenge to show comparison reports
 - Change from calendar year to an academic/fiscal year ending June 30th
 - New program administrator – less detailed data from prior years

WSOS Balance Sheet

Washington State Opportunity Scholarship			
Balance Sheet as of June 30th, 2025			
	Quarter Ending		
	03/31/2025	06/30/2025	
	Prior QTR	Current QTR	Period difference
Assets			
Current Assets			
Cash and Cash Equivalents	953,027	3,782,880	2,829,853
Accounts Receivable, Net	20,937,185	11,740,554	(9,196,630)
Other Current Assets - Prepays	213,733	94,456	(88,879)
Total Current Assets	22,103,945	15,617,890	(6,455,656)
Long-term Assets			
Property & Equipment	15,485	22,287	6,801
Other Long-term Assets - Leases	74,533	43,680	(30,853)
Total Long-term Assets	90,018	65,967	(24,052)
Investments			
Long Term Investments	100,256,486	105,632,167	5,375,681
Total Investments	100,256,486	105,632,167	5,375,681
Total Assets	122,450,449	121,316,024	(1,104,027)
Liabilities and Net Assets			
Liabilities			
Short-term Liabilities			
Accounts Payable	14,165	130,894	116,730
Expensify Payable	1,906	9,857	7,950
Wages Payable	473	49,833	49,360
Accrued PTO	47,200	120,711	73,511
Payroll Taxes Payable	256	20,368	20,113
FSA Payable	4,619	1,442	(3,178)
401K Payable	0	7,207	7,207
Accrued Expenses	0	(333,077)	(333,077)
Deferred Revenue - State Match Offset	2,779,387	0	(2,779,387)
Due to WSOSF	62,483	0	(62,483)
Total Short-term Liabilities	2,910,489	7,235	11,202,745
Long Term Liabilities			
ROU Liability	72,468	40,365	(32,103)
Total Long Term Liabilities	72,468	40,365	(32,103)
Total Liabilities	2,982,957	47,600	11,170,642
Net Assets	119,467,492	121,268,424	(12,274,669)
Total Liabilities and Net Assets	122,450,449	121,316,024	(1,104,027)

Notes

Assets

- Cash: Microsoft \$2.5M received
- AR: Decrease reflects donor pledge changes
- WSIB investments strong

Liabilities

- No more scholarship liabilities reported on the balance sheet
- Accrued Expenses: year-end accruals for the Scholarship Refunds we received are booked as an off-setting expense
- State Match Appropriations: spent down full appropriated amount from prior biennium and have begun spending down the next

WSOS Income Statement

Washington State Opportunity Scholarship

	Budget to Actuals 01/01/2025 - 06/30/2025		
	Actual	Board	Actual minus budget
Revenues			
Private	249,286	1,202,000	(952,714)
State Match	6,018,937	4,300,000	1,718,937
Investment Dividends & Interest	51,917	33,300	18,617
Investment Unrealized/Realized Gains	6,554,228	1,267,800	5,286,428
Total Revenue	12,874,368	6,803,100	6,071,268
Program Expense			
Salaries and Benefits	1,774,301	1,690,393	83,908
Professional Fees - Program Administrator Fees	665,512	704,976	(39,464)
Professional Fees - Contractors & Lobbying	187,940	195,915	(7,975)
Conferences, Conventions & Meetings	119,010	115,924	3,086
Operating Expense	261,421	350,713	(89,292)
Bad Debt Offset	6,222,995	0	6,222,995
Scholarship Expense less refunds	13,020,645	(1,942,264)	14,962,909
Total Expenses	22,251,824	1,115,657	21,136,167
Net Income (Loss)	(9,377,456)	5,687,443	(15,064,899)
Net Income (Loss) Calendar Year 2024	11,833,731	(6,900,072)	18,733,803

Notes

- State match caught up through Year End (June 30, 2025)
- Investments performed higher than budgeted
- Benefit variance – caught and updated for FY26 budget
- Pledge reduction booked against bad debt
- Scholarship expense booked
 - Budget for calendar year 2024 included disbursement not change in liability – this tracks well with scholarship expenses
 - Continue to receive some refunds
- Overall, the program performed well against the budget over the last 18 months

WSOS Cash Flow

30-Jun-25		Inception to reporting Date		
		Scholarship	Endowment	Total
<u>CASH FLOW</u>				
Cash Inflow:				
Corporations		79,540,281		79,540,281
Foundations		27,339,699		27,339,699
Individuals		29,149,783		29,149,783
Other Private		1,102,677		1,102,677
State Match		136,255,077		136,255,077
State Implementation Funds		500,000		500,000
Investment Income*		40,152,116	9,168,010	49,320,127
Total Cash Inflows		314,039,632	9,168,010	323,207,643
Cash Outflow:				
Scholarships		175,466,359		175,466,359
Program Expenses		48,768,122	(5,812)	48,762,310
Total Cash Outflows		224,234,481	(5,812)	224,228,669
Net Change to Cash		538,274,113	9,162,198	547,436,312
<u>Composition of Net Cash Flow</u>				
Chase Checking Account		3,782,880	-	3,782,880
Investment Accounts at WSIB		96,464,156	9,162,198	105,626,355
Total		100,247,036	9,162,198	109,409,235

* Includes unrealized gains and losses.

