

A Review of

Enrollment Reporting by Texas Public Universities and Health-Related Institutions

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Enrollment Reporting by Texas Public Universities and Health-Related Institutions

Overall Conclusion

Universities' and health-related institutions' errors in base-period enrollment data are within the 2 percent error rate allowed by Rider 18, page III-262, General Appropriations Act (78th Legislature, Regular Session).

Therefore, no funding adjustments are necessary for the 2004-2005 biennium. Rider 18 specifies that "the calculation of revised appropriation amounts shall allow each institution an error rate of up to two percent of the biennial appropriations related to the variables audited at that institution."

Combined net over-funding of universities (see Table 1) and health-related institutions totaled \$2,525,781. However, each university's and health-related institution's errors fell below their individual 2 percent allowable error amount. The 2004-2005 biennium formula funding appropriations were \$2,967,788,508 for 35 universities and \$802,903,975 for eight of the nine health-related institutions. (The University of Texas Health Center at Tyler did not receive formula funding because it does not have students.)

The State Auditor's Office subjected the reported information to analytical tests and other procedures, including on-site risk assessments at six universities. During these site visits we conducted interviews and obtained detailed data from the student information systems to do further analysis on the accuracy of the reporting. Based on these tests and the institutions' self-audits, and because institutions have historically not exceeded the allowed 2 percent error rate, we did not conduct a comprehensive audit of any institution's credit hours. The institutions are still subject to an audit of credit hours in conjunction with any other work that might be performed by the State Auditor.

Enrollment Review Overview

The General Appropriations Act specifies that the accuracy of enrollment data that Texas public institutions of higher education submit for use in formula funding is subject to audit by the State Auditor's Office.

The General Appropriations Act specifies that "calculation of revised appropriation amounts shall allow each institution an error rate of two percent of the biennial appropriations related to the variables audited at that institution."

Historically, the State Auditor's Office has focused its review on the accuracy of semester credit hours. This is because 58 percent of university appropriations are determined based on semester credit hour data and 68 percent of health-related institution appropriations are determined based on semester credit hour data converted to FTE hours.



Detailed Results

Errors in Universities' and Health-Related Institutions' Enrollment Data Are Within the Allowable Error Rate

Based on analytical tests and other procedures performed by the State Auditor's Office and on the institutions' self-reported errors, we are not aware of any instances where error rates exceed the 2 percent error rate allowed by Rider 18, page III-262, General Appropriations Act (78th Legislature, Regular Session). Therefore, no funding adjustments are necessary. The errors are identified in two ways:

- **Comparison of estimated credit hours with certified credit hours.** Because of the timing of the funding process, the Higher Education Coordinating Board (Coordinating Board) uses the institutions' estimated data to determine the amount of funding. The institutions then certify the estimated data once the actual data is available, and their funding is adjusted accordingly. If the institutions do not certify their data, their funding is based on estimated data. We observed seven universities that underestimated their hours and lost potential funding because they did not certify their data in a timely manner. The largest single understatement was 5,449 semester credit hours, or 0.41 percent. Eleven institutions overestimated their hours and received too much funding. The largest overstatement was 691 semester credit hours, or 0.27 percent. This error caused by overestimating counts against the 2 percent allowable error rate.
- **Institutions' self-audits of enrollment data.** The institutions detect and self-report other errors that they become aware of after they have certified their enrollment data. Net over-funding of universities and health-related institutions, according to self-reported errors, totaled \$2.5 million.

Twenty-four universities (68 percent) over-reported base-period semester credit hours equal to \$2,855,934 while eight (23 percent) under-reported base-period semester credit hours equal to \$329,556. Three universities (9 percent) reported that they had no errors.

Table 1 provides additional detail on the amounts over- and under-funded for universities.

