

Letter Report

**Dental Services Grant**

*Marquette University School of Dentistry*

*September 2009*



Legislative Audit Bureau

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**STATE OF WISCONSIN**  
**Legislative Audit Bureau**

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Janice Mueller  
State Auditor

September 22, 2009

Senator Kathleen Vinehout and  
Representative Peter Barca, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator Vinehout and Representative Barca:

As required by s. 13.94(1)(dg), Wis. Stats., we have completed a limited-scope review of the dental services grant provided by the Department of Health Services to the Marquette University School of Dentistry for fiscal year (FY) 2006-07 and FY 2007-08. During our review period, Marquette University received general purpose revenue funding of \$2.8 million in each year to provide dental services to low-income individuals at clinics in various locations throughout Wisconsin.

Overall, we found Marquette University has developed and implemented adequate procedures to ensure compliance with statutory and grant requirements. In addition, we confirmed that funds provided by the State were expended only for services normally considered a part of comprehensive general dental treatments.

We note that dental services expenses exceeded revenues by \$2.6 million in FY 2006-07, and \$2.7 million in FY 2007-08. Marquette University staff indicate that clinic revenues, which include the State's grant as well as patient fees and other revenues, are not intended to cover all costs.

We appreciate the courtesy and cooperation extended to us by Marquette University staff during our review.

Sincerely,

A handwritten signature in cursive script that reads "Janice Mueller".

Janice Mueller  
State Auditor

JM/CS/ss

Enclosure



## **DENTAL SERVICES GRANT**

The Wisconsin Department of Health Services (DHS) provides an annual grant to the Marquette University School of Dentistry in support of providing dental services to underserved populations in Wisconsin. The School of Dentistry provides these services through its own clinics in the City of Milwaukee, as well as through rural outreach clinics in Appleton, Eau Claire, and Stevens Point and through correctional centers in Milwaukee County.

The Legislature established the dental services grant in 1989. Subsequent statutory revisions included increases in general purpose revenue (GPR) funding for the grant, as well as a requirement for the Legislative Audit Bureau to review grant expenses. State funding increased from \$1.7 million in fiscal year (FY) 1991-92 to \$2.3 million in FY 1992-93 and to \$2.8 million in FY 1997-98. It has remained at that level through FY 2008-09.

According to the grant agreement between DHS and the School of Dentistry, dental services provided under the grant include those services normally considered a part of comprehensive general dental treatment and which, in the judgment of faculty, can safely and effectively be provided by undergraduate and/or graduate dental students. The clinics reported serving approximately 19,300 patients in FY 2006-07 and 21,900 patients in FY 2007-08. Staff attribute the increase in patients to the opening of a new clinic in Milwaukee in September 2007. Based on demographic information maintained by the School of Dentistry, a significant number of patients are elderly and low-income individuals.

To ensure proper recording and reporting of costs charged to grant funds, we completed a limited-scope review of dental clinic expenses from July 1, 2006, through June 30, 2008. We also reviewed compliance with other grant requirements, such as nondiscrimination in employment. Overall, we found that Marquette University has developed and implemented adequate procedures to ensure compliance with statutory and grant requirements and that funds provided by the State were expended only for services normally considered a part of comprehensive general dental treatments.

As shown in Table 1, the School of Dentistry spent approximately \$15.6 million to provide dental services within its clinics in FY 2006-07, and \$16.3 million in FY 2007-08. These expenses included 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.

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Table 1

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

Fiscal Year	Revenues	Expenses	Difference
2003-04	\$12.2	\$13.7	\$(1.5)
2004-05	11.2	12.8	(1.6)
2005-06	12.4	14.2	(1.8)
2006-07	13.0	15.6	(2.6)
2007-08	13.6	16.3	(2.7)

Source: Marquette School of Dentistry Clinics Operations Reports

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The dental clinic revenues consist of the grant from the State, patient fees, and a portion of the dental school's contributions and student tuition.

Expenses incurred from clinic operations have exceeded revenues in each of the past five years. As was shown in Table 1, expenses exceeded revenues by \$2.7 million in FY 2007-08. However, Marquette University staff note that clinic revenues are not intended to cover all costs.

In addition to the grant funding provided to Marquette University, the State issued \$15.0 million in GPR-supported bonds to assist in the construction of the new School of Dentistry, which opened in August 2002. As of June 30, 2008, total debt service payments for the State were expected to be \$26.9 million from FY 2008-09 through FY 2021-22, when the debt will be retired.

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