WASHINGTON STATE
OPPORTUNITY
SCHOLARSHIP

BOARD MEETING
01.14.2020

AGENDA

1. Welcome
2. Approval of Minutes from 10.29.2019 Board Meeting
3. Mission Moment: Opportunity Scholar Story
4. 2019 Legislative Report
5. WSOS Next Steps
6. Program Update
   - 2019 in Review
   - 2020 Goals
7. Budget Request
8. Finance and Program Administrator Update
9. Closing

MISSION MOMENT

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MISSION MOMENT:
Scholar Spotlight

EDWIN ANTONIO

Chemical Engineering & Biochemistry

University of Washington Seattle

SCHOLAR LEAD

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2019 LEGISLATIVE REPORT

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GOAL

- Share and answer questions about:
  - New additions
  - Top-level highlights

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NEW ADDITIONS IN 2019

- CTS data
- JLARC findings
- Operational expenses

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TOP-LEVEL HIGHLIGHTS

- **Geography**: We serve the entire state
- **Economy**: We fill the jobs the state needs most
- **Impact**: We transform the lives of our scholars

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GEOGRAPHY

We serve the entire state

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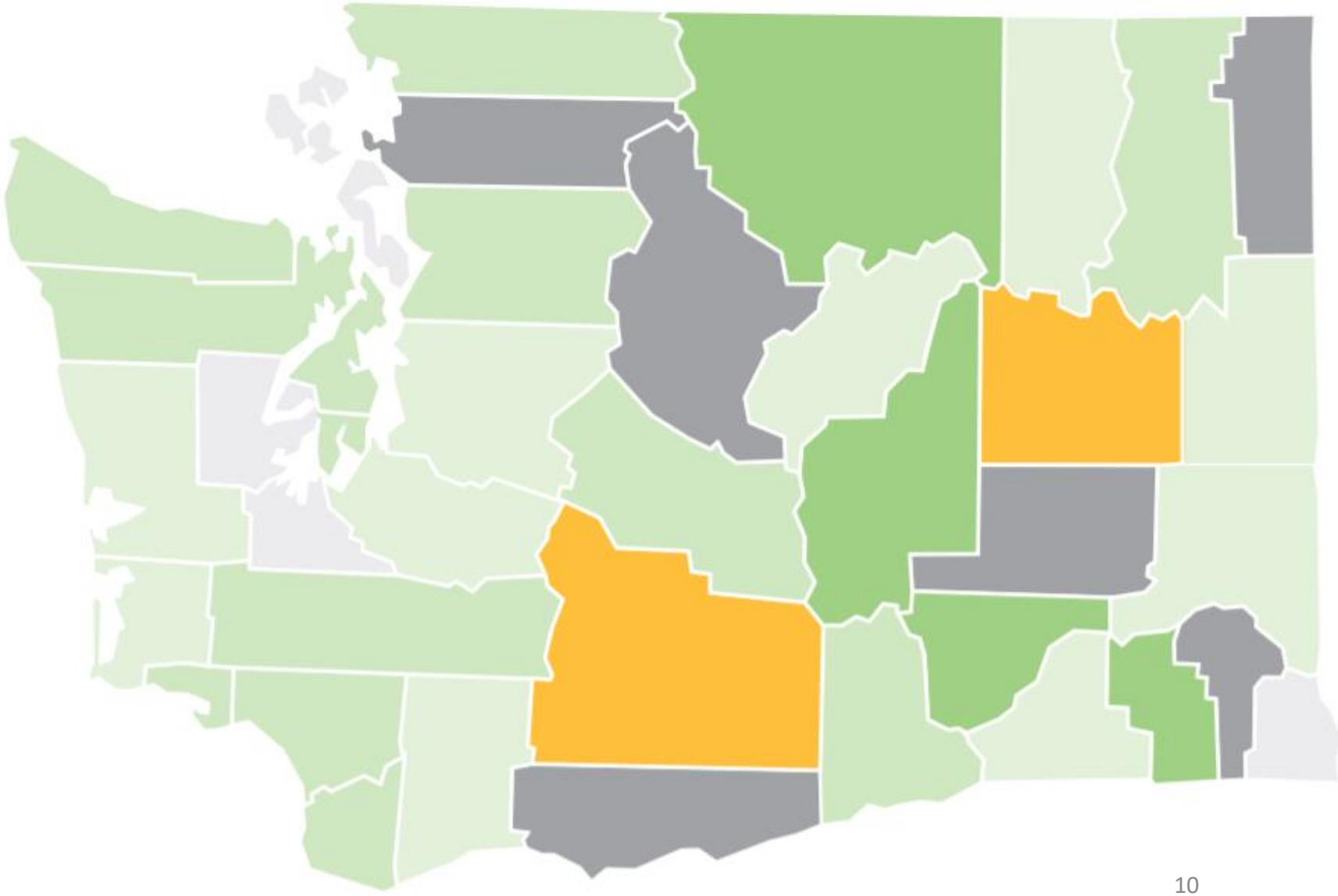
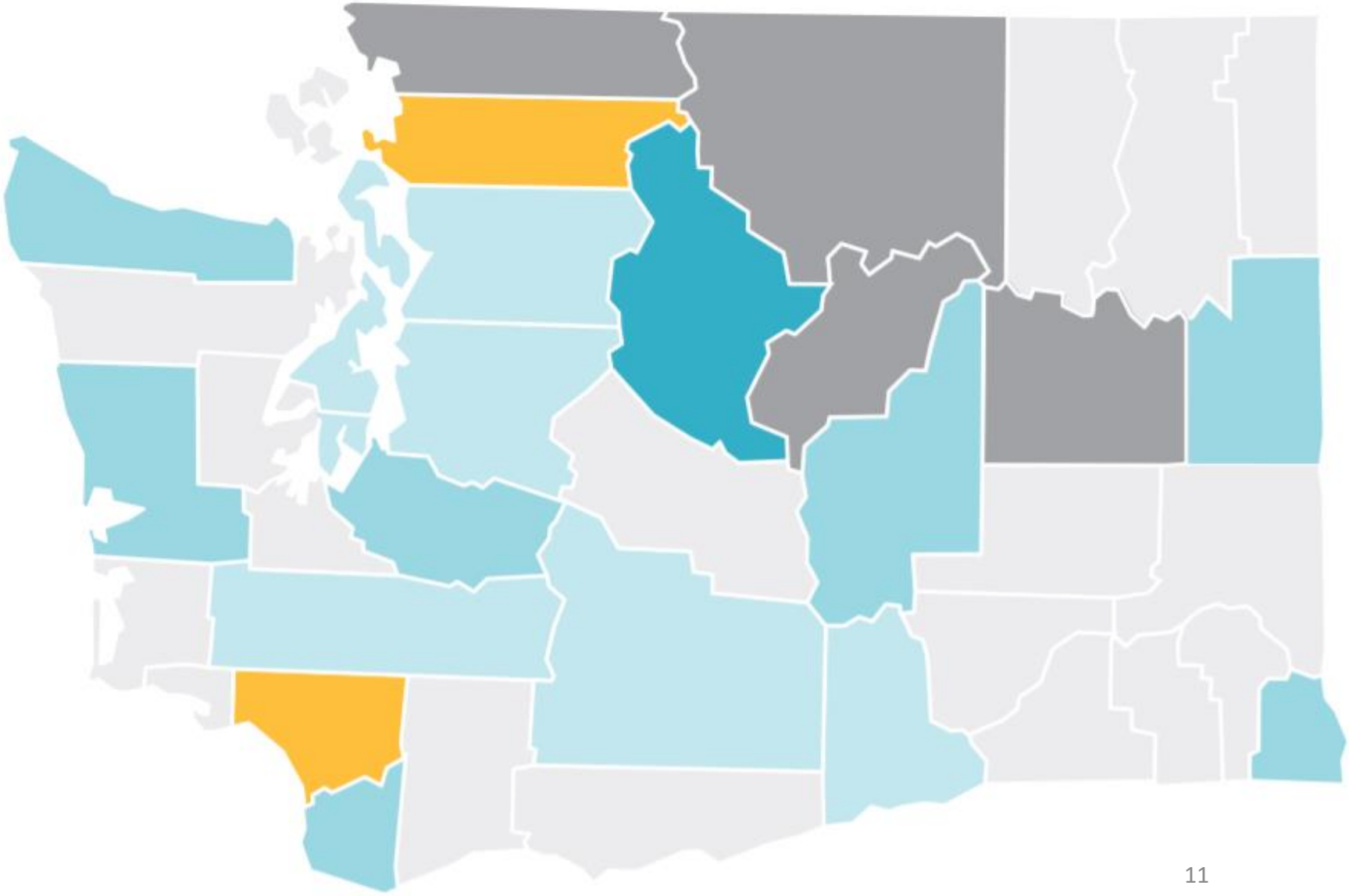
SCHOLARS PER CAPITA: BaS

