
Ensuring Accurate Enrollment Data for Public Universities

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Purpose of This Guide

This guide can help universities reinforce the accuracy of enrollment data they submit to the Higher Education Coordinating Board (Coordinating Board) for state funding purposes. This, in turn, will provide more accurate statewide information about student enrollment.

Designed to supplement the guidance the Coordinating Board provides to universities, this guide is organized by the three primary phases for ensuring enrollment data accuracy:

- **Initial Data Collection and Reporting**
This section outlines the major components of enrollment data and identifies the key requirements with which universities must comply when they report this data. To provide more detail on these requirements, the guide includes links to relevant rules and regulations and other useful resources.
- **Self-Reported Errors**
This section explains the self-reported error process that universities have historically been allowed to use to report enrollment data errors prior to an audit of the data. The guide emphasizes the importance of having processes in place to identify and capture data errors and report them using the self-reported error process.
- **State Auditor's Office (SAO) Review for Accuracy**
This section summarizes the SAO's role in auditing enrollment data to ensure accuracy and facilitate funding adjustments.

[Section 4, Reviewing Controls Over Computer-Processed Data](#), provides suggestions for ensuring that automated enrollment data is accurately collected and reported. As universities place more emphasis on automated systems to collect and report enrollment data, it is critical that they ensure that automated systems controls are in place to minimize the risk of reporting inaccurate data.

This guide also provides background information on the formula funding process. See [Section 5, Overview of Public University Formula Funding](#).

By comparing current practices with the requirements described herein, a university can identify areas for improvement in its collection, review, and reporting of enrollment data.

Why is it important to report accurate enrollment data?

Reporting accurate enrollment data ensures that state funds available for formula funding are fairly allocated to individual institutions (as defined by the funding formulas).

Because enrollment data affects funding, it is critical that universities report enrollment data that meets all requirements set forth by the Coordinating Board, the Texas Education Code, the General Appropriations Act, and university boards. The most significant enrollment data are semester credit hours because approximately 61 percent of funding appropriations are based on semester credit hours.

If a university does not report accurate data (within two percent of the initial funding allocation) in compliance with all requirements, its state appropriations could be adjusted.

This guide highlights key factors for universities to consider when collecting and reporting enrollment data. It is not intended to serve as a complete guide detailing all enrollment data reporting requirements.

Section 1:

Initial Data Collection and Reporting

The first step in ensuring accurate enrollment data involves the initial collection and reporting of enrollment data by universities. Universities must follow various regulations regarding each student and semester credit hour they report to the Coordinating Board to ensure accurate reporting of enrollment data. To qualify for state funding, universities must comply with the following:

- Coordinating Board Rules and Regulations
- Provisions of the Texas Education Code
- Article III, the General Appropriations Act
- Additional requirements established by individual university governing boards

Universities should ensure that they comply with all applicable requirements in key areas affecting enrollment data, such as:

- Student admissions
- Texas Academic Skills Program (TASP)
- Registration
 - Official reporting date (ORD)
 - Dual enrollment courses
 - Adds and drops
 - Classes organized after the ORD
- Student level/classification
- Residency status
- Tuition rates and fees
 - Charging proper tuition and fees
 - Collecting proper tuition and fees
- Refunds
- Teaching experience semester credit hours

The remainder of this section outlines the key requirements for each of the areas listed above. Universities should regularly review their data collection and reporting processes to ensure that they comply with all applicable requirements.

For more detailed information on initial data collection and reporting:

Coordinating Board Rules and Regulations at [http://www.thecb.state.tx.us/CBRules/readtac\\$ext4d45.html](http://www.thecb.state.tx.us/CBRules/readtac$ext4d45.html).

Texas Education Code at <http://www.capitol.state.tx.us/statutes/edtoc.html>.

Article III, the General Appropriations Act at http://www.lbb.state.tx.us/The_LBB/Menu.htm#Pubs.

Student Admissions

Universities must adhere to all applicable admission requirements set by the university's board, the Coordinating Board, and the Texas Education Code.

Universities must adhere to their own board-approved policies regarding admission requirements. According to Texas Education Code, Section 51.808, the boards of universities that offer admissions to undergraduate transfer students or admissions to a graduate, post-graduate, or professional program shall adopt a written admissions policy applicable to those programs.

To report a student's semester credit hours for formula funding purposes, a university must ensure that the student meets all applicable admission requirements.

Texas Education Code, Sections 51.803 through 51.805, specify requirements for automatic and other types of admissions:

- Automatic admission is granted to applicants who graduated with a grade point average in the top 10 percent of their high school graduating class in one of the two school years preceding the academic year for which the applicant is applying for admission. The high school must be either a public or private Texas high school that is accredited by a generally recognized accrediting organization or a high school operated by the United States Department of Defense.
- For other first-time freshman admissions, each public general academic teaching institution is required to consider several factors, including the following:
 - The applicant's academic record
 - The applicant's performance on standardized tests
 - The applicant's region of residence
 - The applicant's extracurricular activities

Each university's board-approved admission policy should specify the factors to be considered.

