

REPORT OF THE STANDING COMMITTEE ON FINANCE

Background: In January 2001, the Commission on Dental Accreditation (CODA) established a Standing Committee on Finance to assist the Chair in planning the Commission's annual budget. In 2010, CODA reaffirmed the Finance Committee as a standing committee of the Commission. In Summer 2014, the Commission modified the charge of the Finance Committee to include oversight of the Commission's Research and Development Fund. In Winter 2019, the Commission again modified the charge of the Finance Committee to include review and recommendations regarding the Intercompany Memorandum of Understanding and Shared Services. In Winter 2020, the Commission further modified the charge of the Finance Committee to replace "Research and Development Fund" with "Administrative Fund" as an oversight responsibility of the Finance Committee.

The Finance Committee's charge is to: Monitor, review and make recommendations to the Commission concerning the annual budget, provide administrative oversight of the administrative fund, and review and make recommendations regarding the Intercompany Memorandum of Understanding and Services Agreement.

June 27, 2023 Finance Committee Meeting: The Standing Committee on Finance met on June 27, 2023 via a virtual meeting. Dr. Maxine Feinberg, chair, Finance Committee and vice chair, CODA, Dr. Victor Badner, Dr. Maxine Feinberg (chair), Dr. Frank Licari, Ms. Lisa Mayer, Dr. Garry Myers, Dr. Miriam Robbins were in attendance. Ms. Lonni Thompson, and Dr. Deborah Weisfuse were unable to attend. Dr. Sherin Tooks, senior director, CODA, Ms. Kathleen Navickas, Ms. Yesenia Ruiz, Ms. Peggy Soeldner, and Ms. Kelly Stapleton, managers, CODA, Ms. Cathryn Albrecht, senior associate general counsel, ADA/CODA, Mr. Naveed Mughal, manager, Financial Services, Education and Professional Affairs, ADA, and Dr. Anthony Ziebert, senior vice president, Education and Professional Affairs, ADA were also in attendance.

The Standing Committee reviewed its charge as its first order of business.

Update on 2022-2023 Budget Activity and Update on 2024 Budget: The Standing Committee on Finance reviewed the Commission's 2023 budget activity for CODA's U.S.-based program, CODA's international program, and CODA's Preliminary Accreditation Consultation Visit (PACV) program, including year-end 2022 actuals. The Committee also discussed the 2024 budget process along with a comparison of the CODA 2023 and 2024 budget for all three (3) programs within CODA. The Committee recalled that the Commission adopted a 2% increase in the 2023 annual fee and a 0% increase in the 2024 annual fee.

The Committee also discussed the continued increase in applications, Ad Hoc committees, and workload within the Commission, as well as ongoing initiatives to enhance volunteer training. As a result of the continued increase in Commission activities and projects, the Standing Committee believed that one (1) additional staff should be approved as part of the 2024 budget. Furthermore, the Standing Committee believed that additional employees may be needed within CODA; therefore,

the Standing Committee will revisit the topic of human resource allocations to the Commission following completion of the financial and comparative analysis study.

Finance Committee Recommendation: It is recommended that the Commission on Dental Accreditation direct the addition of one (1) full-time staff in the Commission's 2024 annual operating budget.

Review of CODA Administrative Fund: The Standing Committee on Finance reviewed the CODA Administrative Fund Balance Sheet and Disbursement Accounting Form. The Committee noted that the Commission, in Summer 2022, directed that the 2023 Administrative Fund fee (\$25) be waived for all CODA-accredited programs.

The Finance Committee learned that the Ad Hoc Committee to Consider Advanced Dental Education Delivery Models and Combined Programs completed its work, with a resulting total expense of \$7,710, which was \$2,290 less than the budgeted \$10,000 for this project. Upon completion of this project, the CODA Administrative Fund balance was reduced to \$317,933.

Additionally, in Summer 2022, the Commission approved up to \$20,000 to engage with a financial expert to study CODA's revenue and expense planning model and assist the Commission with long-term projection modeling to obtain a revenue-neutral budget, and to conduct a comparative analysis among other accreditors related to financial models and administrative funds.

Since there is currently a \$300,000 cap placed on the CODA Administrative Fund by the American Dental Association (ADA), the Finance Committee believed that there should be no (\$0) administrative fund fee to educational programs in 2024. This conclusion was made following review of the Administrative Funds collected and the potential uses which, if more than \$300,000, would be transferred to the American Dental Association at year-end. The Finance Committee concluded the Commission should rescind its Winter 2023 directive that CODA-accredited programs receive an Administrative Fund fee of \$25 in 2024. Rather, the Finance Committee recommends the Commission direct there be no (0) Administrative Fund fee applied to programs in 2024. With this change, the Finance Committee believed that the Commission's Administrative Fund would remain at or below the \$300,000 cap.

Finance Committee Recommendation: It is recommended that the Commission on Dental Accreditation rescind the \$25 Administrative Fund fee scheduled for 2024, and direct that in 2024 there be no (\$0) Administrative Fund fee applied to CODA-accredited dental and dental-related education programs.

Review of Intercompany Memorandum of Understanding and Services Agreement: The Standing Committee on Finance discussed the Intercompany Memorandum of Understanding and Services Agreement, which included a three-year term to expire on January 1, 2025. The Finance Committee noted that the shared services fee in 2022 remained consistent with 2021, a total of \$694,471. The Committee also noted that, following the COVID pandemic, the Commission's offices were

relocated within the American Dental Association building. The Finance committee concluded that the office relocation may warrant an adjustment in office space rent paid by CODA to the ADA.