- More than 300 Scholars for every 100,000 residents
- 251 to 300 Scholars for every 100,000 residents
- 201 to 250 Scholars for every 100,000 residents
- 151 to 200 Scholars for every 100,000 residents
- 101 to 150 Scholars for every 100,000 residents
- 51 to 100 Scholars for every 100,000 residents



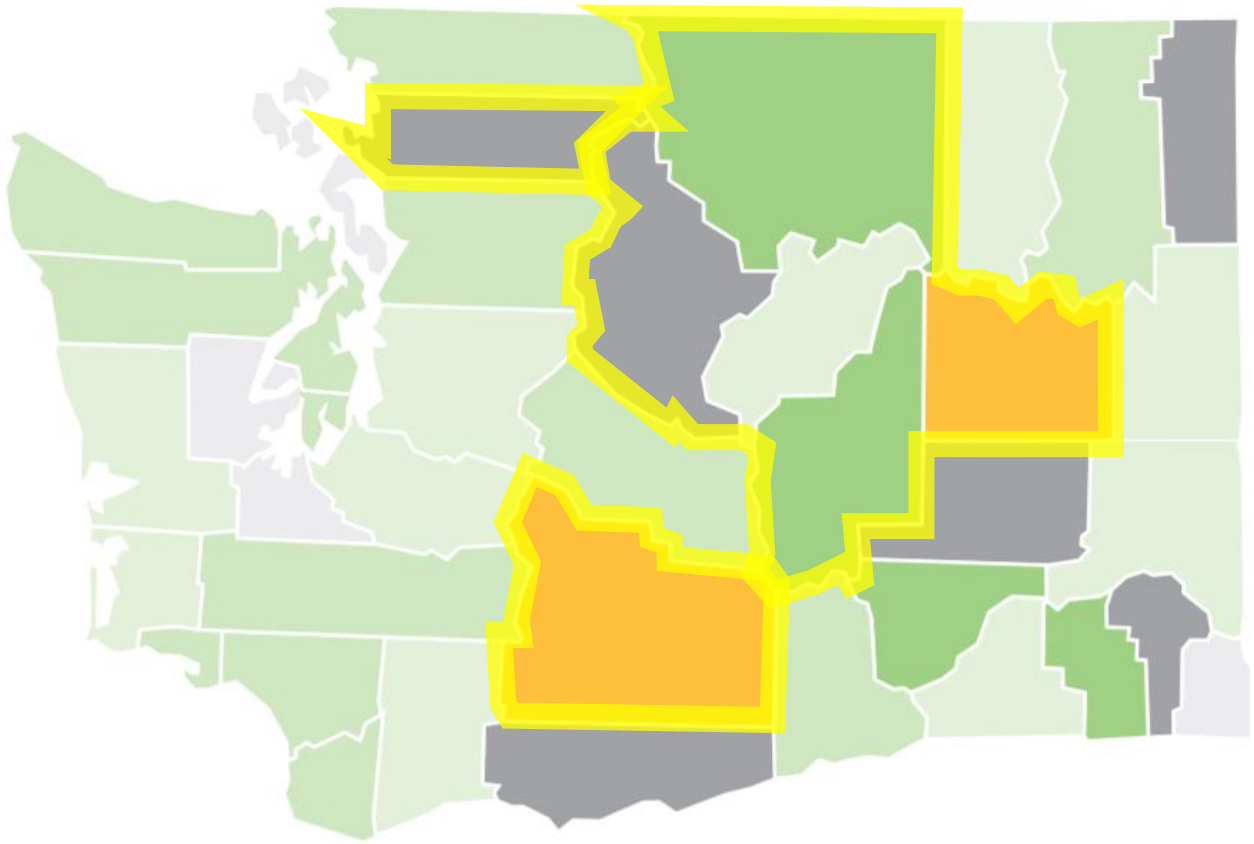
SCHOLARS PER CAPITA: CTS

- 13 to15 Scholars for every 100,000 residents
- 10 to 12 Scholars for every 100,000 residents
- 7 to 9 Scholars for every 100,000 residents
- 4 to 6 Scholars for every 100,000 residents
- 1 to 3 Scholars for every 100,000 residents
- 0 Scholars

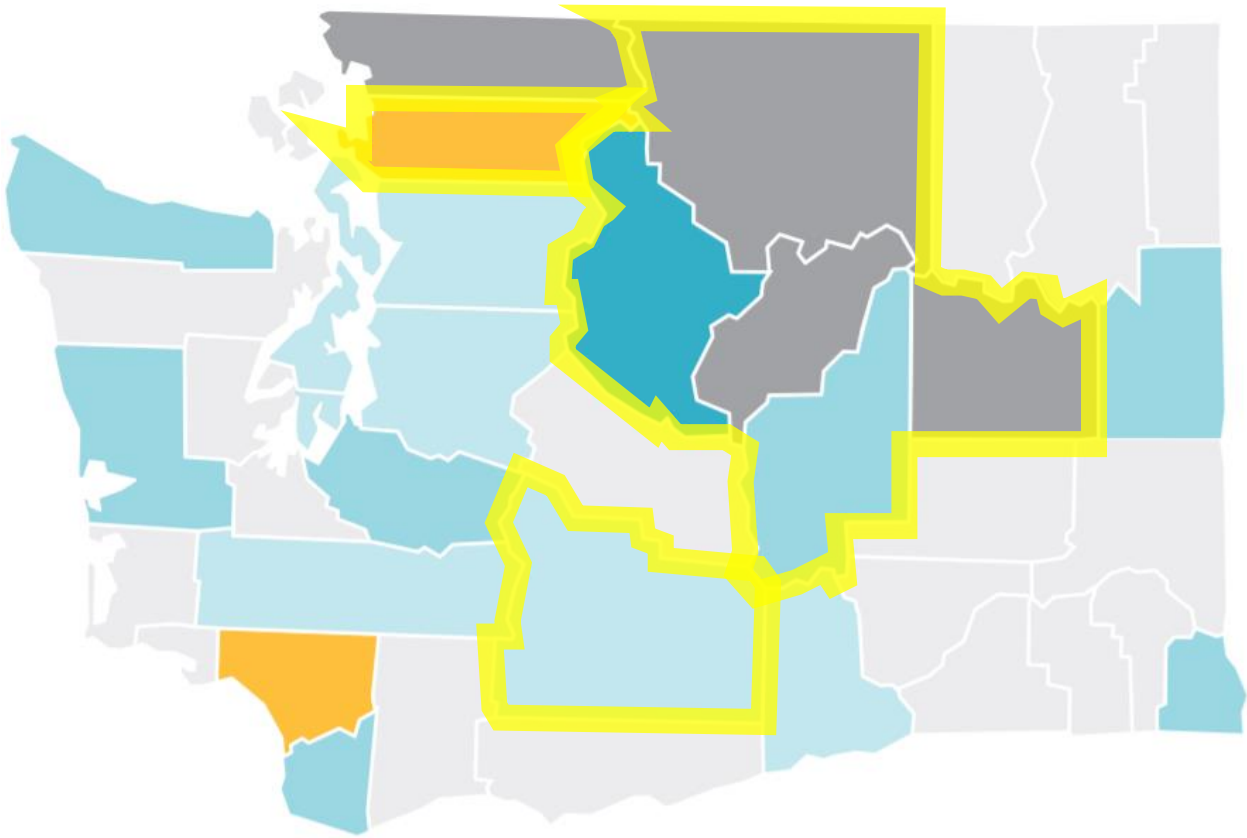


SCHOLARS PER CAPITA

Baccalaureate



Career and Technical



ECONOMY

We fill the jobs the state needs most

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CTS INDUSTRY REPRESENTATION

Intended Program	Percent of Applicants	Percent of Selects	Percent of Job Openings
Engineering / Manufacturing	11%	13%	15%
Health Care	56%	34%	16%
Information Technology	15%	26%	22%
Trades	15%	25%	42%