For more detailed information on student admissions:

Texas Education Code admission requirements <http://www.capitol.state.tx.us/statutes/ed/ed005100toc.html>.

Coordinating Board Rules and Regulations [http://www.thecb.state.tx.us/CBRules/readtac\\$ext4d45.html](http://www.thecb.state.tx.us/CBRules/readtac$ext4d45.html).

Texas Academic Skills Program (TASP)

Coordinating Board Rules and Regulations Subchapter P, Section 5.314, requires most students who entered public institutions of higher education in the fall of 1989 and thereafter to be tested for reading, writing, and mathematics skills. To be accurately reported for formula funding purposes, students must meet one of the following criteria:

- Be exempt from taking the TASP test
- Meet minimum performance standards on the TASP test
- Participate in a remediation program if he/she did not meet minimum performance standards on the TASP test

To report a student's semester credit hours for formula funding purposes, a university must ensure that the student meets all applicable TASP requirements.

For more detailed information on the Texas Academic Skills Programs:

Texas Education Code, Section 51.306, at <http://www.capitol.state.tx.us/statutes/ed/ed005100toc.html>.

Coordinating Board Rules and Regulations Subchapter P, Sections 5.311 through 5.318, at [http://www.thecb.state.tx.us/CBRules/readtac\\$ext6fea.html](http://www.thecb.state.tx.us/CBRules/readtac$ext6fea.html).

Texas Academic Skills Program Policy Manual at <http://www.thecb.state.tx.us/reports/pdf/0425.pdf>.

Registration

Official Reporting Date

Students must be registered by the official reporting date (ORD), which is also known as the census date. This is the 12th class day for fall or spring semesters and the 4th class day for summer sessions. Evidence of enrollment on the census date is the inclusion of the student on the Student Report, CBM-001, required by the Coordinating Board (see [CBM Reports in Section 5, Reporting of Enrollment Data for Funding Purposes](#)). Only those students enrolled on or before the ORD and who have paid the proper tuition and fees by the official payment date (OPD) may be reported for formula funding (see OPD in [Collection of Proper Tuition and Fees](#)).

To report a student's semester credit hours for formula funding purposes, a university must ensure that the student was officially registered on the official reporting date for that semester.

For more detailed information on the official reporting date:

Coordinating Board *Reporting and Procedures Manual for Public Universities*, page 1.1 at <http://www.thecb.state.tx.us/reports/pdf/0411.pdf>.

Dual Enrollment Courses

A universities may claim funding for all high school students earning college credit in dual credit courses if it has established a valid dual credit agreement with a secondary school. State funding for dual credit courses is available to both public school districts and public universities based on an agreement between the Commissioner of Education and the Commissioner of Higher Education.

To report a student's dual enrollment semester credit hours for formula funding purposes, a university must ensure that it has established the proper arrangement with the student's secondary school.

Coordinating Board Rules and Regulations, Section 5.261, specifies that any dual credit course arrangement between a secondary school and a public university must be approved by the governing boards or designated authorities of both institutions prior to offering such courses. The dual credit course arrangement must address the following elements:

- Eligible courses
- Student eligibility
- Location of class
- Student composition of class
- Faculty selection, supervision, and evaluation
- Academic policies and student support services
- Course curriculum, instruction, and grading
- Transcribing of credit
- Funding

Specific guidelines for dual enrollment eligibility and participation may be found in Coordinating Board Rules and Regulations, Section 5.262.

For more detailed information on dual enrollment courses:

Coordinating Board Rules and Regulations, Section 5.261 and 5.262, at [http://www.thecb.state.tx.us/CBRules/readtac\\$extc812.html](http://www.thecb.state.tx.us/CBRules/readtac$extc812.html).

Adds and Drops

Only those students enrolled on or before the ORD and who have paid the proper amount of tuition and fees by the OPD may be reported for formula funding (see information on [Collection of Proper Tuition and Fees](#) in the [Tuition Rates and Fees](#) section). Students who add classes after the ORD and students who drop classes prior to the ORD must not have those hours reported for funding purposes. Universities should review add/drop documentation and ensure that only student semester credit hours meeting both criteria are reported.

To report a student's semester credit hours for formula funding purposes, a university must ensure that the student enrolled in the applicable course on or before the ORD. Likewise, the student must not have dropped the course before the ORD.

For more detailed information on adds and drops:

Coordinating Board *Reporting and Procedures Manual for Public Universities*, page 1.1 at <http://www.thecb.state.tx.us/reports/pdf/0411.pdf>.

