

An Audit Report on

# Enrollment Reporting by Texas Public Community, State, and Technical Colleges

September 2005

Report No. 06-003



# Enrollment Reporting by Texas Public Community, State, and Technical Colleges

## Overall Conclusion

With one exception, Texas public community, state, and technical colleges' (colleges) errors in base-period enrollment data are within the 2 percent error rate allowed by Rider 8, page III-198, the General Appropriations Act (79th Legislature, Regular Session).

Five colleges (9 percent) underreported base-period contact hours equal to \$8,026 of funding, while 48 colleges (84 percent) overstated base-period enrollment data equal to \$2,924,617 of funding. Four colleges (7 percent) reported no errors. In total, colleges self-reported \$2,916,591 in net over-funding. Total formula funding appropriations to the colleges for the 2006-2007 biennium were \$1,755,613,035.

A funding adjustment of \$794,631 may be necessary to reallocate funding originally allocated to Cisco Junior College because that college overestimated its eligible contact hours. The Higher Education Coordinating Board may reallocate the funds at the direction of the Legislative Budget Board. In a separate letter to Cisco Junior College, we recommended changes to improve the reliability of its student data and strengthen the protection of automated systems and data. Cisco Junior College management agreed with our recommendations and reports that it is taking corrective action by (1) adding edit checks to improve the accuracy of its enrollment reports, (2) retaining documentation of installment agreements for students' payment of tuition, and (3) strengthening the security of its automated systems and data.

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

### Enrollment Audit Overview

The General Appropriations Act (Rider 8, page III-198, 79th Legislature, Regular Session) specifies that the accuracy of contact hour data that Texas public institutions of higher education submit for use in formula funding is subject to audit by the State Auditor's Office. A contact hour is a measurement of the number of hours students receive instruction.

The General Appropriations Act specifies that "The calculation of revised appropriation amounts shall allow each institution an error rate of up to 2 percent of the total contact hour formula appropriations to that institution for the biennium. Adjustments shall be made to appropriated amounts in accordance with adjustments of estimated contact hours to actual certified contact hours, even if the total error rate is less than two percent of the total contact hour formula amount appropriated to that institution for the biennium. No college shall have dollar amounts adjusted below its 2004-05 formula base."



We also identified areas in which colleges' internal controls can be improved and communicated that information to the appropriate colleges.

# Detailed Results

## Chapter 1

### ***A Total of \$794,631 May Be Reallocated Based on Cisco Junior College's Overestimation of Its Eligible Contact Hours***

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The Higher Education Coordinating Board (Coordinating Board), at the direction of the Legislative Budget Board, may reallocate \$794,631 of funding that was originally allocated to Cisco Junior College. Cisco Junior College's overestimation of its eligible contact errors caused it to report errors that exceeded the 2 percent threshold established by the Legislature. The General Appropriations Act permits the Coordinating Board, at the direction of the Legislative Budget Board, to make funding adjustments if public community, state, and technical colleges (college) over- or underestimate their contact hours.

Cisco Junior College advised auditors that it did not always collect tuition by the official payment date and that most of the errors it reported were for students who had not paid tuition and fees by the date that would have allowed Cisco Junior College to claim these students for state funding. However, Cisco Junior College also stated that, as of August 2005, half of these students had paid the appropriate tuition and fees.

Cisco Junior College agreed with auditors' recommendations to improve the reliability of its student data and strengthen the protection of automated systems and data. It reports that it is taking corrective action by (1) adding edit checks to improve the accuracy of its enrollment reports, (2) retaining documentation of installment agreements for the payment of tuition, and (3) strengthening the security of its automated systems and data.

## Chapter 2

### ***Other Colleges' Self-Reported Error Rates Are Below the Allowable Error Rate***

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The State Auditor's Office did not identify any additional potential funding adjustments beyond those discussed above in Chapter 1. Rider 8 specifies that "The calculation of revised appropriation amounts shall allow the institutions an error rate of up to two percent of the total contact hour formula appropriations to that institution for the biennium."

The State Auditor's Office asks colleges to report known errors in their certified enrollment data. This provides colleges an opportunity to correct their enrollment data.

Table 1 contains information on each college's self-reported errors.

Table 1

Community, State, and Technical Colleges' Self-Reported Enrollment Error Amounts			
College/District	Two Percent Allowable Error Amount	Total Biennium Self-Reported Error Amount	Self-Reported Errors as a Percentage of Total Biennium Appropriation
<b>Over-Reporting Colleges</b> (Note: Over-reporting results in overfunding)			
Alamo Community College District	\$ 2,614,745	\$ 102,179	0.08%
Alvin Community College	322,652	3,069	0.02%
Amarillo College	672,467	7,197	0.02%
Angelina College	335,934	7,025	0.04%
Austin Community College	1,483,005	6,339	0.01%
Blinn College	754,885	5,885	0.02%
Central Texas College	774,485	1,355	0.00%
Cisco Junior College	206,777	794,631	7.69%
Clarendon College	83,470	2,041	0.05%
Collin County Community College District	999,440	449	0.00%
College of the Mainland Community College District	254,148	8,714	0.07%
Dallas County Community College District	3,449,873	482,147	0.28%
Del Mar College	745,151	40,031	0.11%
El Paso Community College District	1,265,695	14,952	0.02%
Frank Phillips College	109,555	53,758	0.98%
Grayson County College	260,816	81,177	0.62%
Hill College	221,394	7,995	0.07%
Houston Community College System	2,449,325	17,503	0.01%
Howard College	318,128	17,067	0.11%
Kilgore College	406,279	1,384	0.01%
Laredo Community College	505,013	5,450	0.02%
Lee College	402,403	2,245	0.01%
McLennan Community College	531,115	18,284	0.07%
Midland College	398,689	18,984	0.10%
Navarro College	423,221	18,002	0.09%
North Central Texas College	312,156	8,882	0.06%
North Harris Montgomery Community College District	1,966,213	218,444	0.22%
Northeast Texas Community College	153,463	2,175	0.03%
Odessa College	344,843	318,426	1.85%
Paris Junior College	299,980	3,495	0.02%
San Jacinto College	1,406,688	24,782	0.04%
South Plains College	574,890	10,614	0.04%

