

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

Page III-51

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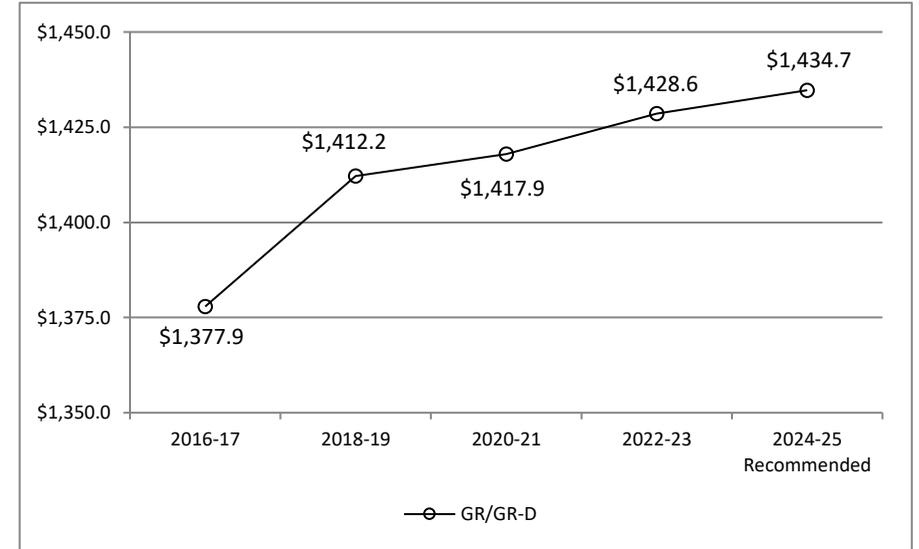
Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,423,124,125	\$1,429,388,047	\$6,263,922	0.4%
GR Dedicated Funds	\$5,507,726	\$5,342,244	(\$165,482)	(3.0%)
<i>Total GR-Related Funds</i>	<i>\$1,428,631,851</i>	<i>\$1,434,730,291</i>	<i>\$6,098,440</i>	<i>0.4%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$1,428,631,851	\$1,434,730,291	\$6,098,440	0.4%

Agency Budget and Policy Issues and/or Highlights

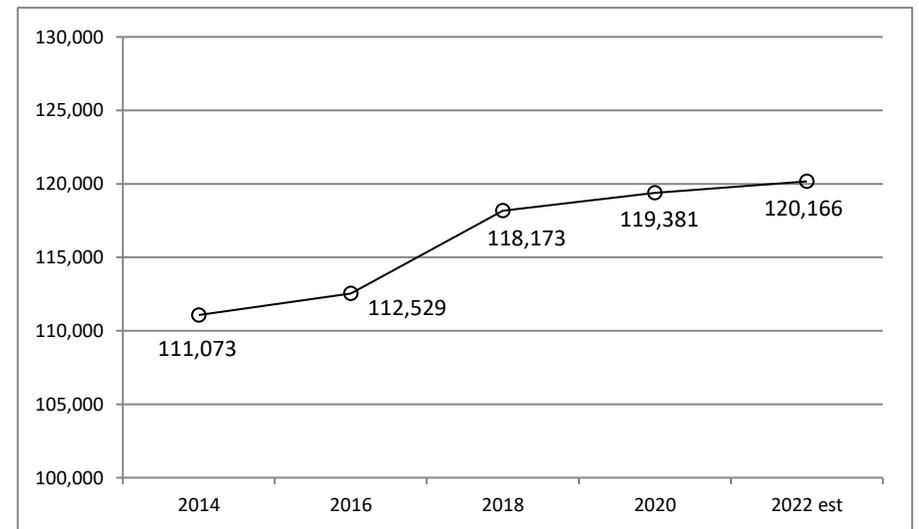
The General Revenue and General Revenue-Dedicated amounts recommended here represent the direct state contributions appropriated to institutions of higher education for the purposes of paying group health insurance premiums. Institutions pay health care premiums proportionally from other fund sources 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 (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 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 2024-25 Biennium compared to the 2022-23 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	\$6.1	\$0.0	\$0.0	\$0.0	\$6.1	C.1.36
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$6.1	\$0.0	\$0.0	\$0.0	\$6.1	As Listed

**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, 2022, and the institution's estimate of the General Revenue and General Revenue-Dedicated proportionality likely to be reported in the institution's fiscal year 2022 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 Legislative Budget Board by mid-January for the December 1, 2022 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 premium rates, since fiscal year 2004 the Legislature has provided a lower, prorated level of premium contributions for higher education employees. Recommended 2024-25 amounts maintain the 2022-23 funding levels of \$1.05 billion for institutions of higher education other than the public community and junior colleges. Legislative Budget Board recommendations are consistent with the premium rates recommendations for Employee Retirement System's general state employees, which decreased by an average of 0.22 percent across member categories (employee only, employee and spouse, employee and child, and employee and family).

