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☞ Details: Legislative Audit Bureau Letter Reports August 2007: Dental Education Contract and Dental Services Grant, Marquette University School of Dentistry

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2007-08

(session year)

Joint

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Letter Report

Dental Services Grant

Marquette University School of Dentistry

August 2007



Legislative Audit Bureau

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STATE OF WISCONSIN

Legislative Audit Bureau

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August 23, 2007

Janice Mueller
State Auditor

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Sullivan and Representative Jeskewitz:

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 and Family Services to the Marquette University School of Dentistry for fiscal year (FY) 2004-05 and FY 2005-06. Under this grant program, 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 found state funds were expended only for services normally considered a part of comprehensive general dental treatments, as required by statute.

We note that dental services expenses exceeded revenues by \$1.6 million in FY 2004-05, and \$1.8 million in FY 2005-06. Marquette University staff note that clinic revenues, which include the State's grant as well as patient fees and other revenues, are not intended to cover all costs and that the clinics also depend upon financial support from other sources, such as tuition. In addition, we note that at the end of calendar year 2006, a federal Medicare waiver demonstration project ended and two clinics in the City of Milwaukee were closed. In FY 2006-07, the Legislature's Joint Finance Committee authorized a one-time \$1.0 million grant for Marquette University to open two new clinics in Milwaukee.

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

Sincerely,

Janice Mueller
State Auditor

JM/CS/ss

Enclosure

cc: Senator Julie Lassa Representative Samantha Kerkman
 Senator Russell Decker Representative Kitty Rhoades
 Senator Alan Lasee Representative David Cullen
 Senator Robert Cowles Representative Joe Parisi

Ms. Rana Altenberg, Vice President for Public Affairs
Marquette University

Mr. Dennis Butler, Comptroller
Marquette University

Mr. Kevin Hayden, Secretary
Department of Health and Family Services

DENTAL SERVICES GRANT

The Wisconsin Department of Health and Family Services (DHFS) provides an annual grant to the Marquette University School of Dentistry in support of dental services provided through its dental clinics. These clinics, which are staffed by students and faculty of the Marquette University School of Dentistry, are located in areas identified as having underserved populations, including the cities of Milwaukee and Racine; Brown, Dane, and Outagamie counties; and correctional centers in Milwaukee County.

The Legislature established the dental services grant in 1989. Subsequent statutory revisions included increases in state 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 2005-06.

According to the grant agreement between DHFS 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 served approximately 19,300 patients in FY 2004-05 and 19,800 patients in FY 2005-06. Based on demographic information maintained by the School of Dentistry, a significant number of these patients were elderly and low-income individuals.

To ensure proper recording and reporting of costs charged to state grant funds, we completed a limited-scope review of dental clinic expenses from July 1, 2004 through June 30, 2006. We also reviewed compliance with other grant requirements, such as nondiscrimination in employment, during this period. Overall, we found that Marquette University has developed and implemented adequate procedures to ensure compliance with statutory and grant requirements and that state funds 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 \$12.8 million to provide dental services within its clinics in FY 2004-05 and \$14.2 million in FY 2005-06. 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.

Table 1

**Marquette School of Dentistry
Dental Clinics' Revenues and Expenses
(in Millions)**

Fiscal Year	Revenues	Expenses	Difference
2001-02	\$ 8.3	\$10.8	\$(2.5)
2002-03	10.2	11.8	(1.6)
2003-04	12.2	13.7	(1.5)
2004-05	11.2	12.8	(1.6)
2005-06	12.4	14.2	(1.8)

Source: Marquette School of Dentistry Clinics Operations Reports

The dental clinics' revenues consist of the state grant; patient fees, which are lower than those in private practice; and federal Medicare reimbursements, which were received as part of a Medicare Waiver program. In FY 2001-02, the School of Dentistry also began considering a portion of its contributions and student revenue, such as tuition, as revenue meant to offset costs associated with clinical operations.

Expenses incurred from clinics operations have exceeded revenues in each of the past five years. As was shown in Table 1, expenses exceeded revenues by \$1.8 million in FY 2005-06. However, Marquette University staff note that they do not expect the dental clinics to generate a profit or to break even. Marquette staff also note that a portion of a dental student's tuition is meant to cover clinic costs. Finally, the designation of certain expenses as solely for clinical purposes is difficult to quantify.

