

**Report 13-13**  
**September 2013**

# **Dental Services Grant**

*Marquette University School of Dentistry*

STATE OF WISCONSIN



Legislative Audit Bureau ■

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Joe Chrisman  
State Auditor

September 27, 2013

Senator Robert Cowles and  
Representative Samantha Kerkman, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator Cowles and Representative Kerkman:

As authorized by s. 13.94(1)(dg), Wis. Stats., we have completed a financial review of the dental services grant provided by the Department of Health Services to the Marquette University School of Dentistry for fiscal year (FY) 2010-11 and FY 2011-12. During that two-year period, Marquette University received \$5.0 million in general purpose revenue to help fund dental services provided to underserved individuals at clinics in various locations throughout Wisconsin.

Overall, our review confirmed that dental services grant funds were expended only for services normally considered a part of comprehensive general dental treatments. We note that dental services expenses exceeded revenues by \$3.2 million in FY 2010-11 and \$2.8 million in FY 2011-12. Marquette University staff indicate that clinic revenues, which include the dental services grant, patient fees, and other revenues, are not intended to cover all costs. Instead, the focus of the clinics is to provide clinical education experience for dental students and dental services for underserved Wisconsin residents.

During our review, we found Marquette University had not certified its civil rights compliance, as required by its contract with the Department of Health Services. After our request for the certification, Marquette University submitted the required certification.

We appreciate the courtesy and cooperation extended to us by Marquette University staff during our review. A response from the Dean of the Marquette University School of Dentistry follows our report.

Respectfully submitted,

Joe Chrisman  
State Auditor

JC/SH/ss



## Dental Services Grant

The Department of Health Services (DHS) provides an annual grant to the Marquette University School of Dentistry to support the provision of dental services to underserved populations in Wisconsin. Marquette University provides these services through its own clinics in the City of Milwaukee; rural outreach clinics in Appleton, Eau Claire, Stevens Point, and Beloit; and correctional centers in Milwaukee County. The Legislature established the dental services grant in 1989 and authorizes the Legislative Audit Bureau to review grant expenses.

DHS awarded Marquette University \$2.6 million in general purpose revenue (GPR) in FY 2010-11 and \$2.4 million in GPR in FY 2011-12. The grant helps to fund dental services that are normally considered a part of comprehensive general dental treatments and that can, in the judgment of faculty, be safely and effectively provided by undergraduate and graduate dental students.

Marquette University reported that the clinics served approximately 26,100 patients in FY 2009-10, 26,900 patients in FY 2010-11, and 29,700 patients in FY 2011-12. Marquette University staff attribute the increase in patients served to additional outreach efforts. For example, Marquette University expanded its sealant and preventative services in FY 2011-12. Demographic information maintained by Marquette University indicates that many patients are low-income individuals, including 35.8 percent that were eligible for Medical Assistance in FY 2011-12.

To ensure proper recording and reporting of costs charged to grant funds, we completed a limited-scope review of dental clinic expenses for FY 2010-11 and FY 2011-12. Overall, we found that funds provided by the State were expended only for services normally considered a part of comprehensive general dental treatments.

Marquette University's dental clinic revenues consist of the dental services grant, patient fees, and a portion of student tuition and the dental school's contributions. Marquette University spent approximately \$18.1 million to provide dental services at these clinics in FY 2010-11, and \$18.4 million in FY 2011-12. Dental clinic expenses include salaries and fringe benefits for supervising faculty members and clinical support staff; operating costs, such as supplies and telephone services; and indirect expenses, such as accounting and administrative services.

As shown in the table, dental clinic expenses have exceeded revenues in each year from FY 2007-08 through FY 2011-12. However, Marquette University staff note that clinic revenues are not intended to cover all costs. Instead, staff note that the focus is to provide clinical education experience for dental students and dental services for underserved Wisconsin residents.