Classes Organized After the ORD

Enrollments in classes organized after the ORD (otherwise known as flexible entry classes) should be included in the data submitted for the following semester. Any student enrolled as of the ORD who subsequently enrolls in a flexible entry class organized in the same semester must be assessed tuition and fees as though another class were being added to the student's current course load. For example, classes organized after the 12th class day of the fall semester will be reported in the spring semester CBM-004, Class Report; classes organized after the 12th class day of the spring semester will be reported in the first summer session.

For more detailed information on classes organized after the ORD:

Coordinating Board *Reporting and Procedures Manual for Public Universities*, page 1.2 at <http://www.thecb.state.tx.us/reports/pdf/0411.pdf>.

Student Level/Classification

Universities must include accurate student level classification in the enrollment data submitted to the Coordinating Board. Student level classification categories are defined by each university. State funding is applied based on students' classifications which include the following categories:

- Lower Division Undergraduate - students should be classified as

To report a student's semester credit hours for formula funding purposes, a university must ensure that the student is properly classified at the appropriate level.

freshmen or sophomores, based on criteria established by the individual university.

- Upper Division Undergraduate - students should be classified as juniors or seniors, based on criteria established by the individual university.
- Master's - students must possess a bachelor's degree or equivalent and be admitted to an approved master's degree program at the university. Senior students within 12 semester credit hours of their first bachelor's degree (when enrolled in a master's level course for master's level credit) may be reported in this category.
- Doctoral - students must possess a master's degree or have completed 30 hours of graduate work and must be admitted to an approved doctoral program at the university.
- Special Professional - students must be officially admitted to a special professional program (for example, law or optometry).

For more detailed information on student level/classification:

Coordinating Board *Reporting and Procedures Manual for Public Universities*, pages 1.4 and 4.12 at <http://www.thecb.state.tx.us/reports/pdf/0411.pdf>.

Article III, Section 32, the General Appropriations Act at http://www.lbb.state.tx.us/The_LBB/Menu.htm#Pubs.

Residency Status

While state government provides funds for both resident and nonresident students, universities are required to provide accurate information on student residency status. To properly assess tuition rates universities must identify each student as a "resident" or a "nonresident," following the guidelines below:

- Coordinating Board Rules and Regulations, Section 21.22, and Texas Education Code, Section 54.052(e), specify that individuals who move into the state and who are gainfully employed within the state for 12 months prior to enrolling in an institution of higher education are entitled to classification as residents.
- Coordinating Board Rules and Regulations, Section 21.25(c), requires each student to provide substantiating documentation to affirm residence for tuition purposes.
- Texas Education Code, Section 54.0521, states that an individual must sign an oath of residency prior to registration in order to pay the tuition rate for residents.
- Each public institution of higher education is responsible for incorporating a core of residency questions and an oath to be used during registration to document a student's residency status and ensure compliance with Coordinating Board requirements and the Texas Education Code. If questions arise based on a student's answers to the core questions, the institution is obligated to take additional steps to appropriately determine and document the student's residency status.

To report a student's semester credit hours for formula funding purposes, a university must ensure that it has classified the student within the proper residency status.

For more detailed information on residency status:

Texas Education Code, Sections 54.0521 and 54.052(e), at <http://www.capitol.state.tx.us/statutes/ed/ed005400toc.html>.

Coordinating Board Rules and Regulations, Sections 21.22 and 21.25(c), at [http://www.thecb.state.tx.us/CBRules/readtac\\$exta35b.html](http://www.thecb.state.tx.us/CBRules/readtac$exta35b.html).

Coordinating Board Rules and Regulations, Chapter 21, Subchapter B, (Determining Residency) Status at <http://www.collegefortexans.com/library/pdf/006.pdf>.

Tuition Rates and Fees

Restrictions on charging and collecting tuition rates and fees are set through the Texas Education Code and the Coordinating Board. The 77th Legislature clarified the definition of the types and amounts of tuition and fees a student must pay before a university may claim the related semester credit hours for formula funding purposes. Rider 16, page III-235, the General Appropriations Act, now aligns with Texas Education Code, Section 54.007. Universities should comply with these regulations and with internal rules regarding tuition and fees.

To report a student's semester credit hours for formula funding purposes, a university must ensure that it has charged the student the correct tuition and fees and that it has collected tuition and fees within the required timeframe.

Examples of tuition include:

- Base tuition
- Designated tuition
- Board authorized tuition

For more detailed information on tuition and fees:

Coordinating Board Rules and Regulations, Section 21.4, at [http://www.thecb.state.tx.us/CBRules/readtac\\$ext520b.html](http://www.thecb.state.tx.us/CBRules/readtac$ext520b.html).

