



Enrollment Reporting by Texas Public Universities and Health Related Institutions

December 19, 2001

Members of the Legislative Audit Committee:

Based on self-reported errors submitted to the State Auditor's Office, state universities and health related institutions report that their enrollment data for formula funding purposes are accurate within the two percent error rate allowed by the Legislature. Therefore, no funding adjustments are necessary. The State Auditor's Office did not perform an independent verification of institution enrollment data this cycle because the risk of identifying inaccurate data exceeding the allowable two percent error rate has historically been low. (We will reevaluate the risk of institutions exceeding the two percent tolerance limit as we plan our audit work during the next biennium.) Instead, the State Auditor's Office is preparing a new Web-based guide, *Ensuring Accurate University Enrollment Data*, to help universities identify ways to reinforce the accuracy of their enrollment data reported for funding purposes.

Combined net over-funding of universities and health related institutions based on self-reported errors totaled \$2,189,039. However, all errors reported by the universities and health related institutions fell below their individual two percent allowable error amounts. The 2002-2003 biennium formula funding appropriations were \$2,912,735,263 for 35 universities and \$874,296,172 for seven health related institutions using the semester credit hour variable or semester credit hours converted to the full-time equivalent (FTE) variable.

The Web-based guide will be available in January 2002. By highlighting the key fundamentals of enrollment data reporting, this guide will enhance management's accountability in reporting accurate enrollment data. We encourage all universities to use this guide.

If you have any questions, please contact Carol Noble, Audit Manager, at (512) 936-9500.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

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Attachment

cc: Chancellors and Presidents of
Texas Public Universities and Health Related
Institutions Listed in This Report

Enrollment Review Overview

The General Appropriations Act specifies that the accuracy of enrollment data 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 focuses its review on the accuracy of semester credit hours. This is because 61 percent of university appropriations are determined based on semester credit hour data and 67 percent of health related institution appropriations are determined based on semester credit hour data converted to FTE hours.

Institutions need to consider recent legislation and its impact on future audits. The 77th Legislature clarified the definition of the types and amounts of tuition and fees a student must pay before an institution may claim the related semester credit hours for formula funding purposes. Rider 16, page III-235, the General Appropriations Act (77th Legislature) now aligns with Texas Education Code, Section 54.007.

SAO Report No. 02-014

Self-Reported Error Amounts Are Within the Allowable Error Rate

Section 1-A:

Universities and Health Related Institutions' Self-Reported Error Amounts Are Within the Allowable Error Rate

Universities' and health related institutions' self-reported errors to base-period enrollment data are within the two percent error rate allowed by Rider 18, page III-235, General Appropriations Act (77th Legislature). Therefore, no funding adjustments are necessary. 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."

The State Auditor's Office asks universities and health related institutions to self-report known errors in their certified enrollment data. This allows institutions the opportunity to make corrections to their reported enrollment data after certifying data to the Higher Education Coordinating Board (Coordinating Board).

In total, universities self-reported net errors that resulted in net over-funding of \$1,485,926. Seventeen universities (50 percent) over-reported base-period semester credit hours equal to \$1,655,004, while eight universities (24 percent) under-reported base-period semester credit hours equal to \$169,078. Nine universities (26 percent) reported that they had no errors.

Three (43 percent) health related institutions self-reported errors that resulted in net over-funding of \$703,113. Four (57 percent) health related institutions reported that they had no errors.

Net over-funding of universities and health related institutions based on self-reported errors totaled nearly \$2.2 million.

Tables 1 and 2 provide additional detail on the amounts over- and under-funded for universities and health related institutions, respectively.

Table 1

University Self-Reported Enrollment Error Amounts			
Institution	Maximum Allowable Error Amount (Two Percent of Total Biennium Appropriation Based on Semester Credit Hours)	Total Biennium Over and Under Self-Reported Error Amount ^a	Self-Reported Errors as a Percentage of Total Biennium Appropriation Based on Semester Credit Hours
OVER-REPORTING UNIVERSITIES			
Midwestern State University	\$693,023	(\$1,081)	0.00%
Prairie View A&M University	\$848,892	(\$473,643)	1.12%
Sam Houston State University	\$1,400,937	(\$23,329)	0.03%
Stephen F. Austin State University	\$1,326,723	(\$29,984)	0.05%