**Community, State, and Technical Colleges' Self-Reported Enrollment Error Amounts**

College/District	Two Percent Allowable Error Amount	Total Biennium Self-Reported Error Amount	Self-Reported Errors as a Percentage of Total Biennium Appropriation
South Texas Community College	\$ 958,489	\$ 28,001	0.06%
Southwest Texas Junior College	310,101	117,097	0.76%
Tarrant County College District	1,734,889	139,901	0.16%
Temple College	246,208	29,135	0.24%
Texarkana College	357,762	4,385	0.02%
Texas Southmost College	491,579	75,369	0.31%
Tyler Junior College	639,050	6,249	0.02%
Vernon Regional Junior College	217,840	1,936	0.02%
Victoria College	272,365	4,729	0.03%
Weatherford College	309,307	67,475	0.44%
Western Texas College	108,663	12,762	0.23%
Wharton County Junior College	324,517	45,717	0.28%
Texas State Tech - Harlingen	674,563	354	0.00%
Texas State Tech - Waco	967,473	79,123	0.16%
Texas State Tech - West Texas	211,312	6,778	0.06%
Lamar State College at Orange	192,879	925	0.01%
<b>TOTAL OVER-REPORTING COLLEGES</b>	<b>\$33,063,895</b>	<b>\$ 2,924,617</b>	
<b>Under-Reporting Colleges</b> (Note: Under-reporting results in underfunding)			
Coastal Bend College	\$ 272,249	\$ 705	0.01%
Galveston College	188,816	4,940	0.05%
Panola College	131,788	1,290	0.02%
Texas State Tech - Marshall	124,289	807	0.01%
Lamar Institute of Technology	299,195	284	0.00%
<b>TOTAL UNDER-REPORTING COLLEGES</b>	<b>\$1,016,337</b>	<b>\$ 8,026</b>	
<b>NET OVERFUNDED AMOUNT</b>		<b>\$ 2,916,591</b>	
<b>Appropriation Information for Colleges That Reported No Errors</b>			
Brazosport College	243,226	\$0	0.00%
Ranger College	83,470	0	0.00%
Trinity Valley Community College	442,856	0	0.00%
Lamar State College at Port Arthur	262,472	0	0.00%
<b>TOTAL for COLLEGES THAT REPORTED NO ERRORS</b>	<b>\$1,032,024</b>	<b>\$0</b>	

# *Other Information*

## *Objective, Scope, and Methodology*

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### **Objective**

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

- Reviewing self-reported enrollment data from the public community, state, and technical colleges (colleges).
- Conducting an independent analysis of selected colleges.

Public institutions of higher education 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 colleges' contact hour data for the summer 2004, fall 2004, and spring 2005 semesters. Colleges are allowed a 2 percent error rate for the contact hours reported.

### **Methodology**

The methodology included:

- Performing on-site reviews at the following six colleges:
  - ♦ Alamo Community College District
  - ♦ Cisco Junior College
  - ♦ Lee College
  - ♦ North Harris Montgomery Community College District
  - ♦ South Texas Community College
  - ♦ Southwest Texas Junior College
- Determining through analysis of reported data whether there was justification to perform additional procedures at one or more colleges.
- Determining whether the primary factor (contact hours) used as the basis of the formula funding appropriations of the 79th Legislature is consistent

with the number of contact hours in the Coordinating Board's database and with the number reported by individual colleges.

- Reviewing self-reported errors in contact hour data and, as necessary, calculating funding adjustments if the errors exceed the 2 percent error rate.
- Recalculating the revised funding allocation because of the change from estimated to actual contact hours.

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 public colleges is provided from the State's General Revenue Fund. The total amount of 2006–2007 biennium appropriations (based on contact hours) made to the colleges was \$1,755,613,035. The Legislative Budget Board, Coordinating Board, and Office of the Comptroller of Public Accounts are involved in the distribution of appropriations to the individual colleges. The State provided funding to 50 community college districts, 4 extension centers of the Texas State Technical College System, and 3 Lamar University components for the 2006–2007 biennium.

The formula for college funding involves multiplying base-period contact hours that a college submits in its request for appropriations by the applicable funding rates per contact hour. Contact hour rates per program are set by the Coordinating Board and are based on a cost study of college program expenditures.

To be eligible for state funding, colleges 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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The Honorable Tom Craddick, Speaker of the House, Joint Chair  
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The Honorable Jim Pitts, House Appropriations Committee  
The Honorable Jim Keffer, House Ways and Means Committee

### **Office of the Governor**

The Honorable Rick Perry, Governor

### **Entities mentioned in this report**

Members of the Board of Regents and President of each college listed in this report



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