BaS INDUSTRY REPRESENTATION

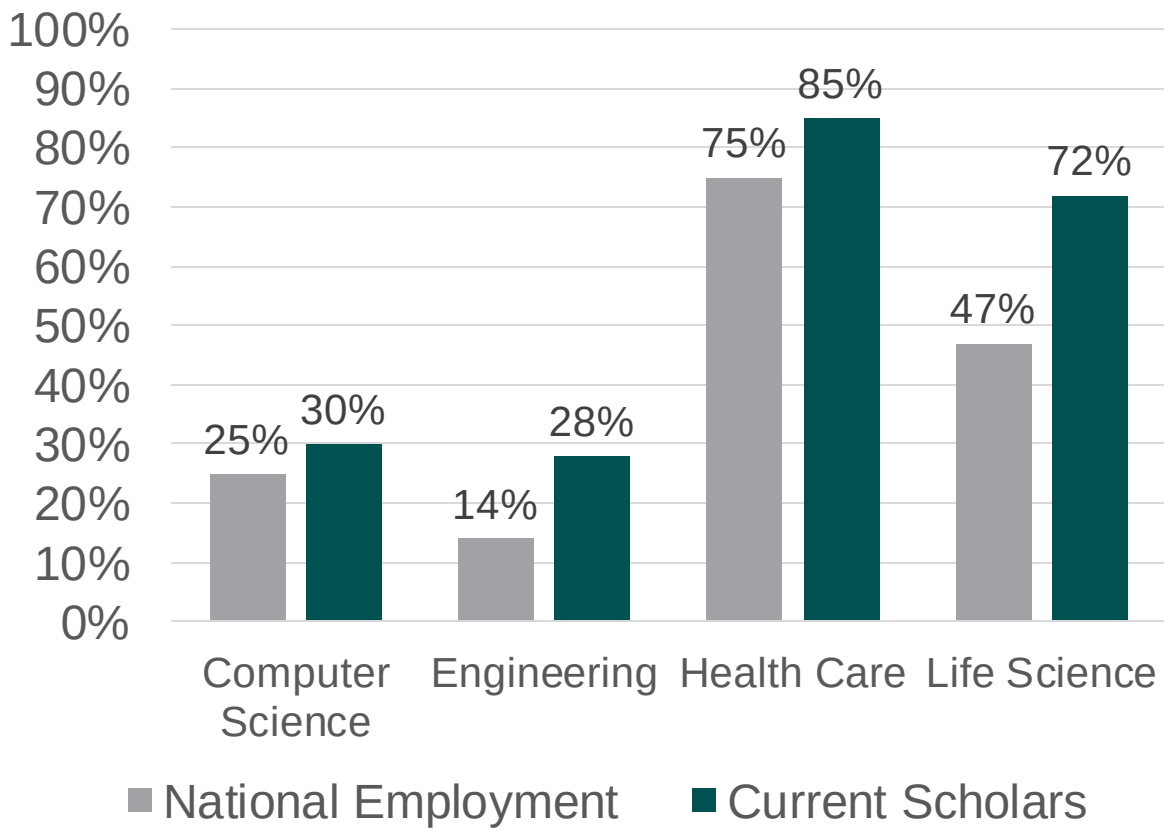
Intended Program	Percent of Applicants	Percent of Selects	Percent of Degrees Earned	Percent of Job Openings
Biology and Biomedical Sciences	20%	18%	19%	15%
Engineering	21%	23%	20%	13%
Health Care	30%	29%	16%	27%
Information and Computer Sciences	11%	14%	10%	32%

