

Frequently asked questions about the School of Dentistry's financial situation

With new leadership, the School of Dentistry is moving forward with initiatives to increase revenue, decrease debt, gain operational efficiencies, and ensure sustainability into the future. Some frequently asked questions are presented here, along with the most current available information in response.

What is the School's current financial situation?

The School ended fiscal year 2018 on June 30 with an annual operating deficit of \$2 million, which was drastically less than the projection of \$6 million to \$7 million that was made in the fall of 2017. Although the final deficit figure reflects one-time adjustments that will not be available in the current fiscal year, we still anticipate improving on this result in FY2019.

The FY2018 operating deficit brought the school's cumulative debt to about \$38 million, which primarily represents an accumulation of clinical operating deficits over more than a decade. Operating deficits over these years were tied to high mortgage debt on capital improvements, overly optimistic business plans, inadequate reimbursement rates, unsustainable academic and personnel costs, and the growing cost of providing dental education. Although significant work must still be done to put the School's finances on a sustainable footing, solid progress is being made with several strategies put in place to help resolve financial challenges in both the short and long term. Strategies include increasing production and associated revenue in the clinics, improving clinical reimbursements, and establishing appropriate subsidies for safety-net clinics that see a large percentage of underinsured and uninsured patients. Sustainability also depends on continuing support from the Patient Services Supplemental Payment (PSSP) program, which is a federal-state partnership that provides supplemental Medicaid payments to educational providers. The accumulated debt will be retired by reversing how it accumulated. We will replace deficit spending with sustainable net revenue returns in our clinics, which will reduce it over time.

What is the School's leadership situation?

Dr. Gary Chiodo was appointed Interim Dean, effective Aug. 1, 2018. He replaced Dr. James Johnson, who resigned as Interim Dean in April and returned to his position as Chair of Endodontics. The Dean's Executive Leadership Team includes three associate and two assistant deans:

- Dr. Sue Coldwell, Associate Dean for Student Life and Admissions
- Dr. Sara Gordon, Associate Dean for Academic Affairs
- Dr. Linda LeResche, Associate Dean for Research
- Dr. E. Ricardo Schwedhelm, Associate Dean for Clinics
- Gary Farris, Assistant Dean for Finance and Resources

- Randy Newquist, Assistant Dean for Advancement and External Relations

With the addition of student representatives, the former Executive Committee has been reorganized as the Leadership Council. It works as an advisory body under the leadership of Dean Chiodo. The elected Faculty Council continues to act as a voice for the school's faculty and to provide the Dean and Provost with input.

What is the School doing to ensure sustainability?

The UW's leadership fully supports the school and its core missions of teaching, research, and service. Its top priority is to sustain those missions and find solutions that lead to long-term financial solvency.

Early in 2018, the Deloitte Consulting firm conducted a five-week exercise to identify impactful operational and financial opportunities throughout the School. Their report identified potential opportunities to position the UW and the School to address their financial and operational goals. The areas of focus were:

- **Change and Communication** in order to engage faculty and staff to adopt new initiatives designed to improve clinical and financial operations.
- **Budgeting and Financial Reporting** to break through department silos, promote transparency, and rebuild trust.
- **Resource Alignment** to correlate clinic staffing models and SoD production.
- **Faculty Operations and Expectation** to align faculty and leadership on the vision and focus of the School with transparent and well-socialized goals and targets.
- **Clinic Operations Standardization** to alleviate confusion, improve patient experience, facilitate sharing and best practices, increase efficiency, enable growth, and allow for staffing adjustments across all clinics, as needed.

Dean Chiodo has used this report and its recommendations to guide strategic operational changes for immediate and longer-term initiatives. These initiatives are oriented toward aggressively building clinical revenue while thoughtfully reducing costs. Reopening the Faculty Dental Practice and making it convenient, affordable, and attractive to UW employees and students will help drive the revenue side of the ledger. Strategic cost reductions will focus on optimal and cross-trained staffing and ensuring efficiency of clinical and academic operations.

In addition, a supplementary funding request to the Washington State Legislature was completed in September 2018. It is a modest request for additional funds in each of the next four years and, if approved, will partially relieve the burden shouldered by the School in its safety-net role for this state's Medicaid and uninsured patients.

Finally, Dean Chiodo has called for renewed emphasis on efficient, accurate, and thorough revenue cycle functions to ensure that the School correctly bills for services provided and

receives all payments that are owed.

Is the School in danger of closing?

There is no plan to close the School now or in the future. The financial challenges of the past are being successfully addressed. The Dean and the faculty, staff, and students are working to ensure a sustainable path forward.

What about faculty layoffs? How will this affect the curriculum?

In the first half of 2018, the School lost several faculty positions through a variety of actions: retirement, resignation, reduction in hours, and non-renewal of annual contract. However, no faculty layoffs are being considered going forward. The School has a responsibility to provide a high-quality education to its students, and that is first and foremost. Accreditation depends on meeting our obligations in the classrooms and clinics that support the education of our students. There is always some turnover among our faculty, including resignations, retirements, and non-renewals. We have addressed replacing faculty positions in our FY2019 hiring plan submitted to the Provost and will work to attract and retain the highest-quality faculty at the School.