Texas Education Code, Chapter 54, at <http://www.capitol.state.tx.us/statutes/ed/ed005400toc.html>.

Rider 16, page III-235, the General Appropriations Act at http://www.lbb.state.tx.us/The_LBB/Menu.htm#Pubs.

Charging Proper Tuition and Fees

The Texas Education Code establishes a minimum tuition rate. A university may adjust the rate by any amount with approval by the university's board of regents. Texas Education Code, Chapter 54, specifies the conditions under which tuition can be adjusted.

Under Texas Education Code, Section 54.010, an institution's governing board may offer a tuition reduction in a fixed dollar amount, a percentage amount, or any manner that the board considers appropriate. The amount of tuition reduction offered to a student for a semester or term may not exceed the amount of tuition that would have been charged to a student for enrollment in three semester credit hours during that semester or term.

The types of fees that universities may charge are defined in Texas Education Code, Chapter 54. Building use fees are set by Texas Education Code, Subchapter B, Section 54.0513.

Examples of fees include:

- Lab fees
- Student services fees
- General property deposits

Texas Education Code, Section 54.009, specifies that institutions of higher education that set tuition rates and fees may not increase the tuition rates or fees charged a student after that student registers, regardless of whether that student has paid the tuition and fees for that semester or term.

Students receiving tuition exemptions are not required to pay tuition charges but may be charged all appropriate fees, depending on each exemption's restrictions. Tuition waivers allow nonresident students to pay resident tuition. As with exemptions, tuition waivers may not exempt students from

fees. Tuition exemptions and waivers should only be granted if the basis for the exemption or waiver is appropriate and documentation is maintained. The Texas Education Code provides a list of valid reasons for granting a tuition exemption or waiver.

For more detailed information on charging proper tuition and fees:

Texas Education Code, Chapter 54, at <http://www.capitol.state.tx.us/statutes/ed/ed005400toc.html>.

Texas Education Code, Section 51.930, (National Student Exchange Program) at <http://www.capitol.state.tx.us/statutes/ed/ed005100toc.html>.

Texas Education Code, Section 56.203, (Early High School Graduation Exemption Program) at <http://www.capitol.state.tx.us/statutes/ed/ed005600toc.html>.

Texas Education Code, Section 160.07, (Academic Common Market) at <http://www.capitol.state.tx.us/statutes/ed/ed016000toc.html>.

Collection of Proper Tuition and Fees

Students must pay the proper tuition and fees by the Official Payment Date (OPD), which is the 20th class day for the fall and spring semesters or the 15th class day during the summer sessions. For funding purposes, if a university collects at least half of tuition and fees by the OPD, the related semester credit hours are eligible for formula funding purposes as long as the student was also registered by the ORD (see [Registration](#)).

Texas Education Code, Section 54.003, specifies that no institution of higher education may collect from students attending the institution any tuition, fee, or charge of any kind except as permitted by law. Coordinating Board Rules and Regulations, Section 21.4, and Texas Education Code, Section 54.007, state that the governing board of each institution of higher education shall provide for the fall and spring semesters the following options:

- Full payment of tuition and fees by the OPD
- Installment payment plan

For fall and spring semesters, Texas Education Code, Section 54.007, requires half payment of tuition and fees by the OPD, one-quarter payment of tuition and fees prior to start of the 6th class week, and the remaining one-quarter payment prior to the beginning of the 11th class week.

Texas Education Code, Section 54.007, was amended by the 77th Legislature to include the installment payment option for summer terms. As amended, the governing board of each institution of higher education may allow the payment of tuition and fees during a 12-week summer term and a 16-week summer term through the following alternatives:

- (1) For a student enrolled for a 12-week summer term, one-half payment of tuition and fees in advance of the beginning of the summer term, one-quarter payment before the beginning of the 5th class week, and the final one-quarter payment before the beginning of the 9th class week.
- (2) For a student enrolled for a 16-week summer term, one-half payment of tuition and fees in advance of the beginning of the summer term, one-quarter payment before the beginning of the 6th class week, and the final one-quarter payment before the beginning of the 11th class week.

Collection of tuition and fees can be confirmed through a paid receipt, bank deposits, or information in a university's student account system. Before a university may report semester credit hours for funding purposes, it should ensure that either 50 or 100 percent of tuition and fees were paid

(depending on whether the student paid in full or is paying on an installment plan) on or before the OPD. If this tuition and fee payment requirement is not met before the OPD, the related semester credit hours are ineligible for reporting.

For more detailed information on collection of proper tuition fees:

Texas Education Code, Chapter 54, at <http://www.capitol.state.tx.us/statutes/ed/ed005400toc.html>.