BaS INDUSTRY REPRESENTATION: C8

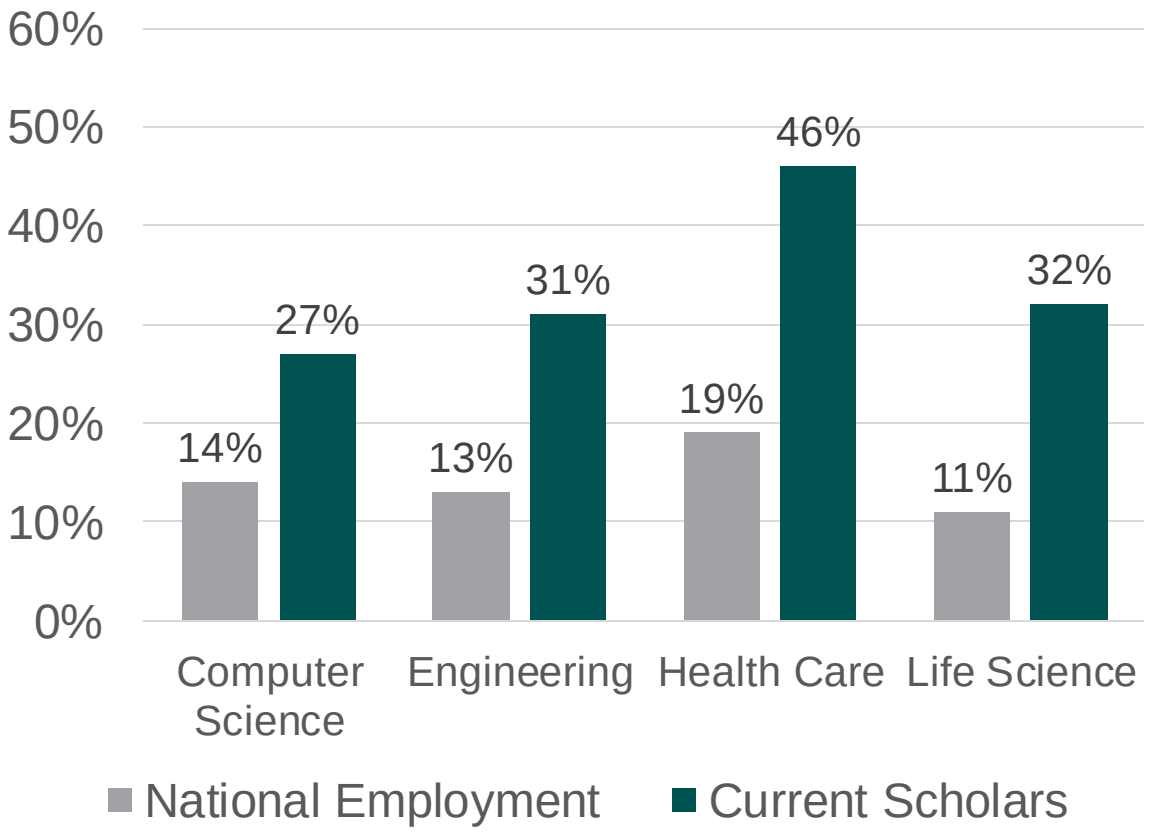
Intended Program	Percent of Applicants	Percent of Selects	Percent of Job Openings
Biology and Biomedical Sciences	22%	21%	15%
Engineering	20%	29%	13%
Health Care	25%	19%	27%
Information and Computer Sciences	12%	16%	32%

BaS INDUSTRY REPRESENTATION

% Women by Industry



% Black or Latinx by Industry



Representation in the 2016 STEM workforce by industry as calculated January 2018 by Pew Research

IMPACT

We transform the lives of our Scholars

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WSOS IMPACT: OUR SCHOLARS

In college

2x

more likely to graduate

in 4 years

1 year after college

Earn

$8K

more than their peers

5 years after college

Earn

2x

more than their family

OPERATIONAL EXPENSES

What it takes to make this impact

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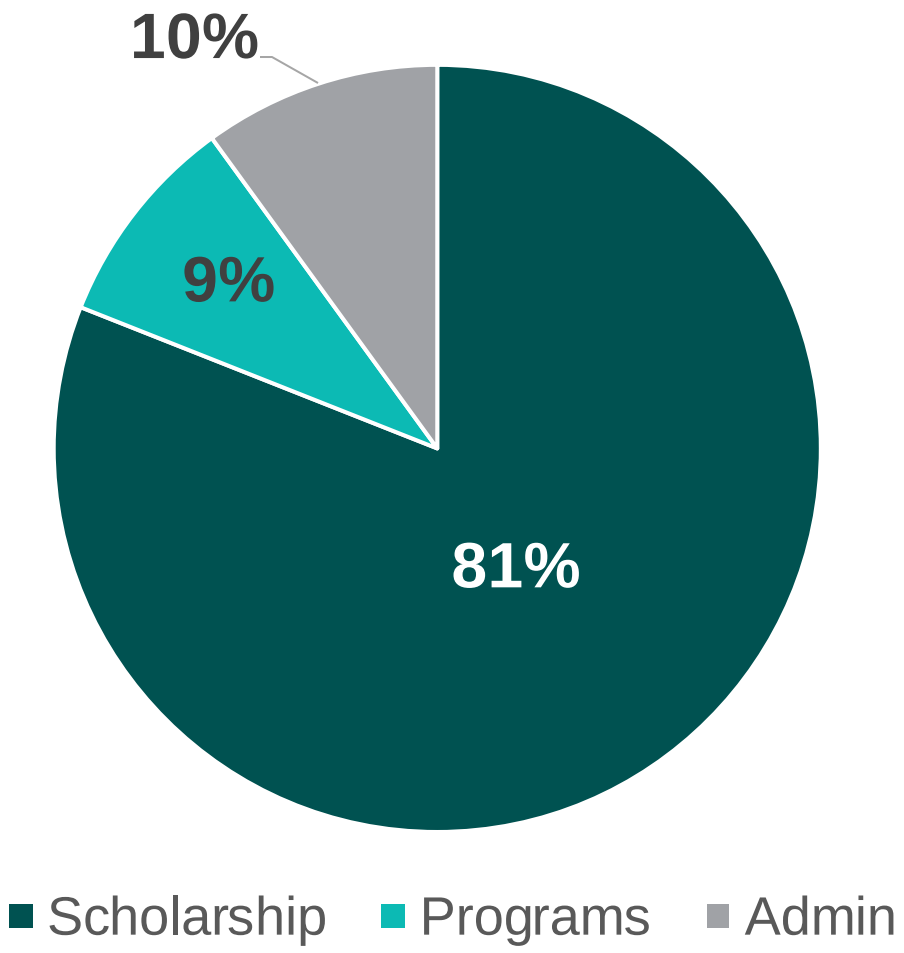
OPERATIONAL EXPENSES: 11/1/18-10/31/19



- **Scholarship** includes direct scholarship disbursements ($15m)
- **Programs** includes Awards, Success, Placement and Programs ($1.7m)
- **Admin** includes Development and Management/General ($2m)

TOP-LEVEL HIGHLIGHTS

- **Geography**: We serve the entire state
- **Economy**: We fill the jobs the state needs most
- **Impact**: We transform the lives of our Scholars

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WSOS NEXT STEPS

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STRATEGIC PRIORITIES

Design for Scale.