Will more staff be laid off?

Dean Chiodo has stated explicitly that he does not propose any further cuts in staffing to achieve a balanced budget. He believes that the School cannot achieve fiscal stability in this way without sacrificing the quality of its teaching and clinical services. In fact, he is considering strategically hiring in areas where staffing cuts have damaged productivity to an extent that exceeded any cost savings. At the same time, he emphasizes that the School must improve its efficiency by cross-training existing staff to move more nimbly across clinics and maximize staffing resources to the greatest extent possible.

How is patient care being affected?

There is a growing need across the state to increase access to dental and oral health care and, as the state's only school of dentistry, we have an obligation to help solve that problem by continuing to produce dental professionals who will serve in communities across the state. We also have an obligation to work with the state to identify additional partners in providing clinical access, particularly for low-income and underserved populations. At the same time, the Dean and his leadership team are completely committed to maintaining the highest quality of patient care in all of our clinics. Whether patients receive their care in our pre-doctoral or graduate clinics or in the Faculty Dental Practice, they can be assured that they will receive high-quality, ethical treatment.

What will happen to the Center for Pediatric Dentistry?

The clinic in Seattle's Sand Point neighborhood now houses the Center for Pediatric Dentistry and the Northwest Center for Oral and Facial Surgery, our Oral and Maxillofacial Surgery faculty practice. Dean Chiodo believes that it makes little sense to abandon a premier clinical site while still having to pay debt service. Therefore, rather than decrease services at this clinic, he will seek to make it as productive as possible. It now operates at about 65 percent capacity; Dean Chiodo plans to add dental assistants and make other changes needed to raise that level to 95 percent. He also intends to add it as a satellite clinic for the general dentistry component of the Faculty Dental Practice, and envisions expanding its hours of operation and having it open on Saturdays.

Are more tuition increases planned?

The University and the School are determined to restrain tuition increases, recognizing the large and growing burden of debt that this imposes on students. Pre-doctoral tuition did not increase in 2018-19, while a 2 percent increase was implemented for graduate tuition.

The prospect of a clinical reorganization was raised early in 2018. What is the latest on that?

There is no plan to reorganize clinics at this point. Rather, we have reorganized shared services supporting the clinics in order to be more efficient and effective in providing revenue cycle support. We will also be looking at staffing levels and best practices across all clinics to fully understand human resource needs that are required to serve our patient populations and educational programs and determine how best to address them. We are moving forward on the one-clinic model addressed in the Deloitte report, which will mean more cross-training and nimble support for clinics, especially the pre-doctoral clinics. In September 2018, Dean Chiodo convened a task force to analyze the clerkship model used in the predoctoral clinic. That process involved a faculty survey, student feedback, and input from the one-on-one meetings that the Dean held with 64 faculty members. The likely result will be the continuation of the third-year clerkship with some fine-tuning to ensure continuity of care for our patients and comprehensive care experiences for our students.

How will the school repay its accumulated debt?

As stated above, the accumulated debt will be retired by reversing how it accumulated. We will replace deficit spending with net positive returns by increasing production, implementing sound business processes, controlling costs, providing appropriate subsidies for safety-net clinics, and identifying new sources of funding. Once our financial circumstances have stabilized on a sustainable basis, we will work with UW leadership to determine whether we need to set aside funds from a specific source to help reduce the accumulated deficit.

What will happen to the Together for Dentistry fund-raising campaign and the related alumni Class Challenge?

The fund-raising campaign will continue as planned, since much of it – especially the Class Challenge – focuses on raising support for the school’s faculty. **Donor funds will not be used to cover deficits or repay cumulative debt.**

Are any other fund-raising campaigns planned?

Yes! Since arriving in August 2018, Dean Chiodo has recognized the need for facility and equipment improvements in the pre-doctoral clinics and will be working with the Advancement Office to begin a capital campaign for these infrastructure needs. We anticipate requesting funding for improved operatories, new chairs, and enhanced technology.

What is happening with accreditation?

In May, the School submitted a supplemental report to the Commission on Dental Accreditation that provided financial information CODA had requested last fall. CODA responded in September and provided full accreditation without reporting requirements for six programs. Two programs remain accredited with reporting requirements. We submitted additional information to CODA in November 2018 and will meet with the discipline-specific review committees in January 2019 to discuss any remaining issues and concerns. We anticipate that this will clear the way for full re-accreditation of the School without reporting requirements in 2019.

What is happening with the School’s research mission?

Our research mission is alive and thriving. From July through mid-October of 2018, School of Dentistry faculty submitted 18 new grant applications – 10 to NIH; four to associations, non-profits and foundations; three to private industry; and one to Washington state. In this same period, faculty received two new NIH research grants, a conference grant from NIDCR, an HRSA grant, and a grant from a dental specialty organization. Between these new grants and continuing awards, the School received \$1.75 million in grant funding in the first quarter of fiscal year 2019. For 2018, UW SOD is ranked #3 globally for research in dental schools by the Academic Ranking of World Universities.