Senate Bill 1812, 83rd Legislature set in statute the state contribution rate for community colleges at 50 percent of the full contribution rate; as such, the rate can only be modified by legislation. 2024-25 recommendations for the community colleges total \$385.0 million, a 1.6 percent increase over the 2022-23 biennium.

Please see Section 3a for a comparison of various proration rates and the resulting funding compared to the recommended 2024-25 funding level.

3. **Employee Headcount Trends.** For institutions of higher education, excluding community colleges, the total number of employees funded by HEGI and Staff Group Insurance (the General Revenue-Dedicated component of group insurance) increased by 3.2 percent from the previous biennium; the total number of full-time employees increased by 2.9 percent and the total number of part-time employees increased by 6.2 percent.

The number of HEGI-funded employees increased by 1.7 percent; the number of full-time employees increased by 0.6 percent and part-time employees increased by 24.4 percent. Although there is an overall increase in headcount, 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 are not substantial enough to offset the decrease in the Employee Retirement System premium rates and would lead to a decrease in funding were 2022-23 proration rates maintained.

For community colleges, the total number of HEGI-funded employees increased by 2.5 percent; the number of full-time employees increased by 2.6 percent and the number of part-time employees decreased by 15.2 percent. Unlike the other institutions, the increase in overall headcount is substantial enough to offset the decrease in Employee Retirement System premium rates.

4. **Community College Hold-Harmless Levels.** 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, 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 maintain employee levels consistent with previous funding decisions that provide for four hold-harmless tiers. The following table shows the number of community college districts that fall within those tiers of enrollment decline and the recommended employee level hold harmless percentage applied to those districts.

Percent Decline in Enrollment	Number of Districts – 2024-25	Employee Level Hold Harmless
More than 2, up to 5 percent	1	98 percent (2 percent reduction)
More than 5, up to 10 percent	10	95 percent (5 percent reduction)
More than 10, up to 15 percent	7	90 percent (10 percent reduction)
More than 15 percent	1	85 percent (15 percent reduction)

Total eligible employee headcount for the 2024-25 biennium is 44,753, a 1.5 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 2022-23 lowers the headcount to 43,530.

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

2024-25 Recommendations

	2022	2023	Biennium	2024	2025	Biennium	Biennial Percent Change
UT	\$ 221,765,379	\$ 221,765,371	\$ 443,530,750	\$ 222,193,767	\$ 222,193,764	\$ 444,387,531	0.2%
TAMU	\$ 123,438,284	\$ 123,438,291	\$ 246,876,575	\$ 123,703,726	\$ 123,703,726	\$ 247,407,452	0.2%
ERS – IHE	\$ 179,637,432	\$ 179,637,432	\$ 359,274,864	\$ 178,943,603	\$ 178,943,603	\$ 357,887,206	(0.4%)
Community Colleges	\$ 189,474,831	\$ 189,474,831	\$ 378,949,662	\$ 192,524,051	\$ 192,524,051	\$ 385,048,102	1.6%
Total	\$ 714,315,925	\$ 714,315,926	\$ 1,428,631,851	\$ 717,365,147	\$ 717,365,144	\$ 1,434,730,291	0.4%

Proration Rate Comparison

	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23	2024-25
UT	97.5%	85.8%	89.4%	89.2%	74.27%	79.43%	78.20%	78.70%
TAMU	95.0%	83.4%	87.0%	86.8%	74.27%	79.43%	78.20%	78.70%
ERS – IHE	95.0%	83.4%	87.0%	86.8%	74.72%	79.88%	78.65%	79.15%
Community Colleges	83.0%	42.1%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%

Estimated Cost to Fund All Institutions at 2022-23 Premium Rates

	2024	2025	Biennium	Increase/(Decrease) from Recommendations
UT (78.20%)	\$ 220,768,636	\$220,768,641	\$ 441,537,227	(\$ 2,850,254)
TAMU (78.20%)	\$ 122,910,294	\$ 122,910,294	\$ 245,820,588	(\$ 1,586,864)
ERS – IHE (78.65%)	\$ 177,803,221	\$ 177,803,221	\$ 355,606,442	(\$ 2,280,764)
Total	\$ 531,579,150	\$ 531,579,145	\$ 1,042,964,307	(\$ 6,717,882)

