

An Audit Report on

Enrollment Reporting by Texas Public Universities and Health-Related Institutions

September 2005

Report No. 06-004



**State
Auditor's
Office**

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Enrollment Reporting by Texas Public Universities and Health-Related Institutions

Overall Conclusion

Universities' errors in base-period enrollment data are within the 2 percent error rate allowed by Section 18, pages III-242 and III-243, the General Appropriations Act (79th Legislature, Regular Session). Section 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."

Net over-funding of universities totaled \$2,009,298. Total formula funding appropriations for the 2006-2007 biennium were \$3,402,169,542 for 35 universities and \$952,567,119 for 8 of the 9 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 and enrollment reviews at seven universities. During these site visits, we conducted interviews and obtained detailed data from the student information systems in order to do further analysis on the accuracy of reporting. Based on these tests and the universities' self-reported errors, and because universities and health-related institutions have historically not exceeded the allowed 2 percent error rate, we did not conduct a comprehensive audit of any university's or health-related institution's credit hours. Based on our risk assessment, we did not request self-reported errors from or visit health-related institutions. The universities and health-related institutions are still subject to an audit of credit hours in conjunction with any other work that might be performed by the State Auditor.

We also identified areas where internal controls can be improved at other universities and communicated that information to those universities.

Enrollment Audit Overview

The General Appropriations Act (79th Legislature, Regular Session), Section 18, pages III-242 and 243, 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.

Historically, the State Auditor's Office has focused its audit on the accuracy of semester credit hours. This is because 63 percent of university appropriations are determined based on semester credit hour data, and 16 percent of health-related institution appropriations are determined based on semester credit hour data converted to full-time equivalent (FTE) hours.



Detailed Results

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

The State Auditor's Office did not identify any universities or health-related institutions with error rates in enrollment data that exceeded the 2 percent error rate allowed by Section 18, pages III-242 and III-243, of the General Appropriations Act (79th Legislature, Regular Session).

Seven Universities Were Selected for On-Site Fieldwork

- Texas A&M University
- Prairie View A&M University
- Texas Southern University
- Texas Woman's University
- University of Houston
- The University of Texas at Dallas
- The University of Texas at San Antonio

The State Auditor's Office conducted on-site fieldwork at seven universities that were selected based on risk assessment and sampling (see text box). Auditors conducted interviews, tested reports, and obtained detailed data from the student information systems in order to further analyze the accuracy of these universities' enrollment reporting. None of those errors exceeded the allowable error rate.

Universities were asked to self-report errors in enrollment data to the State Auditor's Office. Because of the timing of the funding process, the Higher Education Coordinating Board (Coordinating Board) uses universities' and health-related institutions' estimated enrollment data to determine the amount of funding. The universities and health-related institutions then work with the Coordinating Board to correct any errors in that data before certifying its accuracy.

While this certification process was in progress, the State Auditor's Office asked universities to self-report any known errors in their enrollment data. (Based on a risk assessment, health-related institutions were not asked to self-report errors.)

As Table 1 shows, universities self-reported errors that resulted in net overfunding of \$2,009,098:

- Twenty-two universities (62 percent) identified that they had over-reported base-period semester credit hours equal to \$3,762,117. The largest overestimate at any single university resulted in overfunding of \$1,895,842, or 0.39 percent of that university's total appropriations. Errors caused by overestimating count against the 2 percent allowable error rate.
- Ten universities (29 percent) identified that they under-reported base-period semester credit hours equal to \$1,752,819. The largest underestimate at any single university resulted in underfunding of \$1,403,876, or 0.53 percent of that university's total appropriations.

- Three universities (9 percent) reported that they identified no errors.

Table 1

| Universities' Self-Reported Errors in Enrollment Data | | | |
|---|---|---------------------------------------|--|
| University | Maximum Allowable Error Amount (Two Percent of Total Biennium Appropriation) | Dollar Amount of Self-Reported Errors | Self-Reported Errors as a Percentage of Total Biennium Appropriation |
| Over-Reporting Universities or Health-Related Institutions (Note: Over-reporting results in overfunding) | | | |
| Angelo State University | \$ 675,215 | \$ 14,887 | 0.04% |
| Prairie View A&M University | 1,121,007 | 329,682 | 0.59% |
| Sam Houston State University | 1,647,937 | 29,918 | 0.04% |
| Stephen F. Austin State University | 1,360,744 | 12,285 | 0.02% |
| Sul Ross State University | 229,324 | 13,571 | 0.12% |
| Sul Ross State University Rio Grande College | 100,562 | 1,260 | 0.03% |
| Tarleton State University | 1,049,802 | 459 | 0.00% |
| Texas A&M International University | 452,906 | 8,828 | 0.04% |
| Texas A&M University | 8,329,862 | 40,592 | 0.01% |
| Texas A&M University - Commerce | 1,157,938 | 45,828 | 0.08% |
| Texas A&M University - Corpus Christi | 1,044,282 | 14,702 | 0.03% |
| Texas A&M University - Kingsville | 947,767 | 6,805 | 0.01% |
| Texas State University - San Marcos | 3,124,470 | 102,954 | 0.07% |
| Texas Tech University | 4,371,807 | 119,304 | 0.05% |
| Texas Woman's University | 1,957,465 | 20,987 | 0.02% |
| University of North Texas | 3,999,152 | 343,058 | 0.17% |
| The University of Texas - Permian Basin | 335,165 | 6,583 | 0.04% |
| The University of Texas at Arlington | 3,747,856 | 448,652 | 0.24% |
| The University of Texas at Austin | 9,680,076 | 1,895,842 | 0.39% |
| The University of Texas at Brownsville | 367,483 | 51,740 | 0.28% |
| The University of Texas at Dallas | 2,488,499 | 4,246 | 0.00% |
| The University of Texas at El Paso | 2,111,327 | 249,934 | 0.24% |
| TOTAL OVER-REPORTING UNIVERSITIES | \$ 50,300,646 | \$ 3,762,117 | |
| Under-Reporting Universities (Note: Under-reporting results in underfunding) | | | |
| Lamar University | \$ 1,212,072 | \$ 19,117 | 0.03% |
| Midwestern State University | 705,167 | 108,919 | 0.31% |
| Texas A&M University at Galveston | 191,647 | 2,423 | 0.03% |
| Texas A&M University - Texarkana | 181,295 | 4,226 | 0.05% |

