

Resolution Submitted by the Board of Trustees on the HDA HCDS Operating Arrangement

Resolution #2018A-07: HDA HCDS Operating Arrangement

Background:

It has always been a desire for the Hawaii Dental Association to own their own building and remove themselves from the burden of renting. Therefore, back in the mid to early nineties, the process began to buy some land and eventually construct the building that is now the HDA headquarters.

There were many meetings with the State membership, Board of Trustees, and the House of Delegates to make this happen and not cause an excessive financial burden for the Association. In summary after all of these meetings, it was determined that the Membership would be integral in making this project a success. There were agreements via the House of Delegates that our Association reserves and a member building assessment would be needed to help cover the costs of our building. Currently, the HDA now owns a building and land that is debt free. It was the hope of all the past leaders that when this happens, then the dues that our membership pays will be stabilized.

Since the Honolulu County component is the HDA's largest component and in Honolulu, there was also an agreement that the HCDS will pay a fee to the HDA to help cover the HCDS annual operating costs. The HCDS realized that there was a lot of duplication of committees with the HDA and that it would make business sense to have the State cover the services to the HCDS members. It was also decided that HCDS is the component most likely to utilize this facility for meetings and community events. Therefore, the House of Delegates decided that our neighbor island components would not contribute a fee to the HDA to cover annual administrative operating costs.

This arrangement has been working fine for both the HDA and the HCDS for many years. In fact, there has been "surplus" in the budgeting which allowed the HDA Board to pay off the building early and eliminate the building assessment. The arrangement has also been good for HCDS where there was a large reserve built up which led to a dues decrease in 2014 from \$200, to \$140 in 2015.

In the past four years (2015-2018), the executive committee of the HCDS voiced a dissatisfaction with the yearly fee assessed to the HCDS by the HDA for services and overhead. The HCDS has requested to change this arrangement, citing "lack of funds" to cover their activities and a "lack" of perceived value for the amount of "rent" they are paying to the state for annual administrative and operating costs. The HCDS also investigated a proposal to "self-manage" the HCDS.

During years of discussion with the HDA Board and Executive committee, it has been shown that this is a complicated problem to solve. There are many variables that make a resolution difficult. Some of these include: What are the true expenses to manage the HCDS affairs?

What is a fair amount for the HCDS to pay? From 2015-2017, the administrative support fee to HCDS was \$95,000.00.

Additional concerns were: Are the HCDS members getting “value” for the amount they are paying? Is it still appropriate for the neighbor island components not to contribute to the operating costs of the HDA?

An audit by the HDA of 2016 administrative usage of the HDA central office and staff assigned a value of \$94,886.25 to HCDS for services and overhead expenses. Additionally, in calendar year 2017, time studies showed HDA staff spent approximately 35% on HCDS business. It is worthy to note that \$460,185 of the HDA 2018 budget is for operational expenses.

In Sept 2018, the HDA Executive Director was asked to provide a “full service description” of HCDS services provided by the HDA office and staff. Staff provided two types of comprehensive services to HCDS – event coordination and support; and administrative and operational services. This figure was accepted by the committee as “consistent” with the 2016 HDA audit.

Due to an impasse in the long-standing discussion, the HDA Board decided to form this Task Force to see if an agreement can be reached. The Task Force was comprised of past HCDS presidents: Drs. Amy Choy, Gary Yonemoto (Chair), Jon Fu, Calbert Lum, and Scott Masunaga. The Task Force has been meeting frequently since September of 2018 and is now offering its report in the form of this resolution to be discussed at the House of Delegates.

The Board of Trustees therefore submits the following resolution.

Whereas, The Task Force was charged to re-evaluate the financial arrangement with the HCDS to see if the arrangement is still “valid” and “fair” to all parties and,

Whereas, The HCDS Executive Council is questioning the need for all of the State Administrative Services and,

Whereas, The HCDS feels that the Administrative services can be delivered more efficiently and,

Whereas, The HCDS feels that they do not have any funds to adequately provide services to their membership such as quality CE workshops, and,

Whereas, The HDA Board proposal of an hourly rate of services for the HCDS would be a logistical nightmare for accounting of the staff’s time and,

Whereas, The HDA audit showed that the percentage of the “fees” being paid to the HDA is less than the actual costs of administrating services to HCDS and,

Whereas, The HCDS feels that any agreement with them should apply to all components,

THEREFORE, be it

Resolved. That the HDA stop the collection of the administrative services fee from the HCDS for compensation for their percentage of their administrative costs, utilization of the building, and all committee help, and be it further

Resolved. That the HCDS and all counties adopt the proposal of a compensation-for-services model, based on hourly usage of the HDA building and services for all county planned events, and be it further

Resolved. That the HCDS pays to the HDA an annual fee of ~~\$60,000.00~~ ~~\$50,000.00~~ ~~\$60,000.00~~ to help cover the administrative costs of running the HCDS component. This will include usage of the building and HDA staff, and be it further

Resolved. That the HCDS consider asking their Program Committee to have a member join with the HDA's Dental Education Program to utilize their resources and help coordinate CE programs for both the HDA and HCDS, and be it further

Resolved. That the HCDS ~~consider implementing~~ **implement** this new agreement within the first quarter of 2019, to allow for stability within HCDS' Executive Committee, and be it further

Resolved. That this proposal would be in place for a period of two years to allow the HCDS and the HDA time to adjust to the agreement. **And report to the 2021 House of Delegates.**

Recommendation of the HOD Resolutions Reference Task Force on Resolution #2018A-07:

Resolution not received in time for review by the HOD Resolutions Reference Task Force.

Action taken by the House: Resolution #2018A-07 is adopted with amendments, and is now referred to as Resolution #2018A-07-H.