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**Marquette University School of Dentistry  
Dental Clinic Revenues and Expenses**  
(in millions)

Fiscal Year	Revenues	Expenses	Difference
2007-08	\$13.6	\$16.3	\$(2.7)
2008-09	14.3	17.1	(2.8)
2009-10	14.6	17.5	(2.9)
2010-11	14.9	18.1	(3.2)
2011-12	15.6	18.4	(2.8)

Source: Marquette University School of Dentistry Clinics Operations Reports

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We also reviewed compliance with other grant requirements and found that Marquette University complied with most requirements we reviewed. However, we identified that Marquette University did not provide timely certification to DHS of its civil rights compliance. DHS's contract for the grant requires that Marquette University certify that it will perform the services without discrimination. The contract requires the certification 15 days after the contract is signed unless a prior certification is already on file. However, Marquette University had not completed the required civil rights compliance certification for the contracts we reviewed. After our request for the certification, Marquette University submitted the required certification and is now in compliance with this requirement through December 31, 2013.

In the past, the State also assisted Marquette University by issuing \$15 million in GPR-supported debt for construction of the School of Dentistry facility that opened in August 2002. 2011 Wisconsin Act 32, the 2011-2013 Biennial Budget Act, authorized GPR-supported bonding authority of \$8 million for Marquette University's proposed \$16 million expansion of the School of Dentistry. The expansion will increase both instructional and clinic space and is expected to be completed in fall 2013.

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**MARQUETTE**  
UNIVERSITY

September 23, 2013

Joe Chrisman, State Auditor  
State of Wisconsin  
Legislative Audit Bureau  
22 East Mifflin Street  
Suite 500  
Madison, Wisconsin 53703

Dear Mr. Chrisman:

Thank you for the opportunity to provide additional information regarding the dental services grant between the Wisconsin Department of Health Services and the Marquette University School of Dentistry (MUSOD) for FY 2010-11 and FY 2011-12.

While the report notes that “dental clinic expenses have exceeded revenues in each year from FY2007-08 through FY 2011-12” the State should be aware that MUSOD is financially sound on a total operating basis. That being said, it is important to note that due to state budget constraints, the contract for dental services to MUSOD reached a peak of \$2.8 million in 2008-2009 and has been decreased to under \$2.4 million. Further, this contract has not seen an increase since 1997.

There are seven clinics in the MUSOD System: 3 are owned and operated by MUSOD in Milwaukee (main campus, Northside, and Southside) and 4 are MUSOD affiliated sites in Eau Claire, Stevens Point, Appleton, and Beloit serving primarily rural populations. Revenue generated at MUSOD affiliated sites stays with those clinics since such clinics could not operate without MUSOD’s assistance.

During the period July 1, 2010 through June 30, 2011, the seven clinic MUSOD System saw patients from 66 of 72 counties; the MUSOD owned and operated sites in Milwaukee saw patients from 55 counties during this same period. During the period July 1, 2011 through June 30, 2012, the seven clinic MUSOD System saw patients from 65 of 72 counties; the MUSOD owned and operated sites in Milwaukee saw patients from 57 counties during this same period. MUSOD truly is Wisconsin’s dental school and one of the state’s largest dental Medicaid providers.

The university is aware that the Department of Health Services is reviewing and revising the civil rights compliance requirements for 2014. It is anticipated that the new requirements will be available in October of 2013 and the university intends to begin its civil rights compliance recertification as soon as the new requirements become available.

Joe Chrisman  
September 23, 2013  
Page 2

The Marquette University School of Dentistry has served as the State's dental school since 1894 and its dental education partner for 40 years (beginning with the Contract for Dental Education in 1973 under the Higher Educational Aids Board).

If you have any questions regarding the information provided above please contact me at (414) 288-7485.

Sincerely,

A handwritten signature in cursive script that reads "William K. Lobb". The signature is written in black ink and is positioned above the typed name.

William K. Lobb, DDS, MS, MPH  
Dean