

Higher Education Employees Group Insurance Contributions
Summary of Budget Recommendations - House

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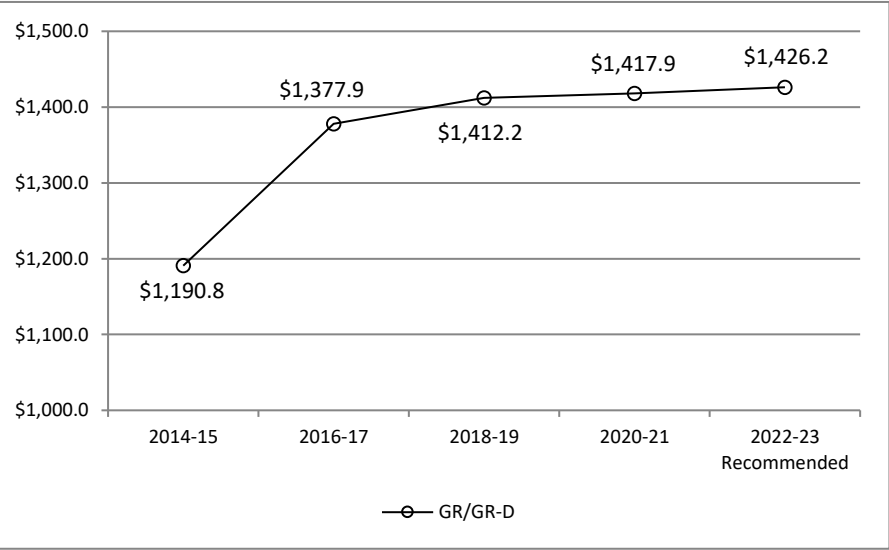
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,417,871,663	\$1,420,656,567	\$2,784,904	0.2%
GR Dedicated Funds	\$0	\$5,506,614	\$5,506,614	100.0%
Total GR-Related Funds	\$1,417,871,663	\$1,426,163,181	\$8,291,518	0.6%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$1,417,871,663	\$1,426,163,181	\$8,291,518	0.6%

Agency Budget and Policy Issues and/or Highlights

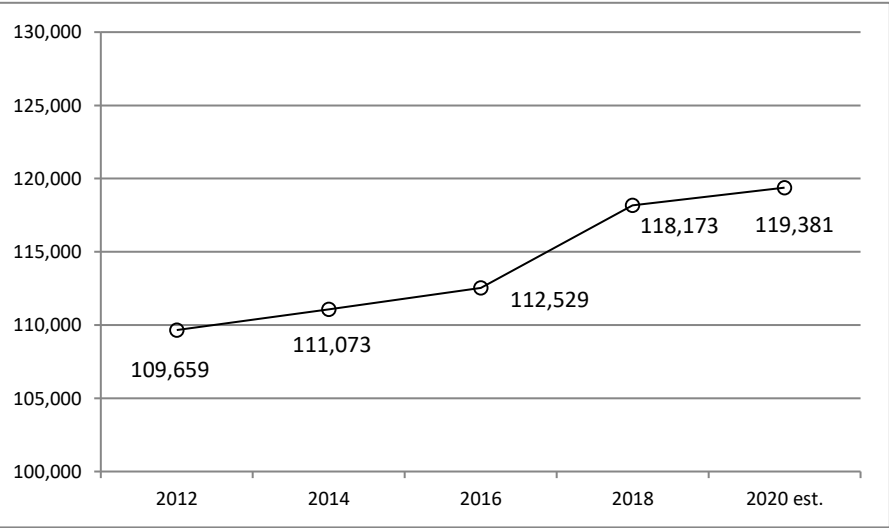
The General Revenue and General Revenue-Dedicated amounts recommended here represent the direct state contributions appropriated to institutions of higher education for the purposes of paying group health insurance premiums. Institutions pay health care premiums proportionally from other fund sources to the degree they receive fund sources other than General Revenue. Any difference between actual premium cost and appropriated state contributions is paid by the institution.