| Universities' Self-Reported Errors in Enrollment Data | | | |
|--|---|---------------------------------------|--|
| University | Maximum Allowable Error Amount (Two Percent of Total Biennium Appropriation) | Dollar Amount of Self-Reported Errors | Self-Reported Errors as a Percentage of Total Biennium Appropriation |
| University of Houston | \$ 5,344,592 | \$ 1,403,876 | 0.53% |
| University of Houston - Downtown | 910,192 | 11,268 | 0.02% |
| University of Houston - Victoria | 319,774 | 172,424 | 1.08% |
| The University of Texas - Pan American | 1,872,128 | 24,541 | 0.03% |
| The University of Texas at Tyler | 660,991 | 5,821 | 0.02% |
| West Texas A&M University | 857,515 | 204 | 0.00% |
| TOTAL UNDER-REPORTING UNIVERSITIES | \$ 12,255,373 | \$ 1,752,819 | |
| NET OVERFUNDED AMOUNT | | \$ 2,009,298 | |
| Appropriation Information for Universities that Reported No Errors | | | |
| Texas Southern University | \$ 1,481,461 | \$ 0 | 0.00% |
| University of Texas at San Antonio | 2,887,787 | 0 | 0.00% |
| University of Houston - Clear Lake | 1,118,123 | 0 | 0.00% |
| TOTAL APPROPRIATIONS FOR UNIVERSITIES THAT REPORTED NO ERRORS | \$ 5,487,371 | \$ 0 | 0.00% |
| Appropriation Information for Health-Related Institutions (these institutions were not asked to self-report errors) | | | |
| Texas A&M University Health Science Center | \$ 1,956,245 | \$ 0 | 0.00% |
| Texas Tech University Health Science Center | 2,568,537 | 0 | 0.00% |
| The University of Texas Health Science Center at Houston | 3,617,785 | 0 | 0.00% |
| The University of Texas Health Science Center at San Antonio | 3,295,926 | 0 | 0.00% |
| The University of Texas M.D. Anderson Cancer Center | 432,010 | 0 | 0.00% |
| The University of Texas Medical Branch at Galveston | 3,210,511 | 0 | 0.00% |
| The University of Texas Southwestern Medical Center at Dallas | 2,570,023 | 0 | 0.00% |
| University of North Texas Health Science Center at Fort Worth | 1,400,305 | 0 | 0.00% |
| TOTAL APPROPRIATIONS FOR HEALTH-RELATED INSTITUTIONS | \$ 19,051,342 | \$ 0 | 0.00% |

Other Information

Objective, Scope, and Methodology

Objective

The objective of this audit was to enhance accountability for enrollment reporting by:

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

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 audit focused on universities' semester credit hour data for the summer 2004, fall 2004, and spring 2005 terms. Universities and health-related institutions are allowed a 2 percent error rate for the semester credit hours and full-time equivalent (FTE) data reported. We did not audit the accuracy of self-reported errors.

Methodology

The audit methodology included:

- Conducting on-site reviews at the following seven universities:
 - ♦ Texas A&M University
 - ♦ Prairie View A&M University
 - ♦ Texas Southern University
 - ♦ Texas Woman's University
 - ♦ University of Houston
 - ♦ The University of Texas at Dallas
 - ♦ The University of Texas at San Antonio

- Determining through analysis of reported data whether there is justification to perform analytical reviews at any universities or health-related institutions.
- Determining whether the primary factor (semester credit hours) used as the basis of the formula funding appropriations of the 79th Legislature is consistent with (1) the number of hours in the Coordinating Board's database and (2) the number reported by individual universities or health-related institutions.
- Reviewing universities' and health-related institutions' self-reported errors in semester credit hour and FTE data, respectively.
- Determining whether 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.

We conducted fieldwork from May 2005 to July 2005. This audit was conducted in accordance with generally accepted government auditing standards.

Background Information

State funding of higher education programs for universities and health-related institutions is provided from the State's General Revenue Fund. The 2006–2007 biennium appropriations based on semester credit hours were \$3,402,169,542 for 35 universities. The 2006–2007 biennium appropriations based on FTE hours for eight health-related institutions totaled \$952,567,119.

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

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

Copies of this report have been distributed to the following:

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The Honorable Tom Craddick, Speaker of the House, Joint Chair
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The Honorable Thomas “Tommy” Williams, Member, Texas Senate
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The Honorable Rick Perry, Governor

Entities mentioned in this report

Members of the Board of Regents, Chancellor, and President of each university listed in this report



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