Coordinating Board Rules and Regulations, Section 21.4, at [http://www.thecb.state.tx.us/CBRules/readtac\\$ext520b.html](http://www.thecb.state.tx.us/CBRules/readtac$ext520b.html).

Refunds

Universities must refund mandatory fees and tuition they collect for courses from which students drop or withdraw. A university may not delay a refund until later in the semester or term on the grounds that the student may withdraw from the university. A university may assess up to \$15 as a matriculation fee if a student withdraws from the university before the first day of class. Texas Education Code, Section 54.006, establishes the schedule used to determine the proper amount of tuition and fee refund for Coordinating Board-approved semester-length courses for which semester credit hours are awarded.

A university must ensure that it properly refunds tuition and fees when students drop courses or withdraw from the university.

Prior to the census date, a university may allow hours to be dropped and re-added without penalty to the student if the exchange is an equal one. When charges for hours dropped are greater than for hours added, the refund is to be applied to the difference in charges between those classes being added and those being dropped. If charges for hours added exceed charges for hours dropped, the student is liable for paying net additional charges.

Tuition and fees paid directly to a university by a sponsor, donor, or scholarship will be refunded to the source rather than directly to a student. Separate refund schedules may be established for optional fees such as intercollegiate athletics, cultural entertainment, parking, and yearbooks.

For more detailed information on refunds:

Texas Education Code, Section 54.006, at <http://www.capitol.state.tx.us/statutes/ed/ed005400toc.html>.

Teaching Experience Semester Credit Hours

Universities must report accurate information to the Coordinating Board about faculty members teaching classes each semester. The number of semester credit hours taught by tenured and tenure-track faculty affects the level of funding a university receives. Therefore, tracking teaching experience accurately helps to ensure the correct level of funding is applied. A university must maintain documentation to ensure that instructor status is properly identified.

To report a student's semester credit hours for formula funding purposes, a university must ensure that it properly records the faculty tenure status associated with those semester credit hours.

For more detailed information on reporting teaching experience semester credit hours:

Coordinating Board Faculty Report (CBM-008 and CBM-004), *Reporting and Procedures Manual for Public Universities* at <http://www.thecb.state.tx.us/reports/pdf/0411.pdf>.

Section 2:

Self-Reported Errors

To maintain accurate enrollment data universities need a monitoring process to promptly and regularly detect and correct errors. If errors are not corrected before a university certifies its enrollment data to the Coordinating Board, the university can report these errors as self-reported errors (SREs). Under an agreement among the Legislative Budget Board, the State Auditor's Office, and the Coordinating Board, universities have historically been given the opportunity to correct inaccuracies using the self-reported error process prior to audits by the SAO. Universities report SREs to the SAO upon request.

It is usually to a university's advantage to self-report errors. A self-reported error adds only its own dollar value to the net error amount subject to the two percent tolerance limit. In contrast, the dollar value of an error found during sample testing in audit fieldwork is multiplied to reflect the probable net dollar error amount in all hours reported.

The following is a simplified example to illustrate the dollar impact of not discovering and reporting errors prior to an SAO audit.

Our example university receives \$20 million in formula funded appropriations. It initially reports three semester credit hours (SCH) for one student taking a Business Administration class at a rate of \$150 per hour. The university later discovers that the 3 SCH do not qualify for formula funding. If the university self-reports the error, the biennial formula funding value of those three hours is:

\$900 (3 SCH * \$150 per hour funding rate] * 2 years in the biennium)

If, however, the error is not identified until an audit by the SAO, the cost to the university will be much more significant. In our audit example the SAO looks at 1000 records and finds only that one error. Because the SAO uses a sampling methodology, the error will now be projected across the entire population of records. The probability of errors now becomes 1 in every 1000 records. If the university has not self-reported the error and it is identified during an audit, the cost of the error would be:

\$20,000 (error rate of 1/1000 * \$20 million total biennial appropriation)

In our example, the university's formula funding would not be adjusted for self-reported errors or for SAO identified errors. In both situations, the error would fall within the two percent tolerance level and an adjustment would not be required.

Section 3:

State Auditor's Office Review for Accuracy

The General Appropriations Act authorizes the SAO to audit the accuracy of data used to determine formula funding allocations for individual universities. The SAO works with the Coordinating Board and the Legislative Budget Board to develop the scope of the formula funding audit and identify relevant issues that may warrant audit procedures.

Historically, the SAO has conducted biennial formula funding audits to determine the accuracy of key enrollment data and compliance with Coordinating Board Rules and Regulations, provisions of the General Appropriations Act, and provisions of the Texas Education Code. The SAO reports to the Coordinating Board, the Legislative Budget Board, the Governor, and the Comptroller of Public Accounts any differences between university records and enrollment data submitted by universities. The audit helps to ensure that universities receive only those appropriations to which they are entitled.