The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

Historical Funding Levels (Millions)



Historical General Revenue Funded Employee Headcount



**Higher Education Employees Group Insurance Contributions
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	State Contribution, Community Colleges - South Texas College modified its headcount reporting to align with the definition of employees that are eligible to receive Group Insurance appropriations outlined in statute and the General Appropriations Act	\$5.5	\$0.0	\$0.0	\$0.0	\$5.5	C.1.37
B)	State Contribution, Community Colleges - Headcount growth	\$2.8	\$0.0	\$0.0	\$0.0	\$2.8	C.1.37
C)	Texas A&M Forest Service - Method of Finance change from General Revenue Funds Account No. 8042 to General Revenue-Dedicated Operating Account No. 036	(\$5.5)	\$5.5	\$0.0	\$0.0	\$0.0	B.1.19
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$2.8	\$5.5	\$0.0	\$0.0	\$8.3	As Listed

NOTE: Totals may not sum due to rounding.

Higher Education Employees Group Insurance Contributions Selected Fiscal and Policy Issues - House

1. **HEGI Data Assumptions.** Recommendations are based on each institution's best estimate of actual enrollment as of December 1, 2020, and the institution's estimate of the General Revenue and General Revenue-Dedicated proportionality likely to be reported in the institution's fiscal year 2020 Accounting Policy Statement 011 (APS 011) report, as reported in each institution's Legislative Appropriations Request. Community colleges are not subject to proportionality requirements and therefore do not submit an APS 011 Report. Institutions will submit actual enrollment and proportionality submitted in the APS 011 report to the LBB by mid-January for the December 1, 2020 census date. Should the Legislature opt to use the updated census data and maintain the recommended rates, there will be a reallocation in funding among institutions and possibly in overall appropriations.
2. **Contribution Funding.** While premium contributions for general state employees are funded at 100 percent of Employee Retirement System (ERS) premium rates, since fiscal year 2004 the Legislature has provided a lower level of premium contributions for higher education employees. Recommended 2022-23 amounts maintain the 2020-21 funding levels of \$1.05 billion for institutions of higher education other than the public community and junior colleges. Recommendations are consistent with the recommendations for ERS' general state employees by maintaining Fiscal Year 2021 rates for the 2022-23 biennium.

Senate Bill 1812, 83rd Legislature, set the state contribution rate for community colleges at 50 percent of the full contribution rate in statute, therefore this rate can only change by legislation. Recommendations for the community colleges represent a 2.1 percent increase over 2020-21 General Revenue funding levels. Please see Section 3a for a comparison of different proration rates and the resulting funding compared to the recommended 2022-23 funding level.

3. **Employee Headcount Trends.** For institutions of higher education (excluding community colleges), the total number of HEGI and Staff Group Insurance-funded employees increased by 3.1 percent from the previous biennium; the total number of full-time employees increased by 4.6 percent and the total number of part-time employees decreased by 9.3 percent.

The number of HEGI-funded employees decreased by 0.01 percent; the number of full-time employees increased by 1.1 percent and part-time employees decreased by 18.1 percent. Although there is an overall decrease of employees, because full-time employees receive the full the premium amount and part-time employees receive half of the full premium amount, their respective headcount changes results in a reduction in proration rates from 2020-21.

For community colleges, the total number of employees decreased by 1.4 percent while the number of Instructional and Administrative (I&A) employees increased by 3.1 percent.

4. **Community College Petition Process.** Senate Bill 1812 also stipulates that the number of community college employees eligible to receive HEGI appropriations may not be adjusted in a proportion greater than the change in student enrollment at each institution. Institutions that experience a decline in enrollment, which is measured in contact hours, may petition the LBB to maintain eligible employees up to 98 percent of the employee level of the previous biennium.

Recommendations are based on enrollment and headcount growth limitations provided in statute and maintains employee levels consistent with previous funding decisions that provide for four hold harmless tiers. The following table compares the number of community college districts that fall within those tiers of enrollment decline with those in 2020-21, and the recommended employee level hold harmless percentage applied to those districts. The higher number of qualifying districts in 2022-23 is due to a 5.9 percent decrease in contact hours from 2020-21, while there was a 0.3 percent increase in 2020-21 contact hours from 2018-19.