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Table 1

University Self-Reported Enrollment Error Amounts			
Institution	Maximum Allowable Error Amount (Two Percent of Total Biennium Appropriation Based on Semester Credit Hours)	Total Biennium Over and Under Self-Reported Error Amount ^a	Self-Reported Errors as a Percentage of Total Biennium Appropriation Based on Semester Credit Hours
OVER-REPORTING UNIVERSITIES, Continued			
Sul Ross State University ^b	\$323,891	(\$4,929)	0.00%
Texas A&M University	\$7,504,697	(\$90,509)	0.02%
Texas A&M University - Commerce	\$1,038,659	(\$20,423)	0.04%
Texas A&M University - Corpus Christi	\$817,385	(\$41,799)	0.10%
Texas A&M University at Galveston	\$151,652	(\$3,094)	0.04%
Texas Tech University	\$3,548,725	(\$6,664)	0.00%
Texas Woman's University	\$1,591,917	(\$144,298)	0.18%
The University of Texas at Arlington	\$3,056,138	(\$69,534)	0.05%
The University of Texas at Austin	\$9,100,790	(\$585,785)	0.13%
The University of Texas at Dallas	\$2,033,910	(\$19,502)	0.02%
University of Houston - Clear Lake	\$1,094,434	(\$53,659)	0.10%
University of North Texas	\$3,488,472	(\$39,976)	0.02%
West Texas A&M University	\$783,028	(\$46,795)	0.12%
TOTAL OVER-REPORTING UNIVERSITIES	\$38,803,273	(\$1,655,004)	
UNDER-REPORTING UNIVERSITIES			
Angelo State University	\$687,001	\$6,733	0.02%
Lamar University	\$977,001	\$12,762	0.03%
Southwest Texas State University	\$2,536,763	\$77,512	0.06%
Tarleton State University	\$893,669	\$7,243	0.02%
Texas A&M International University	\$341,882	\$4,259	0.02%
Texas A&M University - Kingsville	\$773,461	\$12,296	0.03%
Texas A&M University - Texarkana	\$129,013	\$13,520	0.21%
The University of Texas - Pan American	\$1,423,464	\$15,299	0.02%
University of Houston - Victoria	\$214,011	\$19,454	0.18%
TOTAL UNDER-REPORTING UNIVERSITIES	\$7,976,265	\$169,078	
NET TOTAL		(\$1,485,926)	
^a Amounts in parentheses represent over-reported semester credit hours, which resulted in over-funding of formula appropriations. ^b Sul Ross State University includes Sul Ross State University Rio Grande College. Universities reporting no errors: Texas Southern University, The University of Texas at Brownsville, The University of Texas at El Paso, The University of Texas of the Permian Basin, The University of Texas at San Antonio, The University of Texas at Tyler, University of Houston, and University of Houston - Downtown.			

Source: State Auditor's Office analysis of the unaudited self-reported error data submitted by individual universities. All amounts have been rounded to the nearest dollar.

Table 2

Health Related Institution Self-Reported Enrollment Error Amounts			
Institution	Maximum Allowable Error Amount (Two Percent of Total Biennium Appropriation Based on FTEs)	Total Biennium Over and Under Self-Reported Error Amount ^a	Self-Reported Error Amount as a Percent of Total Biennium Appropriation Based on FTEs
Texas Tech University System Health Science Center	\$2,237,639	(\$692,170)	0.0062%
The University of Texas Southwestern Medical Center at Dallas	\$2,237,752	(\$19,649)	0.0002%
The University of Texas Health Science Center at San Antonio	\$3,362,945	\$8,706	0.0001%
NET TOTAL		(\$703,113)	

^a Amounts in parentheses represent over-reported semester credit hours converted to FTE variable.

Health related institutions reporting no errors: University of North Texas Health Science Center, Texas A&M University System Health Science Center, The University of Texas Health Science Center at Houston, and The University of Texas Medical Branch at Galveston.

The University of Texas Health Center at Tyler and The University of Texas M.D. Anderson were not included in Instruction & Operation formula funding for this biennium.

Source: State Auditor’s Office analysis of unaudited self-reported error data submitted by individual health related institutions. All amounts have been rounded to the nearest dollar.

Section 2:

The State Auditor’s Office Has Developed A New Web-Based Guide, *Ensuring Accurate University Enrollment Data*

The State Auditor’s Office has developed a new Web-based guide, *Ensuring Accurate University Enrollment Data*, to help universities identify ways to improve the accuracy of their enrollment data reported for funding purposes.

Using this guide will help universities reinforce the accuracy of enrollment data they submit to the Coordinating Board. By highlighting the key fundamentals of enrollment data reporting, this guide will enhance management’s understanding of its responsibility to report accurate enrollment data. We encourage all universities to use this guide.

The guide will be made available through the State Auditor’s Office Web site, www.sao.state.tx.us.

A similar guide is available for community colleges. At this time a guide is not available for health related institutions.

Objective, Scope, and Methodology

Objective

The objective of this review was to enhance accountability for university and health related institution enrollment reporting and to develop a guide for university reporting and self-auditing.

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

Scope

The scope of this review focused on university and health related institution semester credit hour and FTE data, respectively, for the Summer 2000, Fall 2000, and Spring 2001 terms. The institutions are allowed a two percent error rate for the semester credit hours and FTE data reported. We limited the calculation of the total amount of dollars in error for each institution to self-reported errors. We did not audit the accuracy of self-reported errors.

The State Auditor's Office did not perform an independent verification of the institution enrollment data this cycle because the risk of identifying inaccurate data exceeding the allowable two percent error rate has historically been low.

Methodology

The review methodology included:

- Reviewing university and health related institution self-reported errors in semester credit hour and FTE data, respectively.
- Calculating funding adjustments (if any) because of inaccurately reported semester credit hour or FTE data.
- Preparing a Web-based guide for universities to assist them in self-auditing their enrollment data reported for funding purposes.

The information used in this report has not been subjected to the tests and confirmations performed in an audit.

Background Information

State funding of higher education programs for universities and health related institutions is provided from the State's General Revenue Fund. The 2002-2003 biennium appropriations based on semester credit hours were \$2,912,735,263 for 35 universities. The 2002-2003 biennium appropriations based on FTE hours for seven health related institutions totaled \$874,296,172.

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.