To perform this audit, the SAO prepares a risk assessment to determine which universities to audit. The risk assessment process may include, but is not limited to, consideration of the following factors:

- Appropriation amounts per university
- Time passed since the university was last audited
- Unrestricted fund balance changes
- Changes in semester credit hours compared to headcount
- Self-reported errors
- Changes in semester credit hours between reporting periods
- Educational and General (E&G) appropriations compared to E&G expenditures and mandatory transfers

Attributes tested during past enrollment audits include the following:

- Student admissions
- Texas Academic Skills Program (TASP)
- Registration
 - Official reporting date (ORD)
 - Dual enrollment courses
 - Adds and drops
 - Classes organized after the ORD
- Student level/classification
- Residency status
- Tuition rates and fees
 - Charging proper tuition and fees
 - Collecting proper tuition and fees
- Refunds
- Teaching experience semester credit hours
- Other attributes as deemed appropriate

After conducting its audit, the SAO notifies the Coordinating Board, the Legislative Budget Board, the Governor, and the Comptroller of Public Accounts about amounts funded based on inaccurately reported enrollment data. This information is then used to determine adjustment amounts. Historically, total proposed adjustments have been based on errors reported by the universities (self-reported errors) and errors identified by the SAO. In 1997 the 75th Legislature required that only amounts in excess of the two percent allowable reporting error rate per university be recommended for adjustment.

For more detailed information on the SAO's review for accuracy:

Article III, the General Appropriations Act at http://www.lbb.state.tx/The_LBB/Menu.htm#Pubs.

Section 4:

Reviewing Controls Over Computer-Processed Data

Increasingly, enrollment data affecting formula funding is stored in and reported directly from automated systems. Universities need to ensure that accurate information is entered into and maintained in these systems. This includes, but is not limited to, determining whether:

- All relevant information is entered accurately into automated files
- Unauthorized changes to programs or data are prevented and detected
- Output is checked for accuracy
- Computer programs correctly process data (for example, the programs calculate tuition properly for each student)
- Documentation exists to ensure that users understand how to use the automated system properly

Understanding how automated enrollment data is used and reviewing the system that collects, stores, and reports the data is critical in assessing enrollment data reliability. Reviewing an automated system includes examining pertinent controls or practices within the system that help ensure it can consistently produce reliable enrollment information.

Automated systems may include all or only some of the enrollment data described in [Section 1](#) of this guide. A university's Student Information System (SIS) could include various applications related to enrollment, including, but not limited to, the following:

- Admissions
- Registration
- Billing and collecting
- Refunding

For more detailed information on reviewing controls over computer-processed data:

The General Accounting Office, *Assessing the Reliability of Computer-Processed Data* at http://www.gao.gov/policy/8_1_3.pdf

General and Application Controls

There are two levels of automated system controls to review. General controls include the methods and procedures that apply in general to overall computer operations. Application controls focus on methods and procedures for a particular automated system, such as an admissions application system or a student billing application system.

General controls are categorized into organizational and management controls, security controls, and systems software and hardware controls. These controls tend to operate interdependently with each other and can be classified as preventive, detective, and corrective. Preventive controls exist to stop errors from occurring, detective controls identify errors after they have occurred, and corrective controls attempt to ensure that identified errors are corrected. Examples of each include:

- Preventive - The computer system allows only pre-authorized personnel to view or change information on automated files (security control). Management establishes policies on system use and authorization (organizational and management control).
- Detective - Failed attempts to access restricted software or functions are logged and reviewed to identify possible problems with security or attempts to gain unauthorized access to the system (security control).
- Corrective - Management establishes policies and procedures to correct errors once detected (organizational and management control).

Application controls are designed for specific automated information system applications. The major functions of an application include documentation, input, processing, and output. As with general controls, there can be preventive, detective, and corrective application controls. Examples of each include:

- Preventive - Data entry computer programs perform tests to ensure that entered information is reasonable and not duplicated (input control). Documentation of how to use the automated system ensures that users know how to enter data properly and how to review output information for accuracy and completeness (documentation control).
- Detective - Totals on output reports are reviewed and compared to help detect whether the output information is inaccurate (output control).
- Corrective - An automated file keeps track of transactions entered in error to help ensure corrected data is entered (processing control).

After reviewing general and application controls, conclusions about the reliability of the data and the controls can be reached for each type of enrollment data stored in an automated system.

Automated Controls Self-Assessment Guide (SAG)

The SAO provides a resource to help managers at state agencies and institutions perform a self-assessment of the status of their computer operations general control environment. SAG results will highlight strong areas and areas that need improvement. SAG will help managers decide where to focus resources for any needed improvement. SAG does not assess application controls. However, the SAO does have materials that are useful in review of this area. Contacts are available on the SAO Web site.