Percent Decline in Enrollment	Number of Districts – 2020-21	Number of Districts – 2022-23	Employee Level Hold Harmless
More than 2, up to 5 percent	7	4	98 percent (2 percent reduction)
More than 5, up to 10 percent	9	14	95 percent (5 percent reduction)
More than 10, up to 15 percent	1	11	90 percent (10 percent reduction)
More than 15 percent	2	3	85 percent (15 percent reduction)

Total eligible employee headcount for the 2022-23 biennium is 44,150, a 3.1 percent increase from the previous biennium. However, because eligible employee headcount cannot change at a more positive rate than contact hours, the decrease in contact hours from 2020-21 lowers the headcount to 42,215.

5. **South Texas College.** The institution submitted a headcount in the 2020-21 biennium that was based on a more narrow interpretation of employees that are eligible to receive HEGI appropriations than is permitted by statute and the General Appropriations Act. Modifying their 2022-23 headcount reporting to include all eligible employees results in a \$5.5 million increase in recommended funding over 2020-21 appropriations. Because the institution underreported its number of eligible employees in 2020-21, the institution was appropriated \$5.7 million less than they were eligible to receive and are requesting that amount as a 2022-23 supplemental appropriation.
6. **Eliminate References in the General Appropriations Act to Department of Insurance Maintenance Tax and Fee Account No. 8042.** Recommendations include a Method of Finance amending various sections of the General Appropriations Act (GAA) to remove references to General Revenue Funds-Account No. 8042 and substitute with General Revenue Funds-Dedicated Operating Account No. 036.

Recommendations include amending the GAA throughout so that maintenance taxes collected by TDI are deposited to the General Revenue Fund (removing the reference to Account 8042), and subsequently appropriated to Texas A&M Forest Service directly as General Revenue Funds-Dedicated TDI Operating Account No. 036. The amendment would have no fiscal impact.

Summary of Recommendations and Potential Funding Options for HEGI Contributions to
Institutions of Higher Education (IHE) - House

2022-23 Recommendations

	2020	2021	Biennium	2022	2023	Biennium	Biennial Percent Change
UT	\$ 223,515,845	\$ 223,515,844	\$ 447,031,689	\$ 221,807,382	\$ 221,807,383	\$ 443,614,765	(0.8%)
TAMU	\$ 124,356,608	\$ 124,356,608	\$ 248,713,216	\$ 121,820,277	\$ 121,820,277	\$ 243,640,554	(2.1%)
ERS – IHE	\$ 176,968,642	\$ 176,968,642	\$ 353,937,284	\$ 181,213,435	\$ 181,213,435	\$ 362,426,870	2.3%
Community Colleges	\$ 184,094,737	\$ 184,094,737	\$ 368,189,474	\$ 188,240,496	\$ 188,240,496	\$ 376,480,992	2.2%
Total	\$708,935,833	\$708,935,830	\$1,417,871,663	\$713,081,590	\$713,081,591	\$1,426,163,181	0.6%

Proration Rate Comparison

	2008-09	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23
UT	97.5%	97.5%	85.8%	89.4%	89.2%	74.27%	79.43%	78.42%
TAMU	95.0%	95.0%	83.4%	87.0%	86.8%	74.27%	79.43%	78.42%
ERS – IHE	95.0%	95.0%	83.4%	87.0%	86.8%	74.72%	79.88%	78.87%
Community Colleges	90.0%	83.0%	42.1%	50.0%	50.0%	50.0%	50.0%	50.0%

Estimated Cost to Fund All Institutions at 2020-21 Premium Rates

	2022	2023	Biennium	Increase/(Decrease) from Recommendations
UT (79.43%)	\$ 224,661,350	\$224,661,345	\$ 449,322,695	\$ 5,707,930
TAMU (79.43%)	\$ 123,387,729	\$ 123,387,729	\$ 246,775,458	\$ 3,134,904
ERS – IHE (79.88%)	\$ 183,530,071	\$ 183,530,071	\$ 367,060,142	\$ 4,633,272
Total	\$ 531,579,150	\$ 531,579,145	\$ 1,063,158,295	\$ 13,476,106

Estimated Cost to Fund All Institutions at Full ERS Premium Rate

	2022	2023	Biennium	Increase/(Decrease) from Recommendations
UT (100%)	\$ 282,852,327	\$ 282,852,327	\$ 565,704,654	\$ 122,089,889
TAMU (100%)	\$ 151,897,077	\$ 151,897,077	\$ 303,794,153	\$ 60,153,599
ERS – IHE (100%)	\$ 217,289,263	\$ 217,289,263	\$ 459,464,270	\$ 97,037,400
Total	\$ 664,481,539	\$ 664,481,539	\$ 1,328,963,077	\$ 279,280,888

