

Resolution No. [Resolution Number] [Type]

Report: Restoring Budgetary Oversight to the House of Delegates and Establishing Transparency for Major Expenditures Date Submitted: 04/04/2025

Submitted By: Steven Saxe, DMD

Reference Committee: D (Legislative, Governance and Related Matters)

Total Net Financial Implication: [Total Net Financial Impl.] Net Dues Impact:

Amount One-time: Amount On-going:

ADA Strategic Forecast Outcome: Tripartite: Promote Tripartite stability, success, and future growth.

## [RESTORING BUDGETARY OVERSIGHT TO THE HOUSE OF DELEGATES AND ESTABLISHING TRANSPARENCY FOR MAJOR EXPENDITURES]

### Background:

This resolution requires a formal amendment to the ADA Constitution and Bylaws to restore final budgetary authority to the House of Delegates. The amendment language is included in the resolved clauses below.

In recent years, the American Dental Association (ADA) has shifted significant financial and budgetary authority away from the House of Delegates (HOD) and into the hands of the Board of Trustees (BOT) and staff under a process that bypasses final House review. While the House approves a Strategic Forecasting Plan, the ADA's annual operating budget is now formally adopted by the Board of Trustees—removing the House's traditional role in voting on budget allocations, investments, and reserve use [1]. These are not symbolic functions; they reflect the fiduciary responsibility of the House of Delegates as the elected voice of the membership.

This structural change has coincided with consecutive years of multimillion-dollar budget deficits, including extensive use of ADA reserves and asset sales. In 2024, the ADA headquarters building in Chicago was sold without advance notice, consultation, or consent from the House of Delegates—despite being one of the Association's most significant physical and symbolic assets. The proceeds from that sale were used to offset operational shortfalls and fund strategic initiatives previously advanced by a small number of leaders and staff without broad input or transparency [2].

These structural changes have not led to improved financial performance. Instead, the ADA has experienced consecutive years of multimillion-dollar budget deficits, largely driven by high-cost strategic initiatives undertaken without House review. These include the failed Salesforce/Fonteva platform implementation, increased spending on for-profit subsidiaries, and the acquisition of the Forsyth Institute—an institution with a history of operational deficits and complex obligations. Concern over these financial missteps escalated in 2025 with the abrupt resignation of the ADA Executive Director. While officially described as a resignation, many

believe this leadership change reflected mounting pressure and accountability for strategic decisions made without sufficient oversight. These outcomes demonstrate that fiscal responsibility cannot be delegated without meaningful review from the elected House of Delegates [3][4].

IRS Publication 557, along with nonprofit best practices, requires that 501(c)(6) organizations maintain documented fiduciary oversight by their governing bodies. Legal precedent, including *United Cancer Council v. Commissioner*, has affirmed that nonprofits must have board-driven and stakeholder-accountable financial governance structures [5][6]. These transparency obligations are not optional—they are fundamental to maintaining the ADA’s nonprofit status and public trust.

Other associations—including the American Medical Association and the AICPA—require approval or notification to their delegate bodies for large financial commitments, high-value partnerships, or asset sales. ADA members expect no less [7][8].

This resolution restores—not introduces—the rightful and historic role of the House of Delegates in ADA budget decisions and ensures that major expenditures cannot move forward without formal review and transparency.

## References:

1. *2024 ADA House Minutes*
2. *2024 Report of the Treasurer*
3. *2024 Annual Reports*
4. *Forsyth Institute Form 990 (2022) – ProPublica*
5. *IRS Publication 557*
6. *United Cancer Council v. Commissioner*, 165 F.3d 1173 (7th Cir. 1999)
7. *AMA Delegates’ Handbook on Financial Structure*
8. *AICPA Board Governance Manual*

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## Resolved Clauses

**Resolved**, that all ADA annual operating budgets, multi-year financial plans, reserve use, and fiscal policy authority shall, pending adoption of the bylaw amendments described below, be restored to the House of Delegates, including the authority to amend specific budget line items, reallocate funding, and approve or reject the final budget of the Association; and be it further

**Resolved**, that any ADA expenditure, contract, acquisition, or partnership exceeding \$5 million in total value—including real estate transactions, subsidiary investments, research institutes, consultant contracts, reserve draws, or technology platforms—shall require advance written notification to the House of Delegates along with a written justification explaining strategic rationale, fiscal impact, and projected return on investment; and a minimum 60-day period for

review and formal comment to ensure adequate risk assessment, fiduciary compliance, and alignment with IRS standards for nonprofit accountability; and that this process shall reinforce the principle that the House of Delegates, upon amendment of relevant bylaws, should serve as the final authority over ADA fiscal policy and oversight; and be it further

**Resolved**, that a public-facing summary of such expenditures shall be published to the membership via ADA Connect or ADA.org within 90 days of execution; and that the effectiveness of these budgetary oversight provisions shall be reviewed by the House of Delegates no later than five years after their adoption to assess compliance, transparency impact, and alignment with organizational needs; and be it further

**Resolved**, that the ADA Bylaws be, and hereby are, amended as follows, with text to be struck shown in strikethrough and new language shown in bold:

- **Chapter V, Section 80.G**

~~“The Board of Trustees shall adopt the annual operating budget of the Association.”~~

**“The House of Delegates shall adopt the annual operating budget of the Association.”**

- **Chapter XII, Section 40**

~~“Following the adoption of a resolution on the Strategic Forecasting Plan... the Board of Trustees shall adopt a budget to implement the Plan and conduct operations.”~~

**“Following adoption of a resolution on the Strategic Forecasting Plan, the Board of Trustees shall submit a proposed annual budget to the House of Delegates no later than 90 days prior to the annual session. The House of Delegates shall adopt the final annual operating budget of the Association, with authority to amend, reallocate, or reject specific line items.”**

- **Chapter III, Section 110**

~~“The Board of Trustees shall adopt the budget...”~~

**Replace with:**

**“The Board of Trustees shall prepare and submit a proposed budget to the House of Delegates. Budget authority lies with the House of Delegates.”**

- **Governance Manual references** to budget adoption, strategic forecasting, and Board-only fiscal authority shall be revised to reflect that the House of Delegates is the final approving body for ADA operating budgets.

**Resolved**, that these amendments take effect immediately upon adoption and shall be incorporated into the next official printing of the ADA Constitution, Bylaws, and Governance Manual.