

**WVSOM Board of Governors  
Finance and Audit Committee  
Thursday, January 25, 2024 – 9:00 a.m.  
Location: Embassy Suites, Charleston, WV**

**Committee Members Present**

Randall L. Belt, D.O.  
Sharon A. Hall, Chair  
Michael A. Muscari, D.O.

**Guests Present:**

David Meadows  
Stella Dodrill  
James W. Nemitz, Ph.D.

**I. Call to Order/Roll Call**

The meeting was called to order by Sharon Hall at 8:30 am.

**II. Approval of Minutes**

Meeting minutes from November 3, 2023, were approved with the initial motion made by Dr. Muscari and seconded by Dr. Belt.

**III. Committee Items**

**A. FY 2023-2024 Financial Update (*Meadows*)**

Mr. Meadows presented the latest financial and budgetary statements as of December 31, 2023, expressing that the year is progressing as expected from a revenue and expense standpoint.

Ms. Hall requested Mr. Meadows to explain the reserves and how they are invested. As of December 31, 2023, WVSOM's institutional funds total \$46.1 million held and managed by WVSOM Foundation. WVSOM also has more than \$30 million in reserves held at the state.

**B. Draft Budget Proposal FY 2024-2025 (*Meadows*)**

Referencing the distributed PowerPoint titled WVSOM Financial Health Overview, Mr. Meadows next presentation focused on the school's Financial sustainability and health and recommended FY25 budget.

As part of the review process for the FY25 budget approval, Mr. Meadows asked the Board to keep in mind the COCA limitations on enrollment and the fact that WVSOM's rate structure has not kept up with the needs of WVSOM in terms of expense growth. Since FY 2004, WVSOM's compound average revenue has slowed due to the lack of rate increases. Mr. Meadows also noted the recent HEPC Fall 23 Enrollment Report which forecasts a decline in high school graduates, and in undergraduate enrollment in the state of WV's public universities.

On the non-appropriation side, tuition and fees represent 92% of operating revenues. We have had 15 years of stagnant appropriations from the state of WV. We have lost the ability to secure additional state funding on our carve-out of \$3.9M in appropriations.

Ms. Hall asked Mr. Meadows for further explanation of the WV State appropriation carve out and its impact on WVSOM.

Mr. Meadows discussed WVSOM's anticipated FY25 expenses in detail. If the state authorizes state employee increases, WVSOM does not receive additional funds to cover personnel increases in certain state appropriation funds.

It has been 10 years since the last across-the-board tuition increase. WVSOM has reached a point where an across-the-board tuition increase is critical to sustain WVSOM's financial health. WVSOM has seen an erosion of gross revenue and net earnings since FY15, resulting in continuous pressure to cut the budget, and reliance on state appropriations.

Dr. Muscari asked specific questions regarding the average earnings of the Foundation investment account and any previous withdrawals from the Foundation. Mr. Meadows will provide the committee with this information for the next committee meeting.

Mr. Meadows presented detailed information to this committee and asks the committee to endorse the recommendation of a 5% across-the-board tuition increase, to approve an annual 2% draw from the Foundation to support one-time operating budget costs and to approve a \$2 million withdrawal from Foundation to support FY25 RCBC restructuring and salary commitment. The FY25 Budget will be approved at the March BOG meeting.

C. **Robert C Byrd Clinic Financial Overview and Restructuring Recommendation**  
**(Meadows)**

At the request of the RCBC Board and the WVSOM Board of Governors, Dr. Hill reviewed operational and structural concerns, findings, and recommendations. Mr. Meadows was tasked with looking at finances and he also reviewed his findings and recommendations.

D. **Discussion/Process for Review of Finance and Audit Committee Role and Operational Procedures. (Hall)**

Ms. Hall and Mr. Meadows have talked about the role, structure purpose, and expectations. In the near future, Ms. Hall and Mr. Meadows will present to the committee suggestions for best practices. Ms. Hall feels that the timing of this committee meeting and logistics is problematic for committee members to have full understanding and discussion of items that are to be later presented to the full Board of Governors.

Mr. Meadows discussed the practical use of committee charters, which are used to help crystalize each committee's responsibilities in general. These charters are reviewed annually.

At the next committee meeting, Ms. Hall is recommending for the committee to spend time to discuss potential charter for the committee including processes and procedures for timing of the committee meeting as well as setting committee goals and how to function in the future.

Ms. Hall is recommending for the next committee meeting the history of the withdrawals from the Foundation's reserves and how they have been used. She also recommends developing policies and procedures on how funds are authorized to be transferred from the Foundation to WVSOM, as well as updating the current MOU between the Foundation and WVSOM.

**E. Facilities Update (*Meadows*)**

1. Testing Center Update – The Testing Center is open and ready for occupancy. A ribbon-cutting date and information will be communicated once confirmed.
2. Science Building Update - Mr. Meadows is in the process of reviewing the 8 architectural bids we received. The review committee will identify the top two or three and conduct on-campus interviews in mid-February.
3. Deferred Maintenance Open Ended Architectural Services Update – The committee received a list of differed maintenance projects throughout campus and these projects have been submitted to the state for funding. Mr. Meadows will also be releasing an RFP for the Main Classroom #1 renovation and audio-visual upgrades. A second RFP for Open Ended Architecture and Engineering to help cut down on the number of RFPs needed for some of the differed maintenance is underway.

**F. Admissions Tuition Waivers Update**

Dr. Nemitz announced that all five tuition waivers were offered and accepted.

**G. Hear reports from School's administration, gather information and prepare recommendations to full Board upon request of the Chair.**

Dr. Nemitz made no comments or updates.

**IV. Next Committee Meeting Date:** Friday, March 29, 2024

**V. Adjournment**

A motion was made by Dr. Muscari and seconded by Dr. Belt. The meeting adjourned at 9:53 am.

Approved on March 29, 2024

DocuSigned by:

*Sharon Hall*

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Sharon A. Hall, Chair