Recommended Plan Year 2021 Premium Contribution Base Rates: 87th Legislature* - House

HEGI Rates

		Employee Only	Employee & Child	Employee & Spouse	Employee & Family
ERS - "FULL" RATES (100%)					
Full-time		\$ 624.82	\$ 864.20	\$ 982.36	\$ 1,221.74
Part-time		\$ 312.41	\$ 432.10	\$ 491.18	\$ 610.87
ERS HEGI - HIGHER EDUCATION INSTITUTIONS					
Full-time	78.87% of	\$ 492.94	\$ 681.79	\$ 775.01	\$ 963.86
Part-time	ERS Rates	\$ 246.47	\$ 340.89	\$ 387.50	\$ 481.93
UT SYSTEM					
Full-time	78.42% of	\$ 490.12	\$ 677.90	\$ 770.59	\$ 958.36
Part-time	ERS Rates	\$ 245.06	\$ 338.95	\$ 385.29	\$ 479.18
A&M SYSTEM					
Full-time	78.42% of	\$ 490.12	\$ 677.90	\$ 770.59	\$ 958.36
Part-time	ERS Rates	\$ 245.06	\$ 338.95	\$ 385.29	\$ 479.18
ERS HEGI - COMMUNITY COLLEGES					
Full-time	50.0% of	\$ 312.41	\$ 432.10	\$ 491.18	\$ 610.87
Part-time	ERS Rates	\$ 156.21	\$ 216.05	\$ 245.59	\$ 305.44

*2021 rates will not increase in fiscal years 2022 or 2023.

Higher Education Employees Group Insurance Contributions
Appendices - House

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* Appendix is not included - no significant information to report

**Higher Education Employees Group Insurance Contributions
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
UT - ARLINGTON A.1.1	\$24,561,205	\$23,757,244	(\$803,961)	(3.3%)	
UT - AUSTIN A.1.2	\$56,286,149	\$60,066,483	\$3,780,334	6.7%	
UT - DALLAS A.1.3	\$16,584,348	\$18,325,423	\$1,741,075	10.5%	
UT - EL PASO A.1.4	\$29,112,104	\$32,508,148	\$3,396,044	11.7%	
UT - RIO GRANDE VALLEY A.1.5	\$23,537,918	\$21,129,288	(\$2,408,630)	(10.2%)	
UT - PERMIAN BASIN A.1.6	\$3,747,240	\$4,749,099	\$1,001,859	26.7%	
UT - SAN ANTONIO A.1.7	\$25,757,857	\$26,878,991	\$1,121,134	4.4%	
UT - TYLER A.1.8	\$6,685,277	\$6,049,847	(\$635,430)	(9.5%)	
UT SW MEDICAL A.1.9	\$28,360,576	\$28,230,680	(\$129,896)	(0.5%)	
UTMB - GALVESTON A.1.10	\$115,557,062	\$108,775,003	(\$6,782,059)	(5.9%)	
UTHSC - HOUSTON A.1.11	\$48,620,029	\$44,022,472	(\$4,597,557)	(9.5%)	
UTHSC - SAN ANTONIO A.1.12	\$41,878,564	\$41,410,947	(\$467,617)	(1.1%)	
UT MD ANDERSON A.1.13	\$14,019,004	\$14,039,678	\$20,674	0.1%	
UT HEALTH SCIENCE CENTER - TYLER A.1.14	\$8,824,054	\$7,956,660	(\$867,394)	(9.8%)	
UT- RGV SCHOOL OF MEDICINE A.1.15	\$3,500,302	\$5,714,802	\$2,214,500	63.3%	
UT SYSTEM ADMINISTRATION 1.1.16	\$0	\$0	\$0	0.0%	
Total, Goal 1, STATE CONTRIBUTION, UT SYSTEM	\$447,031,689	\$443,614,765	(\$3,416,924)	(0.8%)	
TEXAS A&M UNIVERSITY B.1.1	\$78,148,276	\$68,616,914	(\$9,531,362)	(12.2%)	
A&M SYSTEM HEALTH SCIENCE CENTER B.1.2	\$17,397,884	\$17,428,972	\$31,088	0.2%	
A&M - GALVESTON B.1.3	\$3,823,336	\$3,371,050	(\$452,286)	(11.8%)	
PRAIRIE VIEW A&M B.1.4	\$11,038,196	\$12,473,060	\$1,434,864	13.0%	
TARLETON STATE UNIVERSITY B.1.5	\$10,485,774	\$12,194,608	\$1,708,834	16.3%	
A&M - CORPUS CHRISTI B.1.6	\$10,154,690	\$7,427,612	(\$2,727,078)	(26.9%)	
TEXAS A&M UNIVERSITY- CENTRAL TEXAS B.1.7	\$1,857,200	\$1,774,272	(\$82,928)	(4.5%)	
TEXAS A&M UNIVERSITY - SAN ANTONIO B.1.8	\$3,866,268	\$4,246,638	\$380,370	9.8%	
A&M - KINGSVILLE B.1.9	\$10,390,890	\$10,023,560	(\$367,330)	(3.5%)	
A&M - INTERNATIONAL B.1.10	\$5,699,310	\$5,472,980	(\$226,330)	(4.0%)	
WEST TEXAS A&M B.1.11	\$9,430,374	\$9,818,718	\$388,344	4.1%	
TEXAS A&M UNIVERSITY - COMMERCE B.1.12	\$13,305,988	\$12,947,680	(\$358,308)	(2.7%)	
TEXAS A&M UNIVERSITY - TEXARKANA B.1.13	\$3,678,790	\$4,142,596	\$463,806	12.6%	
A&M - AGRILIFE RESEARCH B.1.14	\$19,244,634	\$21,077,446	\$1,832,812	9.5%	