Estimated Cost to Fund All Institutions at Full ERS Premium Rate

	2024	2025	Biennium	Increase from Recommendations
UT (100%)	\$ 282,331,930	\$ 282,331,930	\$ 564,663,864	\$ 120,276,333
TAMU (100%)	\$ 157,184,925	\$ 157,184,925	\$ 314,369,850	\$ 66,962,398
ERS – IHE (100%)	\$ 226,049,065	\$ 226,049,065	\$ 452,098,130	\$ 94,210,924
Total	\$ 665,565,924	\$ 665,565,920	\$ 1,331,131,844	\$ 281,449,655

Recommended Plan Year 2023 Premium Contribution Base Rates - 88th Legislature* - House

HEGI Rates

Employee Only	Employee & Child	Employee & Spouse	Employee & Family
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ERS - "FULL" RATES (100%)

Full-time	\$ 622.60	\$ 862.30	\$ 980.60	\$ 1,220.30
Part-time	\$ 311.30	\$ 431.15	\$ 490.30	\$ 610.15

ERS HEGI - HIGHER EDUCATION INSTITUTIONS

Full-time	79.15% of ERS Rates	\$ 492.78	\$ 682.51	\$ 776.14	\$ 965.86
Part-time		\$ 246.39	\$ 341.25	\$ 388.07	\$ 482.93

UT SYSTEM

Full-time	78.70% of ERS Rates	\$ 489.98	\$ 678.63	\$ 771.73	\$ 960.37
Part-time		\$ 244.99	\$ 339.31	\$ 385.86	\$ 480.18

A&M SYSTEM

Full-time	78.70% of ERS Rates	\$ 489.98	\$ 678.63	\$ 771.73	\$ 960.37
Part-time		\$ 244.99	\$ 339.31	\$ 385.86	\$ 480.18

ERS HEGI - COMMUNITY COLLEGES

Full-time	50.0% of ERS Rates	\$ 311.30	\$ 431.15	\$ 490.30	\$ 610.15
Part-time		\$ 155.65	\$ 215.58	\$ 245.15	\$ 305.08

*2023 rates will not increase in fiscal years 2024 or 2025.

**Higher Education Employees Group Insurance Contributions
Rider Highlights - House**

Modification of Existing Riders

9. **HEGI State Premium Contribution Rate.** Recommendation to move the Rider from Special Provisions Relating Only to State Agencies of Higher Education bill pattern to the Higher Education Employees Group Insurance Contributions bill pattern.

**Higher Education Employees Group Insurance Contributions
Appendices - House**

Table of Contents		
Appendix	Appendix Title	Page
A	Funding Changes and Recommendations by Strategy	10
B	Summary of Federal Funds	*
C	FTE Highlights	*