- Scalable programs for BaS, CTS and GRD (Advanced Health Care)
- Demonstrated impact across the state
- Focus on intended impact & theory of change
- Scholar-centric

Build the Brand.

- State-wide awareness of program & Scholars
- Thought leadership & evidence of impact
- Recession-proof the message
- Build partnerships in new spaces (tribal, county, municipal, new employer partners)

Fund to 2030.

- Clear fundraising strategy that includes all three programs (BaS, CTS & GRD) including Rural Jobs and tribal/county/municipal work
- Fully funded scholarship model through 2030 for BaS & CTS with 1,000/cohort in each
- Initial investment for GRD program to launch first five cohorts

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STRATEGIC PRIORITIES – Q&A

Design for Scale.

Build the Brand.

Fund to 2030.

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FEASIBILITY OF $200M GOAL

Prospect identified & secure Returning annual gifts or known commitments where revenue is not yet accrued	OTalks Day Of OTalks Sponsorship Known Recurring Named Scholarship Known Recurring Named Scholarship Known Recurring Named Scholarship Known Recurring Named Scholarship Known Recurring Named Scholarship Known Recurring Named Scholarship
Prospect identified & close to commitment Known opportunities with strong likelihood of entering an MOU	Likely First City/County Partnership Likely Recurring Named Scholarship
Seeking partnership Mission alignment and capacity to give; unknown likelihood of engagement	Likely Recurring Named Scholarship

~$10M

+Assume $5M in interest earnings

FLOOR

CEILING

CONFIDENCE RATING

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FEASIBILITY OF $200M GOAL

Giving Amount	Donor Type	Amount to Be Raised	# of Donors Needed
$15M+	Cornerstone Partners	$45M	2 to 3
$5M to $14.9M	Major Gifts – Level 2	$20M	3 to 4
$500K to $4.9M	Major Gifts – Level 1	$15M	4 to 8
$50K to $499K	Mid-Level Gifts	$5M	10 to 20
<$50K	Individual/Small Corporate or Foundation Gifts	N/A – included in $10M estimate	Many

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FEASIBILITY OF $200M GOAL

Actively seeking partnership
Mission alignment and capacity to give; unknown likelihood of engagement

~$85M in Pledges Over Time

Pledge Year (Accrual)	2020	2021	2022	2023	2024	2025	TOTAL
Cornerstone ($15M+)	$-	$-	$15M	$15M	$15M	$-	$45M
Major Gifts – Level 2	$-	$-M	$5M	$5M	$5M	$5M	$20M
Major Gifts – Level 1	$1M	$2M	$3M	$3M	$3M	$3M	$15M
Mid-Level Gifts	$500K	$500K	$500K	$1M	$1M	$1.5M	$5M

REQUESTED BOARD ENGAGEMENT

- **Bios & Contact Information**
  - Update your individualized document (print or email to Karyl)

- **Term Renewals and Succession Planning**

- **Committees**
  - Finance & Investment Committee
  - *New*: Strategic Vision Committee

- **Networks**
  - Building connections

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REQUESTED BOARD ACTION

- Vote to formally adopt strategic priorities and approve fundraising goals.

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PROGRAM UPDATE:
2019 in Review
2020 Goals

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Celebrating 2019 - Programming

- **Launched Career & Technical Scholarship**
  - Created of new scholarship accounts & processes with WSIB, WSAC and WA STEM
  - Released Boeing endowment funds to support
- **Refined Scholar Lead Program in Year 2**
  - Strong pilot success in improving retention year one to year two
  - Refined supports to be more online, accessible and impactful
- **Revamped Skills that Shine Program**
  - Transitioned to a brand-new curriculum platform
  - Primed to grow to from 250 to 1,200 mentor-mentee pairs in 2020

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Celebrating 2019 - Operations

- **Cleared JLARC Audit**
  - Clear, strong program impacts & low operating costs at 7%
  - Concur with two recommendations
- **Hosted 5th Annual OpportunityTalks 2019**
  - Met $1M fundraising goal
  - Consistent attendance
- **Designed new legislative report**
  - Design incorporates JLARC recommendations & CTS
- **Transitioned leadership**
  - ED hired (7/19); new DD hired (11/19)

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2020 Goals - Programming

- **Grow Career & Technical Scholarship**
  - Secure additional investments
  - Launch support services
- **Scale Skills that Shine Program**
  - Primed to grow from 250 to 1,200 mentor-mentee pairs in 2020
- **Pilot Industry Insider Program**
  - Initial design phases launched
  - Design delivery system for opportunities and grow industry engagement

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2020 Goals - Operations

- **Secure cornerstone partner for GRD (advanced health care)**
  - Program design to be presented to the Board at March meeting
- **Secure cornerstone partner for Rural Jobs**
  - Sub-program of CTS; seeking launch for fall 2020
- **Expand office capacity**
  - Sublet available on second floor of current space
- **Access $500K implementation dollars**
  - Budget proviso language has been included in Governor's budget

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BUDGET REQUEST

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STRATEGIC PRIORITIES

Design for Scale.

- Transition staff resources to GRD design & fundraising
- Hire two CTS advisors to launch CTS services for ~1,000 participants by fall 2020

Build the Brand.