Finance Committee Recommendations: This report is informational in nature and no action is required.

Timeline (Long-Term Plan) to Assume Total Expenses and Authority to Determine and Manage Annual Operating Budget: The Finance Committee reviewed meeting materials related to the Commission's goal to obtain authority to determine and manage its annual operating budget, without further discussion.

Finance Committee Recommendation: This report is informational in nature and no action is required.

Financial and Comparative Analysis Study: The Finance Committee again reviewed the Commission's Summer 2022 directive that, through the Finance Committee, the Commission engage with an expert financial analyst to study CODA's revenue and expense planning model and assist the Commission with long-term projection modeling to obtain a revenue-neutral budget, and to conduct a comparative analysis among other accreditors related to financial models and administrative funds.

A subcommittee of the Finance Committee met on May 2, 2023 to discuss the financial and comparative analysis study. Members of the subcommittee included: Dr. Maxine Feinberg (chair), Dr. Victor Badner, Dr. Frank Licari, Dr. Miriam Robbins, and Dr. Deborah Weisfuse. Dr. Garry Myers was unable to attend. Dr. Sanjay Mallya, chair, *ex officio*, Dr. Sherin Tooks, senior director, CODA, and Ms. Jamie Asher Hernandez, Ms. Kathleen Navickas, Ms. Yesenia, Ruiz, Ms. Peggy Soeldner, and Ms. Kelly Stapleton, managers, CODA, and Ms. Cathryn Albrecht, senior associate general counsel, ADA/CODA were also in attendance. The subcommittee reviewed the background materials and developed a draft Request for Proposal (RFP) that could be circulated to potential financial analysts. The subcommittee also directed staff to obtain recommendations of financial analysts that may be contacted to submit the RFP for review by the Finance Committee.

Following the subcommittee's meeting, the RFP deliverables were finalized and circulated to the Standing Committee on Finance. At its meeting, the Finance Committee approved the Request for Proposal (**Appendix 1**). The RFP will be circulated, and the Finance Committee will continue to oversee the financial and comparative analysis study, with a report to the Commission in Winter 2024.

Finance Committee Recommendation: This report is informational in nature and no action is required.

Update on ADA-CODA Relationship Workgroup: The Finance Committee noted that the ADA-CODA Relationship Workgroup planned to meet on July 6, 2023.

Finance Committee Recommendation: This report is informational in nature and no action is required.

Commission Actions:

**REQUEST FOR PROPOSAL RELATED TO FINANCIAL AND
COMPARATIVE ANALYSIS STUDY**

Section I: Description of Project and Deliverables

Scope of Project:

The Commission on Dental Accreditation is soliciting proposals to study its revenue and expense planning model and assist the Commission with long-term projection modeling to obtain a revenue-neutral budget and, further, to conduct a comparative analysis among other accreditors related to financial models and administrative funds.

Project Deliverables:

The proposal should include a highly detailed project description and timeline for deliverables. The Commission on Dental Accreditation's expected deliverables are:

- An analysis of the financial model and administrative fund structure of the Commission on Dental Accreditation compared to three (3) to four (4) similar accrediting agencies that are recognized by the United States Department of Education and positioned within a professional association.
 - The analysis must include a comparison of:
 - Methods to collect revenue and manage expenses.
 - Volunteer compensation strategies and funding mechanisms.
 - Administrative or reserve funds, including structure and contributions.
 - Technology resources, and long-term maintenance strategies.
 - Shared services with the professional association and other business expenses.
 - Staffing structures based on the number of programs accredited and size of the accrediting agency.
- An analysis of the Commission on Dental Accreditation's overall budget process (revenue and expenses), and recommendations related to long-term projection modeling strategies to attain a revenue-neutral budget.
- An analysis of the Commission on Dental Accreditation's administrative fund structure, and recommendations based on analysis conducted including sufficiency of the fund and methods to retain funds.
- Development of two (2) to three (3) sample budget models to assist the Commission on Dental Accreditation with long-term projection modeling to attain a revenue-neutral budget while projecting for future process improvements.

Phases of the Project and Deliverables at Each Phase:

Phase	Deliverables	Due Date
Phase I	One (1), 1-hour meeting with the Finance Committee to discuss the project and deliverables.	
	A written plan to address the deliverables. [Upon review of the plan by the Finance Committee, a final plan will be developed.]	
Phase II	Collection of data to address each deliverable.	
	One (1), 1-hour meeting with the Finance Committee to discuss progress and alterations to the plan (as needed), to occur at the mid-point of data collection.	
Phase III	Submission of a comprehensive written report addressing all deliverables, including data collected and analyzed and recommendations to the Finance Committee and Commission on Dental Accreditation.	
	One (1), 1-hour meeting with the Finance Committee to discuss the findings, conclusions, and recommendations.	

Section II: Budget

The financial and comparative analysis study budget must not exceed \$20,000.

Section III: Qualifications

The qualifications of the financial analyst should include the following:

- A background in finance, particularly related to non-profit agencies.
- Experience with financial modeling and projection for annual budgeting development.
- Ability to develop long-term financial strategies to attain a revenue-neutral budget.
- Understanding of administrative/reserve funds within a non-profit agency.
- Experience with accrediting agencies that are recognized by the United States Department of Education and/or located within a professional association, preferred.