* Appendix is not included - no significant information to report

**High Edu Emp Gp Ins Contr
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
UT - ARLINGTON 1.1.1	\$25,568,363	\$23,972,719	(\$1,595,644)	(6.2%)	
UT - AUSTIN 1.1.2	\$56,334,527	\$55,625,964	(\$708,563)	(1.3%)	
UT - DALLAS 1.1.3	\$17,110,895	\$21,426,911	\$4,316,016	25.2%	
UT - EL PASO 1.1.4	\$30,854,316	\$27,245,554	(\$3,608,762)	(11.7%)	
UT - RIO GRANDE VALLEY 1.1.5	\$23,610,351	\$27,606,049	\$3,995,698	16.9%	
UT - PERMIAN BASIN 1.1.6	\$4,586,318	\$4,997,708	\$411,390	9.0%	
UT - SAN ANTONIO 1.1.7	\$27,154,498	\$29,207,400	\$2,052,902	7.6%	
UT - TYLER 1.1.8	\$6,511,307	\$7,585,620	\$1,074,313	16.5%	
UT SW MEDICAL 1.1.9	\$28,363,768	\$31,326,491	\$2,962,723	10.4%	
UTMB - GALVESTON 1.1.10	\$108,750,465	\$97,211,151	(\$11,539,314)	(10.6%)	
UTHSC - HOUSTON 1.1.11	\$46,165,024	\$47,424,579	\$1,259,555	2.7%	
UTHSC - SAN ANTONIO 1.1.12	\$41,601,982	\$45,460,533	\$3,858,551	9.3%	
UT MD ANDERSON 1.1.13	\$13,709,920	\$12,592,751	(\$1,117,169)	(8.1%)	
UT HEALTH SCIENCE CENTER - TYLER 1.1.14	\$7,488,490	\$5,918,300	(\$1,570,190)	(21.0%)	
UT- RGV SCHOOL OF MEDICINE 1.1.15	\$5,720,526	\$6,678,138	\$957,612	16.7%	
UT SYSTEM ADMINISTRATION 1.1.16	\$0	\$107,663	\$107,663	100.0%	
Total, Goal 1, STATE CONTRIBUTION, UT SYSTEM	\$443,530,750	\$444,387,531	\$856,781	0.2%	
TEXAS A&M UNIVERSITY 2.1.1	\$78,240,826	\$77,367,134	(\$873,692)	(1.1%)	
A&M SYSTEM HEALTH SCIENCE CENTER 2.1.2	\$17,589,246	\$17,358,630	(\$230,616)	(1.3%)	
A&M - GALVESTON 2.1.3	\$3,656,886	\$3,112,144	(\$544,742)	(14.9%)	
PRAIRIE VIEW A&M 2.1.4	\$9,880,202	\$11,064,932	\$1,184,730	12.0%	
TARLETON STATE UNIVERSITY 2.1.5	\$11,842,342	\$10,707,790	(\$1,134,552)	(9.6%)	
A&M - CORPUS CHRISTI 2.1.6	\$10,586,306	\$10,080,370	(\$505,936)	(4.8%)	
TEXAS A&M UNIVERSITY- CENTRAL TEXAS 2.1.7	\$1,668,050	\$1,648,928	(\$19,122)	(1.1%)	
TEXAS A&M UNIVERSITY - SAN ANTONIO 2.1.8	\$4,531,082	\$3,907,796	(\$623,286)	(13.8%)	
A&M - KINGSVILLE 2.1.9	\$9,587,890	\$9,705,246	\$117,356	1.2%	
A&M - INTERNATIONAL 2.1.10	\$5,488,542	\$5,764,322	\$275,780	5.0%	
WEST TEXAS A&M 2.1.11	\$10,007,450	\$9,259,574	(\$747,876)	(7.5%)	
TEXAS A&M UNIVERSITY - COMMERCE 2.1.12	\$12,184,254	\$12,745,044	\$560,790	4.6%	
TEXAS A&M UNIVERSITY - TEXARKANA 2.1.13	\$3,833,730	\$3,962,550	\$128,820	3.4%	
A&M - AGRILIFE RESEARCH 2.1.14	\$18,302,656	\$20,566,072	\$2,263,416	12.4%	

**High Edu Emp Gp Ins Contr
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
A&M - AGRILIFE EXTENSION 2.1.15	\$28,798,092	\$29,068,538	\$270,446	0.9%	
A&M - ENG EXPERIMENT STATION 2.1.16	\$5,184,598	\$5,179,404	(\$5,194)	(0.1%)	
A&M - TRANSPORTATION INSTITUTE 2.1.17	\$3,479,132	\$3,598,680	\$119,548	3.4%	
A&M - ENG EXTENSION SERVICE 2.1.18	\$1,534,334	\$1,172,678	(\$361,656)	(23.6%)	
TEXAS A&M FOREST SERVICE 2.1.19	\$8,442,276	\$8,173,904	(\$268,372)	(3.2%)	
A&M - VET MEDICAL DIAGNOSTIC LAB 2.1.20	\$1,042,076	\$1,981,142	\$939,066	90.1%	
A&M SYSTEM ADMINISTRATION 2.1.21	\$0	\$0	\$0	0.0%	
A&M- TX DIVISION OF EMERGENCY MGMT 2.1.22	\$996,605	\$982,574	(\$14,031)	(1.4%)	
Total, Goal 2, STATE CONTRIBUTION, A&M SYSTEM	\$246,876,575	\$247,407,452	\$530,877	0.2%	
					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 (\$2.7 million in fiscal year 2024 and \$2.7 million in fiscal year 2025).
UNIVERSITY OF HOUSTON 3.1.1	\$36,867,428	\$30,258,706	(\$6,608,722)	(17.9%)	
UH - CLEAR LAKE 3.1.2	\$7,839,662	\$7,098,038	(\$741,624)	(9.5%)	
UH - DOWNTOWN 3.1.3	\$6,553,650	\$6,931,190	\$377,540	5.8%	
UH - VICTORIA 3.1.4	\$3,434,596	\$3,796,558	\$361,962	10.5%	
UH SYSTEM ADMINISTRATION 3.1.5	\$511,822	\$560,592	\$48,770	9.5%	
UH-COLLEGE OF MEDICINE 3.1.6	\$900,916	\$1,010,322	\$109,406	12.1%	
LAMAR UNIVERSITY 3.1.7	\$15,440,344	\$17,394,070	\$1,953,726	12.7%	
LAMAR INSTITUTE OF TECHNOLOGY 3.1.8	\$3,088,536	\$2,966,770	(\$121,766)	(3.9%)	
LAMAR STATE COLLEGE - ORANGE 3.1.9	\$2,283,216	\$2,525,108	\$241,892	10.6%	
LAMAR STATE COLLEGE - PORT ARTHUR 3.1.10	\$2,860,380	\$2,992,934	\$132,554	4.6%	
ANGELO STATE UNIVERSITY 3.1.11	\$11,411,708	\$11,567,048	\$155,340	1.4%	
MIDWESTERN STATE UNIV 3.1.12	\$6,942,502	\$6,381,372	(\$561,130)	(8.1%)	
SAM HOUSTON STATE UNIV 3.1.13	\$17,792,588	\$18,138,600	\$346,012	1.9%	
TEXAS STATE UNIVERSITY 3.1.14	\$31,775,812	\$32,238,236	\$462,424	1.5%	
SUL ROSS STATE UNIVERSITY 3.1.15	\$5,168,766	\$4,578,660	(\$590,106)	(11.4%)	
SUL ROSS STATE-RIO GRANDE COLLEGE 3.1.16	\$645,622	\$51,976	(\$593,646)	(91.9%)	
TEXAS STATE SYSTEM ADMIN 3.1.17	\$442,296	\$449,124	\$6,828	1.5%	
UNIVERSITY OF NORTH TEXAS 3.1.18	\$26,013,254	\$29,262,906	\$3,249,652	12.5%	