Higher Education Employees Group Insurance Contributions
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
A&M - AGRILIFE EXTENSION B.1.15	\$28,452,316	\$29,048,912	\$596,596	2.1%	
A&M - ENG EXPERIMENT STATION B.1.16	\$5,300,962	\$8,638,732	\$3,337,770	63.0%	
A&M - TRANSPORTATION INSTITUTE B.1.17	\$3,461,374	\$3,416,332	(\$45,042)	(1.3%)	
A&M - ENG EXTENSION SERVICE B.1.18	\$1,266,408	\$1,351,784	\$85,376	6.7%	
TEXAS A&M FOREST SERVICE B.1.19	\$8,306,556	\$9,169,284	\$862,728	10.4%	
A&M - VET MEDICAL DIAGNOSTIC LAB B.1.20	\$1,010,900	\$352,186	(\$658,714)	(65.2%)	
A&M SYSTEM ADMINISTRATION 2.1.21	\$0	\$0	\$0	0.0%	
A&M- TX DIVISION OF EMERGENCY MGMT B.1.22	\$2,393,090	\$647,218	(\$1,745,872)	(73.0%)	
Total, Goal B, STATE CONTRIBUTION, A&M SYSTEM	\$248,713,216	\$243,640,554	(\$5,072,662)	(2.0%)	All Higher Education Employees Group Insurance (HEGI) contributions are General Revenue Fund 001, except for the Texas A&M Forest Service, which in addition to Fund 001 appropriations receives HEGI contributions paid out of the General Revenue Funds-Dedicated Operating Account No. 036 (\$2.8 million in fiscal year 2022 and \$2.8 million in fiscal year 2023).
UNIVERSITY OF HOUSTON C.1.1	\$33,869,734	\$36,165,280	\$2,295,546	6.8%	
UH - CLEAR LAKE C.1.2	\$7,638,864	\$7,375,830	(\$263,034)	(3.4%)	
UH - DOWNTOWN C.1.3	\$6,864,918	\$6,589,282	(\$275,636)	(4.0%)	
UH - VICTORIA C.1.4	\$3,621,698	\$3,436,028	(\$185,670)	(5.1%)	
UH SYSTEM ADMINISTRATION C.1.5	\$533,696	\$520,042	(\$13,654)	(2.6%)	
UH-COLLEGE OF MEDICINE 3.1.6	\$0	\$890,686	\$890,686	100.0%	
LAMAR UNIVERSITY C.1.7	\$16,384,186	\$16,613,534	\$229,348	1.4%	
LAMAR INSTITUTE OF TECHNOLOGY C.1.8	\$2,736,140	\$2,515,544	(\$220,596)	(8.1%)	
LAMAR STATE COLLEGE - ORANGE C.1.9	\$2,262,600	\$2,244,086	(\$18,514)	(0.8%)	
LAMAR STATE COLLEGE - PORT ARTHUR C.1.10	\$2,670,368	\$2,808,368	\$138,000	5.2%	
ANGELO STATE UNIVERSITY C.1.11	\$10,244,996	\$11,388,430	\$1,143,434	11.2%	
SAM HOUSTON STATE UNIV C.1.12	\$18,255,850	\$18,026,484	(\$229,366)	(1.3%)	
TEXAS STATE UNIVERSITY C.1.13	\$29,038,214	\$32,130,160	\$3,091,946	10.6%	
SUL ROSS STATE UNIVERSITY C.1.14	\$5,004,940	\$5,418,350	\$413,410	8.3%	
SUL ROSS STATE-RIO GRANDE COLLEGE C.1.15	\$620,766	\$634,050	\$13,284	2.1%	
TEXAS STATE SYSTEM ADMIN C.1.16	\$526,254	\$457,088	(\$69,166)	(13.1%)	
MIDWESTERN STATE UNIV C.1.17	\$7,259,390	\$7,178,168	(\$81,222)	(1.1%)	
UNIVERSITY OF NORTH TEXAS C.1.18	\$29,690,562	\$26,732,006	(\$2,958,556)	(10.0%)	
UNIVERSITY OF NORTH TEXAS AT DALLAS C.1.19	\$2,999,994	\$3,042,752	\$42,758	1.4%	