For more detailed information on the automated controls self-assessment guide:

SAO Automated Controls Self-Assessment Guide at <http://www.sao.state.tx.us/apps/autoassess>.

SAO Web site at <http://www.sao.state.tx.us>.

Section 5:

Overview of Public University Formula Funding

Background

Formula funding is the method used to determine the allocation of most state appropriations for universities. State financing of higher education programs for universities is provided from the State's General Revenue Fund. The Coordinating Board and the Comptroller of Public Accounts distribute these appropriations to institutions based on allocations made by the Legislative Budget Board using predefined formulas.

Funding Formulas

Much of the state funding for universities involves two formulas and two supplemental items:

- Instruction and Operations Formula - Provides funding for faculty salaries (including nursing), department operating expense, library, instructional administration, research enhancement, student services, and institutional support. These funds are distributed on a weighted semester credit hour basis.
- Teaching Experience Supplement - An additional weight percentage added to lower division and upper division semester credit hours taught by tenured and tenure-track faculty.
- Infrastructure Support Formula - Provides funding for plant-related items and utilities. The predicted square footage for universities' education and general activities (produced by the Space Projection Model developed by the Coordinating Board) drives the formula. The portion of the formula related to utilities is adjusted to reflect differences in unit costs for purchased utilities, including electricity, natural gas, water and wastewater, and thermal energy.
- Supplemental Non-Formula Items - Direct reimbursement to applicable universities for staff group insurance (other educational and general income portion), workers' compensation insurance, unemployment compensation insurance, public education grants, 50 percent of indirect research costs recovered on grants, organized activities, scholarships, tuition revenue bond payments, Skiles Act bond payments, and facility lease charges. Universities may receive an appropriation for special items. Revenue derived from board-authorized tuition would still be appropriated to the universities levying the additional charges.

This guide focuses on enrollment data, specifically semester credit hours, because approximately 61 percent of the state formula funding allocations is based on semester credit hours. The first two items above involve semester credit hours.

For more detailed information:

Article III, the General Appropriations Act at http://www.lbb.state.tx.us/The_LBB/Menu.htm#Pubs.

Reporting of Enrollment Data for Funding Purposes

Each semester universities submit to the Coordinating Board the following enrollment reports needed for formula funding calculations:

- Student Report - CBM-001 — This report reflects all students enrolled at the reporting university in semester-length courses (for which semester credit hours are awarded) as of the ORD/census date. The ORD/census date is the 12th class day for the fall and spring semesters (16-week

sessions) and the 4th class day for each of the summer terms (6-week sessions). Students who withdraw from a class on or before the census date should be excluded from this report for those hours.

- Class Report - CBM-004 — This report contains enrollment data for all classes in Coordinating Board-approved semester-length academic courses (for which semester credit hours are awarded.) It includes only those students who are bona fide registrants as reported on the CBM-001 Report. The ORD/census dates are the 12th class day for the fall and spring semesters, and the 4th class day for each summer session. Students who withdraw from a class on or before the census date should be excluded from this report.
- Faculty Report - CBM-008 — This report contains data on the academic duties and services of each person who has any type of faculty appointment, regardless of their source of funds or their assignment. All faculty, including teaching assistants, identified on the CBM-004 Report must be included. This report will reflect conditions as of the official census date of the fall and spring semesters.

The Coordinating Board provides detailed reporting instructions in its *Reporting and Procedures Manual for Public Universities*.

For more detailed information on reporting enrollment data for formula funding:

Coordinating Board *Reporting and Procedures Manual for Public Universities* at <http://www.theccb.state.tx.us/reports/pdf/0411.pdf>.

Appropriated Funds

Each biennium the Legislature determines each university's appropriations based on formulas recommended by the Coordinating Board. The Legislature uses the data from a specified time period, referred to as the base period. The base period is made up of two summer sessions, one fall semester, and one spring semester. For example, the base period for the 2004-2005 biennium appropriations is:

- Summer I and II 2002 sessions
- Fall 2002 semester
- Spring 2003 semester

The state appropriations that universities receive are used to fund administrative and instructional (educational and general) services for post-secondary education. The General Appropriations Act states that educational and general appropriations may be expended for the following purposes, including, but not limited to:

- Instruction
- Research
- Public service
- Academic and institutional support
- Student services
- Operation and maintenance of plant

For more detailed information on appropriated funds:

Article III, the General Appropriations Act at http://www.lbb.state.tx.us/The_LBB/Menu.htm#Pubs.

