

Letter Report

Dental Services Grant

Marquette University School of Dentistry

September 2011



Legislative Audit Bureau

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Joe Chrisman
Interim State Auditor

September 29, 2011

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 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) 2008-09 and FY 2009-10. During that two-year period, Marquette University received \$5.5 million in general purpose revenue to help fund dental services provided to underserved 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 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 \$2.8 million in FY 2008-09 and \$2.9 million in FY 2009-10. 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 experiences for dental students and dental services for underserved Wisconsin residents.

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

Respectfully submitted,

Joe Chrisman
Interim State Auditor

JC/BB/ss

DENTAL SERVICES GRANT

The Department of Health Services 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, 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 and requires the Legislative Audit Bureau to review grant expenses.

The dental services grant is funded with general purpose revenue (GPR). The amount awarded was \$2.8 million annually from fiscal year (FY) 1997-98 through FY 2008-09, then reduced to \$2.7 million in FY 2009-10 as part of the State's efforts to address budgetary shortfalls. 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/or graduate dental students.

The clinics reported serving approximately 21,900 patients in FY 2007-08, 24,400 patients in FY 2008-09, and 26,100 patients in FY 2009-10. Marquette University staff attribute the increases to an increase in patient capacity after several vacant faculty positions were filled, as well as to the clinics' high patient retention rates and positive referrals by patients. Demographic information maintained by Marquette University indicates 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 for FY 2008-09 and FY 2009-10. 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.

Marquette University spent approximately \$17.1 million to provide dental services within its clinics in FY 2008-09, and \$17.5 million in FY 2009-10. 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. Revenues consist of the dental services grant, patient fees, and a portion of the dental school's contributions and student tuition.

As shown in Table 1, dental clinic expenses have exceeded revenues in each of the past five years, and the difference reached \$2.9 million in FY 2009-10. 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 affordable dental services for underserved Wisconsin residents.

Table 1

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

Fiscal Year	Revenues	Expenses	Difference
2005-06	\$12.4	\$14.2	\$(1.8)
2006-07	13.0	15.6	(2.6)
2007-08	13.6	16.3	(2.7)
2008-09	14.3	17.1	(2.8)
2009-10	14.6	17.5	(2.9)

Source: Marquette University School of Dentistry Clinics Operations Reports

In the past, the State also assisted Marquette University by issuing \$15.0 million in GPR-supported debt for construction of the School of Dentistry facility that opened in August 2002. The State made a total of \$2.0 million in debt service payments during FY 2008-09 and FY 2009-10, and \$13.7 million of general obligation debt was outstanding as of June 30, 2010. Future debt service payments will average \$1.6 million annually through FY 2021-22, when the debt will be retired. We note that in March 2010, the FY 2009-10 principal payments relating to this debt were refinanced as part of a larger debt restructuring effort the Department of Administration undertook to address the State's budget shortfall.

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