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Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
UNT HEALTH SCIENCE CENTER C.1.20	\$13,002,426	\$14,277,472	\$1,275,046	9.8%	
STEPHEN F. AUSTIN C.1.21	\$12,847,160	\$13,668,208	\$821,048	6.4%	
TEXAS SOUTHERN UNIVERSITY C.1.22	\$10,621,576	\$10,293,930	(\$327,646)	(3.1%)	
TEXAS TECH UNIVERSITY C.1.23	\$42,775,402	\$44,120,164	\$1,344,762	3.1%	
TEXAS TECH HEALTH SCI CTR C.1.24	\$38,301,712	\$39,202,020	\$900,308	2.4%	
TEXAS TECH HSC EL PASO C.1.25	\$9,981,128	\$9,820,980	(\$160,148)	(1.6%)	
TEXAS WOMAN'S UNIVERSITY C.1.26	\$14,266,640	\$14,409,030	\$142,390	1.0%	
TSTC - HARLINGEN C.1.27	\$5,616,412	\$5,517,676	(\$98,736)	(1.8%)	
TSTC - WEST TEXAS C.1.28	\$2,660,448	\$2,818,738	\$158,290	5.9%	
TSTC - WACO C.1.29	\$6,784,070	\$7,435,678	\$651,608	9.6%	
TSTC - MARSHALL C.1.30	\$1,103,874	\$1,133,510	\$29,636	2.7%	
TSTC - FT. BEND C.1.31	\$722,624	\$1,030,240	\$307,616	42.6%	
TSTC - NORTH TEXAS C.1.32	\$509,540	\$591,488	\$81,948	16.1%	
TSTC - SYSTEM ADMIN C.1.33	\$10,930,676	\$10,389,746	(\$540,930)	(4.9%)	
UNIV OF NORTH TEXAS SYSTEM ADMIN C.1.34	\$2,105,664	\$2,025,400	(\$80,264)	(3.8%)	
TEXAS SOUTHMOST COLLEGE 3.1.35	\$0	\$0	\$0	0.0%	
TEXAS TECH UNIVERSITY SYSTEM ADMIN C.1.36	\$1,484,762	\$1,526,422	\$41,660	2.8%	
PUB COMMUNITY / JR COLLEGES C.1.37	\$368,189,474	\$376,480,992	\$8,291,518	2.3%	
Total, Goal C, STATE CONTRIBUTION, ERS	\$722,126,758	\$738,907,862	\$16,781,104	2.3%	
Grand Total, All Strategies	\$1,417,871,663	\$1,426,163,181	\$8,291,518	0.6%	