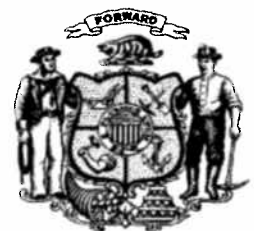
The future financial condition of the dental clinics will be affected by the end of the federal Medicare waiver demonstration project. The School of Dentistry participated with the City of Milwaukee in a federal Medicare waiver demonstration project that provided dental care to Medicare participants. The waiver program ended in December 2006, and two clinics operated by the City of Milwaukee closed. These clinics generated Medicare revenue of \$372,000 in FY 2004-05 and \$494,000 in FY 2005-06. In response to the clinic closings, the Legislature's Joint Finance Committee authorized a one-time \$1.0 million dental access grant. The funds, which were authorized in FY 2006-07, are being used to open and equip two new clinics in the City of Milwaukee, the first of which is set to open in August 2007. The School of Dentistry is currently looking for a suitable site for the second clinic.

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, 2006, total debt service payments for the State were expected to be \$22.5 million from FY 2006-07 through FY 2021-22.





WISCONSIN STATE LEGISLATURE



Letter Report

Dental Education Contract
Marquette University School of Dentistry

August 2007



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Janice Mueller
State Auditor

August 23, 2007

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Sullivan and Representative Jeskewitz:

As required by s. 39.46, Wis. Stats., we have completed a limited-scope review of the dental education contract between the State of Wisconsin and the Marquette University School of Dentistry for fiscal year (FY) 2004-05 and FY 2005-06. During this period, the State provided \$8,753 each to 142 Wisconsin residents enrolled in the undergraduate dental education program in FY 2004-05, and 159 Wisconsin residents in FY 2005-06, for a total of nearly \$2.6 million during the two-year period.

Overall, we found that Marquette University was in compliance with its contract with the State and with requirements set forth in s. 39.46, Wis. Stats. During our review, we found the students for whom Marquette University claimed tuition aid were certified by the Higher Educational Aids Board as Wisconsin residents and were eligible to receive this state aid. In addition, we found that Marquette University spent state funds only for the undergraduate dental school program, gave preference in admissions to Wisconsin residents, and promoted minority enrollment.

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

Sincerely,

Janice Mueller
State Auditor

JM/CS/ss

Enclosure

cc: Senator Julie Lassa
Senator Russell Decker
Senator Alan Lasee
Senator Robert Cowles
Representative Samantha Kerkman
Representative Kitty Rhoades
Representative David Cullen
Representative Joe Parisi

Ms. Rana Altenburg, Vice President for Public Affairs
Marquette University

Mr. Dennis Butler, Comptroller
Marquette University

Ms. Connie Hutchison, Executive Secretary
Higher Educational Aids Board

DENTAL EDUCATION CONTRACT

Marquette University operates the only dental school in Wisconsin. Since 1973, the State, through the Higher Educational Aids Board, has contracted with the Marquette University School of Dentistry to provide dental education services for Wisconsin residents. As authorized under s. 20.235(1)(d), Wis. Stats., and in accordance with the terms of the contract with the School of Dentistry, the State provides a specified per capita aid payment for a prescribed maximum number of Wisconsin residents enrolled as full-time students in the undergraduate dental education program. Residents are eligible for the aid payment for a maximum of five years.

As required by s. 39.46(1), Wis. Stats., the Legislative Audit Bureau reviews the Marquette University School of Dentistry's compliance with contract provisions and with various statutory requirements. For fiscal year (FY) 2004-05 and FY 2005-06, we tested the residency and the enrollment status of dental students for whom Marquette University claimed tuition assistance to ensure the students were Wisconsin residents and that they were claimed for no more than five years. In addition, we examined expenditures charged to the state contract account to ensure Marquette University spent state funds solely for the undergraduate dental education program. Finally, we reviewed the School of Dentistry's admissions and minority enrollment policies.

State Tuition Aid to Wisconsin Residents

From academic year 2000-01 through 2004-05, the maximum number of students who could be claimed for tuition aid steadily increased, while total program funding fluctuated. However, as shown in Table 1, the statutory limit of the number of students who could receive aid remained at 160 students from academic year 2004-05 through 2006-07.