Increase of \$4.2M receipts (mix of new revenue and payment on receivables) and corresponding State Match

Report builds off March 31, 2025, report – but may have updates by next meeting

WSOS 12-Month Cash Flow

		Twelve Months Ending March 31, 2025		
		Scholarship	Endowment	Total
Cash Inflow:				
Corporations		762,767	-	762,767
Foundations		3,332,090	-	3,332,090
Individuals		2,250,296	-	2,250,296
Other Private		49,213	-	49,213
State Match		13,209,442	-	13,209,442
Investment Income*		6,285,917	510,773	6,796,690
	Total Cash Inflows	25,866,827	510,773	26,377,601
Cash Outflow:				
Scholarships		(19,148,284)	-	(19,148,284)
Program Expenses		(6,032,310)	-	(6,032,310)
	Total Cash Outflows	(25,180,594)	-	(25,180,594)
	Net Change to Cash	686,234	510,773	1,197,007
	Cash Beginning			100,012,505
	Cash Ending			101,209,512

UPDATES COMING

Scholarship Modeling with Year End Data

Current Cohorts through June 30th, 2025		
	Remaining Expense	
GRD		225,811
BaS		20,768,124
CTS		3,506,654
RJI		122,301
Total		24,622,890
New and Current Cohorts through June 30th, 2025		
	Remaining Expense	Projected cost of a full cohort
GRD	725,811	500,000
BaS	33,535,885	12,767,761
CTS	9,622,335	6,115,682
RJI	396,871	274,570
Total	44,280,903	19,658,013

*Figures do not include GAAP 5% discount that will be included in final numbers in the footnote

Year-end data added to scholarship modeling tool

- Remaining expense for current cohorts through June 30th, 2025 will be reported in our footnotes on the audited financials
- Continue to see changes in our retention but needs more analysis
- Will run again after CTS winter/spring selections.

Audit Prep Begins – September 8th

- **Clark Nuber engaged**
 - Same auditors from the WA STEM years
 - Same auditors that 501 Commons has now engaged for audit completion
- **Year End data verification**
 - Review and compile Balance Sheet reconciliation
 - WA STEM engaged to review our Trial Balance
- **Learning and refining**
 - Formalizing internal controls
 - Updating processes and policies
- **Timeline**
 - Trial Balance due September 8
 - Field work completed November 10-14
 - Review and finalized by December 31

Tab D

Program Update

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

Program Update

Scholarship Cohort Models Update

Update to Scholarship Cohort Models

- **Original recommendation:** Vote on future cohort sizes and funding levels at Q4 2025 meeting
- **New recommendation:** Provide recommendations for updates to all the scholarship programs in September 2026 aligned with strategic planning

GRD Funding Update

- **Original recommendation:** Request board approval for subsequent cohorts due to funding shortage
- **New recommendation:** WSOSF has confirmed sufficient funds for selection of additional cohorts, no board action needed now.

Program Expense Ratio: One-Time Exemption

- Program/Operation expense Board approved ratio range: 85% - 92%.
- Approved FY2026 Budget program expense ratio: 88%
- Ballmer Data/IT Grant: \$1.5 M (two-year grant)
- Additional Operating could put ratio between: 83-86%

- **Recommendation:** F&I recommendation to the WSOSP Board to approve a one-time exemption of the Ballmer grant from the P/O ratio.

WSOS Program Next Five-Year Strategic Planning Process

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

APPENDIX 1 - 8.28.2025 F&I COMMITTEE PRE-READ

The Path Forward

Our Mission Endures. Our Approach Can Evolve.



Our strategic planning process will **reaffirm our core work** while **creating space to imagine** what comes next.



This is a moment to **pressure-test assumptions, bring in new ideas**, and align around a long-term vision for deeper impact.



It will be an opportunity to **broaden our base of support** — to strengthen our fundraising and connect our scholars with those that can propel their careers.

Strategic Planning with Expert Support

F&I Engaged at Each Phase

- Three Phase Process: Context, Strategic Foundation, & Management
- Engagement Opportunities:
 - Input on the financial lens to be reflected in the strategy
 - 1:1 interviews with F&I members
 - Presentations and Discussions at F&I Meetings
 - Final preview of strategic plan before the full Board review
- Time Frame: Sept. 2025 – March 2026

WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

EdFirst Brings Broad Expertise

- Deep expertise in education, workforce, and people-centered strategy
- Track record of successful strategic planning
- Experience working in Washington state
- Knowledge of national postsecondary landscape
- Opportunity to amplify WSOS's profile



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