**High Edu Emp Gp Ins Contr
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
UNIVERSITY OF NORTH TEXAS AT DALLAS 3.1.19	\$3,196,592	\$3,190,116	(\$6,476)	(0.2%)	
UNT HEALTH SCIENCE CENTER 3.1.20	\$12,733,872	\$13,564,198	\$830,326	6.5%	
STEPHEN F. AUSTIN 3.1.21	\$12,466,406	\$13,052,094	\$585,688	4.7%	
TEXAS SOUTHERN UNIVERSITY 3.1.22	\$10,208,376	\$10,859,732	\$651,356	6.4%	
TEXAS TECH UNIVERSITY 3.1.23	\$44,572,156	\$45,994,240	\$1,422,084	3.2%	
TEXAS TECH HEALTH SCI CTR 3.1.24	\$40,054,186	\$38,187,946	(\$1,866,240)	(4.7%)	
TEXAS TECH HSC EL PASO 3.1.25	\$10,144,740	\$10,400,756	\$256,016	2.5%	
TEXAS WOMAN'S UNIVERSITY 3.1.26	\$14,609,310	\$14,353,346	(\$255,964)	(1.8%)	
TSTC - HARLINGEN 3.1.27	\$4,912,002	\$5,211,106	\$299,104	6.1%	
TSTC - WEST TEXAS 3.1.28	\$2,670,312	\$2,318,172	(\$352,140)	(13.2%)	
TSTC - WACO 3.1.29	\$6,930,130	\$6,325,934	(\$604,196)	(8.7%)	
TSTC - MARSHALL 3.1.30	\$1,009,270	\$960,130	(\$49,140)	(4.9%)	
TSTC - FT. BEND 3.1.31	\$1,051,664	\$1,002,676	(\$48,988)	(4.7%)	
TSTC - NORTH TEXAS 3.1.32	\$580,958	\$575,014	(\$5,944)	(1.0%)	
TSTC - SYSTEM ADMIN 3.1.33	\$10,706,562	\$10,437,806	(\$268,756)	(2.5%)	
UNIV OF NORTH TEXAS SYSTEM ADMIN 3.1.34	\$1,903,322	\$1,706,786	(\$196,536)	(10.3%)	
TEXAS TECH UNIVERSITY SYSTEM ADMIN 3.1.35	\$1,551,908	\$1,544,944	(\$6,964)	(0.4%)	
PUB COMMUNITY / JR COLLEGES 3.1.36	\$378,949,662	\$385,048,102	\$6,098,440	1.6%	
Total, Goal 3, STATE CONTRIBUTION, ERS	\$738,224,526	\$742,935,308	\$4,710,782	0.6%	
Grand Total, All Strategies	\$1,428,631,851	\$1,434,730,291	\$6,098,440	0.4%	