Table 1

State Tuition Aid for Wisconsin Residents

Academic Year	Statutory Limitation	Per Capita Aid Payment	Total Tuition Aid Available
2006-07	160	\$ 8,753	\$1,400,400
2005-06	160	8,753	1,400,400
2004-05	160	8,753	1,400,400
2003-04	145	8,753	1,269,050
2002-03	130	11,670	1,517,100
2001-02	115	11,670	1,342,100
2000-01	100	11,670	1,167,000
1999-00	100	11,670	1,167,000
1998-99	100	11,670	1,167,000
1997-98	100	11,670	1,167,000
1996-97	100	11,670	1,167,000
1995-96	100	11,670	1,167,000
1994-95	100	11,670	1,167,000
1993-94	100	11,330	1,133,000
1992-93	100	11,000	1,094,500
1991-92	93	8,500	786,250
1990-91	90	5,447	490,200
1989-90	100	5,217	521,700
1988-89	132	5,012	606,452
1987-88	175	5,012	839,510
1986-87	214	5,012	1,009,917
1985-86	265	5,012	1,258,013
1984-85	350	5,012	1,543,696
1983-84	350	4,866	1,605,780
1982-83	400	4,724	1,773,862
1981-82	450	4,374	1,810,836
1980-81	500	4,050	1,812,375
1979-80	500	3,920	1,871,800
1978-79	500	3,450	1,709,475
1977-78	500	3,300	1,620,300
1976-77	500	2,800	1,393,000
1975-76	500	2,800	1,373,400
1974-75	No limit	3,000	1,362,000
1973-74	No limit	3,000	1,305,000

The dental education contract requires that the School of Dentistry request tuition aid only for full-time students who are Wisconsin residents, that tuition aid be provided for no more than five years to each student, and that the tuition rates for Wisconsin residents and nonresidents be equivalent before considering the tuition aid. The Higher Educational Aids Board certifies the residency status of all students claimed by the school.

We reviewed the residency status of students claimed for tuition aid by the School of Dentistry and evaluated the effectiveness of the system for monitoring tuition payments and the number of times students were claimed for aid. We found that both the Higher Educational Aids Board and Marquette University staff have ensured that tuition aid is paid only for eligible students and that, for academic year 2004-05 and 2005-06, the students for whom the School of Dentistry claimed tuition aid met the eligibility criteria. We also conclude that tuition rates for Wisconsin residents and nonresidents were equivalent before considering the tuition aid, as required by the terms of the dental education contract.

For our audit period, fewer students than the statutory maximum were eligible for the tuition aid. In FY 2004-05, the State paid \$1.2 million to Marquette University for 142 eligible students. In FY 2005-06, 159 students were eligible, and a total of \$1.4 million was paid.

The Legislature has directed that in return for receiving state aid, the School of Dentistry develop an admissions policy that gives Wisconsin residents preference in admissions. Marquette University staff noted that they actively recruit resident applicants by visiting several Wisconsin universities. Our review of student admissions procedures found the School of Dentistry gave preference by enrolling a larger percentage of applicants who were Wisconsin residents compared to non-residents. For example, for the 2005-06 academic year, 23.1 percent of the 177 Wisconsin residents who applied as first-year students were accepted into the School of Dentistry, compared to only 2.4 percent of the 2,778 nonresident applicants.

Finally, the dental education contract stipulates that tuition aid will be used to fund undergraduate dental education. We reviewed expenditures incurred by the School of Dentistry during FY 2004-05 and FY 2005-06 and determined that it had complied with the contract and had spent state funds solely on undergraduate dental education.

Minority Enrollment

The dental education contract and s. 39.46(2)(g), Wis. Stats., require the School of Dentistry to make every effort to ensure that at least 5 percent of total enrollment consists of minority students, but neither the contract nor statutes define who is to be considered a minority student for this purpose. To assess whether the School of Dentistry met the 5 percent minority enrollment goal, we used the definition included both in s. 39.44, Wis. Stats., which relates to state grants to minority undergraduate students at institutions of higher education, and s. 39.40, Wis. Stats., which relates to the minority teacher loan program. By this definition, minority students are African American; Hispanic; Native American; and former citizens of Laos, Vietnam, or Cambodia and their descendents.

The School of Dentistry does not have information available for the number of students from or having ancestors specifically from Laos, Vietnam, or Cambodia. Therefore, for the purpose of our analysis, we did not include students whose applications indicated Asian or Pacific Island heritage. As shown in Table 2, based on the number of students who identified themselves as African American, Hispanic, or Native American, minority enrollment at the School of Dentistry has exceeded the 5 percent goal in each of the past five years.

Table 2

**Minority Enrollment
by Academic Year**

	2001-02	2002-03	2003-04	2004-05	2005-06
African American	7	5	7	8	8
Hispanic	25	27	22	20	19
Native American	5	6	4	4	4
Laotian, Vietnamese, or Cambodian ¹	N/A	N/A	N/A	N/A	N/A
Total Minorities	37	38	33	32	31
Total Enrollment	303	305	308	311	320
Percentage of Total Enrollment	12.2%	12.5%	10.7%	10.3%	9.7%

¹ Information on this group of students was not available.

Marquette University staff indicate that the School of Dentistry continues its efforts to recruit minority students throughout the state, as well as from college campuses throughout the country. In order to enlarge the pool of qualified Wisconsin minority applicants, the School of Dentistry participates in local high school and middle school programs that focus on minorities and dental education.