Appendix 1:

Useful Resources

State Auditor's Office

<http://www.sao.state.tx.us>

- Ronald Franke, (512) 936-9500 or rfranke@sao.state.tx.us
- Susan Riley, (512) 936-9500 or sriley@sao.state.tx.us
- Carol Smith, (512) 936-9500 or csmith@sao.state.tx.us

Texas Higher Education Coordinating Board - Universities

<http://www.thecb.state.tx.us/UHRI>

Texas Education Code

<http://www.capitol.state.tx.us/statutes/edtoc.html>

Attorney General Opinions

<http://www.oag.state.tx.us/opinopen/opinhome.htm>

Appendix 2:

Glossary

2 Percent Reporting Error Rate - Established by the 75th Legislature, appropriation amounts are not subject to revision unless a university error rate exceeds 2 percent.

Academic Year - A 12-month period that may vary from institution to institution. For state reporting purposes, the academic year generally begins on September 1 and ends on August 31.

Accreditation - A process signifying that an institution has a purpose appropriate to higher education and has resources, programs, and services sufficient to accomplish its purpose on a continuing basis. Institutions in Texas should refer to the *Criteria for Accreditation Handbook* by the Commission on Colleges of the Southern Association of Colleges and Schools (SACS).

Base Year - The school year prior to funding reauthorization during which a census is taken for use in funding the following biennium. Example: Summer 2002, Fall 2002, and Spring 2003 is the base year for the fiscal year 2004-2005 biennium funding.

CBM Reports - Reports required from higher education institutions as condition of eligibility to receive appropriations made by the Legislature. Examples include CBM-001 (Student Report) and CBM-004 (Class Report). These reports are submitted to the Higher Education Coordinating Board.

Census Date - The official date by which public community and technical colleges must report enrollment data to the Coordinating Board for state funding. Also referred to as Official Reporting Date (ORD).

Classification of Instruction Programs (CIP) Code - A federal taxonomy developed by the U.S. Department of Education and used by government agencies and professional associations to establish standard terminology and record keeping.

Commission on Colleges - A part of the Southern Association of Colleges and Schools (SACS); a recognized regional accrediting body in the 11 U.S. southern states including Texas.

Coordinating Board - A reference to the Higher Education Coordinating Board. Created by the Legislature in 1965, the Coordinating Board is "the highest authority of the state in matters of public higher education." The Coordinating Board is made up of 18 members appointed by the Governor for six-year terms.

Dual Credit Enrollment - An arrangement whereby a high school student (of junior standing or higher) is allowed to enroll in courses at a public university.

Education and General (E&G) - A category of revenues and expenditures pertaining to instruction, research, public service, academic and institutional support, student services, operations and maintenance, and scholarships/fellowships.

Flex-Entry - A delivery mechanism that allows students to enter and exit at various points in the academic year and/or competency-based curriculum, regardless of the beginning and ending dates of the terms.

Full-Time Equivalent (FTEs) Students - The total number of semester credit hours reported by an institution divided by 12 semester credit hours.

Funding Rate - Dollar rate, as approved by the Legislature, at which institutions are funded per semester credit hour.

Institutions of Higher Education - Includes community or junior colleges, technical colleges, medical education programs, health centers, health-science centers, and universities.

Legislative Appropriations Request (LAR) - A request that includes expected expenses and expected revenues from tuition and fees.

Official Payment Date (OPD) - The 20th class day for the Fall/Spring Semesters, and the 15th class day for the Summer Semester(s).

Official Reporting Date (ORD) - The official day of record on which public universities must determine the enrollments that qualify for reporting to the Higher Education Coordinating Board for state funding. This is usually set by the Higher Education Coordinating Board as the 12th class day for full sessions. This differs from the official payment date set by the Legislature. Also referred to as the census date.

Post-Secondary Institution (PSI) - A public community or technical college, university or proprietary institution offering certificate programs, associate degree programs, and baccalaureate programs.

Remediation - An activity designed to teach basic competencies in areas such as reading, writing, oral communication, and mathematics.

Self-Reported Errors (SREs) - Reporting errors in data that has already been certified to the Coordinating Board. Historically, universities have reported SREs to the State Auditor's Office upon request.

Southern Association of Colleges and Schools (SACS) - A regional agency that sets standards for colleges and schools desiring accreditation. Also see Commission on Colleges. The SACS Web site address is <http://www.sacs.org>.

Texas Academic Skills Program (TASP) - A program that assesses students' reading, writing and mathematical skills to help determine whether they are prepared to successfully complete college level course work. The program also requires all institutions to provide developmental courses to prepare students to complete such course work.

Texas Education Code - Statutes of the State of Texas dealing with education. In general, the statutes dealing with higher education are within Title III of the code.

Universities - State entities that grant bachelor's degrees and higher and that receive funding appropriations from the Legislature based on multiple formulas.

Appendix 3:

Acknowledgements

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- Jennifer Lehman, Guide Coordinator and Staff Auditor
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- Jan Engler, Project Manager

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