- Transition staff resources to advocacy work (in-state and out-of-state) to focus on tribal/county/municipal fundraising, protecting state-level investment
- Expand External Affairs team by two FTE to improve branding and marketing work

Fund to 2030.

- Hire Major Gifts Officer plus a Development Officer to support reinvigorated fundraising efforts
- Secure first funders for GRD, Rural Jobs (passed in spring 2017) to protect state-level support

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PROPOSED 2020 WSOS BUDGET

	2018 Budget	2019 Budget	2020 Budget	2019 to 2020 Variance
TOTAL REVENUES	**3,960**	**24,817**	**6,277**	
TOTAL SCHOLARSHIP EXPENSE	**24,071**	**24,339**	**10,998**	
TOTAL NON-SCHOLARSHIP EXPENSES	**3,082**	**3,404**	**4,202**	**798**
SCHOLAR LEAD STIPENDS	189	360	360	0
SALARIES, TAXES, BENEFITS	1,922	1,895	2,490	595
PROGRAM ADMIN FEE (WA STEM)	419	514	530	16
ALL OTHER OPERATING COSTS	552	636	821	185

2019 Projected Revenues exclude $500K in CTS implementation dollars

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VARIANCE NOTES

- **Revenue changes over time**:
  - Comprised of event, investment income, private gifts and state match
  - Fell below revenue goals for 2019 significantly (decision made to release Boeing funds rather than seek CTS cornerstone partnership; Rubens Family Fdn restructured gift)
  - Fundraising to ramp up in 2020 but new hires likely not onboarded until April; strategy/relationship building in 2020 with revenue generation not likely to hit until 2021
  - *Note*: New delay in state match revenue receipt
- **Scholarship expense decrease**:
  - Budgeted 2019: $25M; actuals closer to $16M (scholarship modeling update)
  - $11M in 2020 due largely to reduction in cohort post-Rubens Family Foundation cohort size increases

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VARIANCE NOTES

- **Operating costs increases due to**:
  - Salaries, benefits, taxes **up approx. $595K**
    - Key drivers: 6 new FTE, 1.6% COLA for all staff
      - 2 CTS Advisors ($160K)
        - *Launch CTS services for approx. 1,000 CTS recipients*
      - 2 Communications Officer positions ($169K)
        - *No growth in this dept. since 2016; will enable launch of tribal/county/municipal work & launch of new social and traditional media campaigns*
      - 2 Development roles ($223K)
        - *Take ownership of growing fundraising strategy – Major Gifts Officer & Development Officer roles*
  - Other operating expenses **up approx. $185K**
    - Expansion of office space in 2020 (currently in 2,000 square feet with 17 employees)
    - Expenses related to new hires (computers, desks, travel, etc.)
    - Lobbying costs (2019 budget does not reflect actual spending)
  - Administrative fee **up approx. $16K**
    - Contract negotiation likely leaves admin fee largely unchanged; slight increase due to coverage of CTS

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REQUESTED BOARD ACTION

- Vote to approve WSOS 2020 Budget.

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FINANCE & PROGRAM ADMINISTRATOR UPDATE 9.30.2019

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WSOS Balance Sheet

Comparative Balance Sheets
September 30, 2019

	Comparison to Last Reported Period				Comparison to Same Period LFY		
	6/30/19	% Change	9/30/19	Notes	9/30/18	% Change	9/30/19
Assets							
Cash	4,283,017	-59%	1,772,710	1	4,919,677	-64%	1,772,710
Investments	115,460,475	0%	115,582,518	2	111,178,014	4%	115,582,518
Accounts Receivable	59,320	-73%	16,114		63,270	-75%	16,114
Pledges and Grants Receivable, net	6,153,505	-18%	5,019,245	3	9,500,000	-47%	5,019,245
State match receivable, net	1,792,103	-57%	764,320	4	6,110,986		764,320
Prepaid Expenses	96,737	23%	118,812		109,498	9%	118,812
Property and equipment, net	37,236	-8%	34,341		40,371	-15%	34,341
Total Assets	**127,882,393**	-4%	**123,308,060**		**131,921,816**		**123,308,060**
Liabilities and Net Assets							
Accounts Payable	76,610	-16%	64,628		66,465	-3%	64,628
Payroll Related Liabilities	66,245	9%	72,433		63,309	14%	72,433
Scholarship Commitments Bacc., net	27,243,627	36%	36,991,599	5	41,531,784	-11%	36,991,599
Scholarship Commitments CTS, net	-	100%	1,357,281	5			1,357,281
Total Liabilities	**27,386,482**	41%	**38,485,941**		**41,661,558**	-8%	**38,485,941**
Net Assets							
Temporarily Restricted Net Assets	100,495,911	-16%	84,822,119		65,260,258	30%	84,822,119
Permanently Restricted Net Assets	-	0%	-		25,000,000	-100%	-
Total Net Assets	**100,495,911**	-16%	**84,822,119**		**90,260,258**	-6%	**84,822,119**
Total Liabilities and Net Assets	**127,882,393**	-4%	**123,308,060**		**131,921,816**	-7%	**123,308,060**

WSOS Balance Sheet

Notes:

1. Decrease in cash June to September largely due to net Scholarship disbursements of $6.47M. These were offset by WSAC match of $2.35M as well as $1.3M of cash from donors (primarily Rubens Family Foundation pledge payment of $1.17M).
2. Investments balance as of 9/30/19 includes WSIB Scholarship $77.4M, WSIB Endowment $30.5M and KeyBank Capital $7.7M. The KeyBank investment account (public dollars) provides cash needs first in order to fund scholarship demands.
3. Pledges and Grants Receivable, net, decreased largely due to payment by Rubens Family Foundation pledge payment of $1.17M. Balance includes Gary Rubens' pledge of $5M, corporate $16.5K, and other individuals of $2.5K.
4. WSAC matched $2.35M between July and September. This was made up of match on 2019 private receipts of $2.1M and resubmission from FY16 of $238K. Remaining accrual comprised of $147K for Aug/Sep private receipts with the remaining balance related to resubmission.
5. In August we recorded adjustments to our scholarship liabilities for the Baccalaureate and CTS programs of $15.9M and $1.77M, respectively. These increases were offset by disbursements between August and September for the Baccalaureate and CTS programs of $6.14M and $414K, respectively.

WSOS Income Statement

Actual vs. Budget

Nine Months Ending September, 2019

	Nine Months Ending September, 2019				December 31, 2019
	Actual	Budget	Variance Fav (Unfav)	Notes	Annual Budget
Revenue					
Private	358,128	4,650,000	(4,291,872)	1	6,200,000
Public	4,900,457	5,600,000	(699,543)	2	15,700,000
Investment Income	9,321,563	2,187,900	7,133,663	3	2,917,200
Total Revenue	**14,580,148**	**12,437,900**	**2,142,248**		**24,817,200**
Program Expense					
Salaries and Benefits	1,342,303	1,280,606	(61,697)	4	1,898,633
Professional Fees - Program Admin fees	385,155	385,155	-		513,540
Professional Fees - Contractors & Lobbying	295,117	359,375	64,258		523,500
Conferences, Conventions & Meetings	77,756	81,880	4,124		233,045
Operating Expenses	204,638	170,267	(34,371)	5	239,800
	2,304,968	**2,277,283**	**(27,685)**		**3,408,518**
Income (Loss) before Scholarship Exp	**12,275,179**	**10,160,617**	**2,114,563**		**21,408,682**
Scholarship Expense	**16,857,812**	**24,509,506**	**7,651,694**	6	**24,338,506**
Net Income (Loss)	**(4,582,633)**	**(14,348,889)**	**9,766,257**		**(2,929,824)**

WSOS Income Statement

Notes:

1. Revenue Private: The 2019 Budget included $1.2MM for 4-year scholarship and $5MM for CTS/Pathways, divided evenly by quarter throughout the year. New revenues between July and September OTalks Sponsorships of $129.5K (Costco, Sinegal Foundation, Boeing, et al).
2. Revenue Public: State Match revenues accrued based on $1.32M of private contributions received between July and September, including $1.17M Rubens Family Foundation payment.
3. Investment income: Actual YTD includes unrealized+realized gains of $8.92M, interest & dividend income of $433K and investment expense of $45K. Budget does not include forecasting unrealized/realized gains & losses.
4. Salaries and benefits; Slightly over as CEO bonus paid in 2019 for 2018 was higher than 2018 accrual. Also, salary increases occurred.
5. Operating Expenses-Actual expenses over budget with primary driver being printing costs, which was under budgeted in 2019.
6. Scholarship expense for CY 2019 was recorded in August. Budget was prepared based on prior Scholarship model, which has since been revised to be more accurate using average historical pay rate date. This led to a larger liability, and therefore, larger expense represented in the budget. Scholarship expense will increase in Q4 for CTS Scholar additions in December.

WSOS Cash Flow

Cash Flow Summary

Inception-To-Date

September 30, 2019

	Inception - September 30, 2019			
	Scholarship	**Endowment**	**Notes**	**Total**
CASH FLOW				
Cash Inflow:				
Boeing	12,610,000	12,500,000		25,110,000
Microsoft	35,000,000	-		35,000,000
Other Private	33,082,355	-	1	33,082,355
State	79,732,860	12,500,000	2	92,232,860
Investment Income*	13,198,928	5,463,183	3	18,662,111
Total Cash Inflows	173,624,143	30,463,183		204,087,326
Cash Outflow:				
Scholarships	(70,188,860)	-	4	(70,188,860)
Program Expenses	(16,537,425)	(5,812)		(16,543,237)
Total Cash Outflows	**(86,726,285)**	**(5,812)**		**(86,732,097)**
Net Cash Flow Inception-To-Date	**86,897,858**	**30,457,371**		**117,355,229**
Composition of Net Cash Flow				
KeyBank Checking Account	1,772,710	-	5	1,772,710
Investment Accounts at WSIB and KeyBank	85,125,148	30,457,371		115,582,519
Total	**86,897,858**	**30,457,371**		**117,355,229**

* Includes unrealized gains and losses.

WSOS Cash Flow

Notes:

1. Cash Inflow: Other Private - $1.3M received on cash basis between July and September (primarily Rubens Family Foundation pledge payment).
2. State - Received $2.35M from WSAC between July and September.
3. Investment Income - Includes net unrealized gains from inception of $11.3M (Scholarship: $7.7M & Endowment: $3.6M). July-September 2019 the total unreal gain is $1.02M, YTD Unrealized Gain of $8.9M.
4. Scholarship disbursements were $6.55M ($6.14M Baccalaureate & $414K CTS) between July and September 2019. Scholarship refunds during this time totaled $81.5K.
5. WSOS KeyBank Account - Excess private dollars received after Rubens payment in July were invested in WSIB and excess state match dollars were invested with KeyBank.

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NEXT BOARD MEETING
03.03.2020