Table 1

University Self-Reported Enrollment Error Amounts			
Institution	Maximum Allowable Error Amount (Two Percent of Total Biennium Appropriation)	Dollar Amount of Error ^a	Self-Reported Errors as a Percentage of Total Biennium Appropriation
Over-Reporting Universities			
Angelo State University	\$ 677,804	\$ (5,154)	-0.02%
Midwestern State University	626,833	(7,144)	-0.02%
Prairie View A&M University	937,647	(337,842)	-0.72%
Sam Houston State University	1,470,436	(25,663)	-0.03%
Stephen F. Austin State University	1,300,337	(4,798)	-0.01%
Sul Ross State University	219,366	(603)	-0.01%
Sul Ross State University Rio Grande College	94,822	(3,323)	-0.07%
Texas A&M International University	387,957	(9,377)	-0.05%
Texas A&M University	8,033,973	(79,032)	-0.02%
Texas A&M University - Corpus Christi	914,750	(14,497)	-0.03%
Texas A&M University - Kingsville	836,585	(5,068)	-0.01%
Texas A&M University at Galveston	164,828	(5,297)	-0.06%
Texas State University - San Marcos	2,812,755	(33,434)	-0.02%
Texas Tech University	4,051,025	(82,810)	-0.04%
Texas Woman's University	1,555,761	(266,346)	-0.34%
University of Houston - Clear Lake	1,041,452	(61,500)	-0.12%
University of Houston - Downtown	793,352	(27,759)	-0.07%
The University of Texas at Arlington	3,443,614	(338,205)	-0.20%
The University of Texas at Austin	9,461,683	(1,459,521)	-0.31%
The University of Texas at Brownsville	321,597	(22,054)	-0.14%
The University of Texas at Dallas	2,340,852	(5,661)	0.00%
The University of Texas at San Antonio	2,346,467	(53,187)	-0.05%
The University of Texas of the Permian Basin	274,925	(4,222)	-0.03%
West Texas A&M University	772,140	(3,437)	-0.01%
TOTAL OVER-REPORTING UNIVERSITIES	\$ 44,880,961	\$ (2,855,934)	

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Institution	Maximum Allowable Error Amount (Two Percent of Total Biennium Appropriation)	Dollar Amount of Error ^a	Self-Reported Errors as a Percentage of Total Biennium Appropriation
Under-Reporting Universities			
Lamar University	\$ 1,126,490	\$ 23,960	0.04%
Tarleton State University	922,825	31,655	0.07%
Texas A&M University - Commerce	1,136,400	16,722	0.03%
Texas A&M University - Texarkana	155,232	10,206	0.13%
Texas Southern University	1,275,712	8,794	0.01%
University of Houston	5,169,399	21,584	0.01%
The University of Texas - Pan American	1,592,487	116,635	0.15%
The University of Texas at Tyler	510,692	100,000 ^b	0.39%
TOTAL UNDER-REPORTING UNIVERSITIES	\$ 11,889,237	\$ 329,556	
NET TOTAL	\$ 56,770,198	\$ (2,526,378)	
^a Amounts in parentheses represent over-reported semester credit hours, which resulted in over-funding of formula appropriations. ^b Due to the nature of the error, this amount reflects an estimate based on the best available information. <u>Universities reporting no errors:</u> University of North Texas, The University of Texas at El Paso, and University of Houston - Victoria			

Seven of eight medical institutions reported no errors. The sole medical institution to report an error was The University of Texas Medical Branch at Galveston, which reported a net under-funding of \$597.

Other Information

Objective, Scope, and Methodology

Objective

The overall objective of this review was to enhance accountability for universities' and health-related institutions' enrollment reporting by:

- Reviewing self-reported enrollment data from the universities and health-related institutions.
- Conducting an independent analysis of selected institutions.

Universities and health-related institutions must report enrollment data according to the requirements of the Higher Education Coordinating Board (Coordinating Board), Article III of the General Appropriations Act, and the Texas Education Code.

Scope

The scope of this review focused on universities' and health-related institutions' semester credit hour and FTE data, respectively, for the summer 2002, fall 2002, and spring 2003 terms. The institutions are allowed a 2 percent error rate for the semester credit hours and FTE data reported. We did not audit the accuracy of self-reported errors.

The information used in this report has not been subjected to the tests that would be performed in an audit.

Methodology

The review methodology included:

- On-site risk assessments at six universities
 - ♦ Lamar University
 - ♦ Texas A&M International University
 - ♦ Texas State University– San Marcos
 - ♦ The University of Texas–Pan American
 - ♦ The University of Texas at San Antonio
 - ♦ West Texas A&M University
- Determining through analysis of reported data if there is justification to perform analytical review at any institutions.
- Determining if the primary factor (semester credit hours) used as the basis of the formula funding appropriations of the 78th Legislature is consistent with the number of hours in the Coordinating Board's database and with the number reported by individual institutions.

- Reviewing universities' and health-related institutions' self-reported errors in semester credit hour and FTE data, respectively.
- Determining if self-reported errors and the differences resulting from using estimated hours rather than certified hours exceeds the allowable 2 percent error rate.
- Calculating funding adjustments (if any) because of inaccurately reported semester credit hour or FTE data.

Background Information

State funding of higher education programs for universities and health-related institutions is provided from the State's General Revenue Fund. The 2004–2005 biennium appropriations based on semester credit hours were \$2,967,788,508 for 35 universities. The 2004–2005 biennium appropriations based on FTE hours for eight health-related institutions totaled \$802,903,975.

The Legislative Budget Board, Coordinating Board, and the Comptroller of Public Accounts are involved in the calculation and distribution of formula funding appropriations for individual institutions.

To be eligible for state funding, each institution must comply with the rules and regulations of the Coordinating Board, requirements of the General Appropriations Act, and the Texas Education Code.

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