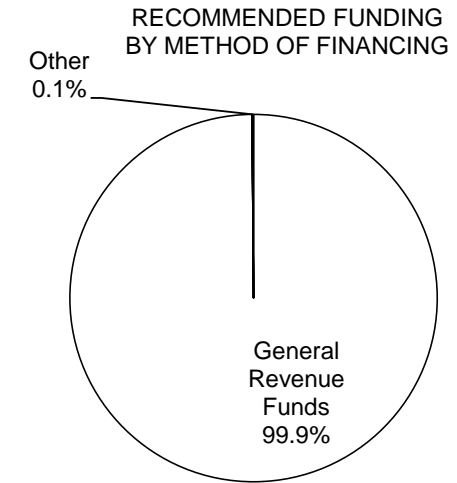


**Higher Education Employees Group Insurance Contributions  
Summary of Recommendations - Senate**

<b>Method of Financing</b>	<b>2010-11 Appropriations</b>	<b>2010-11 Base</b>	<b>2012-13 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>
General Revenue Funds	\$ 1,123,066,327	\$ 1,066,963,012	\$ 951,628,550	\$ (115,334,462)	-10.8%
GR Dedicated Funds	-	-	-	-	0.0%
<i>Total GR-Related Funds</i>	<i>1,123,066,327</i>	<i>1,066,963,012</i>	<i>951,628,550</i>	<i>(115,334,462)</i>	<i>-10.8%</i>
Federal Funds	-	-	-	-	0.0%
Other	\$ 1,322,608	\$ 1,322,608	\$ 1,220,986	\$ (101,622)	-7.7%
<b>All Funds</b>	<b>\$ 1,124,388,935</b>	<b>\$ 1,068,285,620</b>	<b>\$ 952,849,536</b>	<b>\$ (115,436,084)</b>	<b>-10.8%</b>



<b>FTEs</b>	<b>FY 2011 Appropriations</b>	<b>FY 2011 Budgeted</b>	<b>FY 2013 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>
	N/A	N/A	N/A	N/A	N/A

The General Revenue and Fund 006 amounts recommended here represent 100 percent of the direct state contributions appropriated to institutions of higher education for purposes of paying group health insurance premiums. Institutions pay health care premiums proportionally from other fund sources to the degree they receive income from fund sources other than General Revenue and Fund 006. Also, institutions must pay any difference between actual premium cost and appropriated state contributions.

**Higher Education Employees Group Insurance Contributions**

2012-2013 BIENNIUM

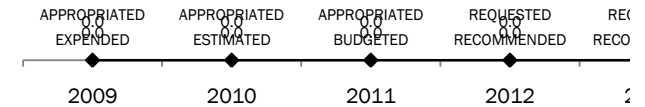
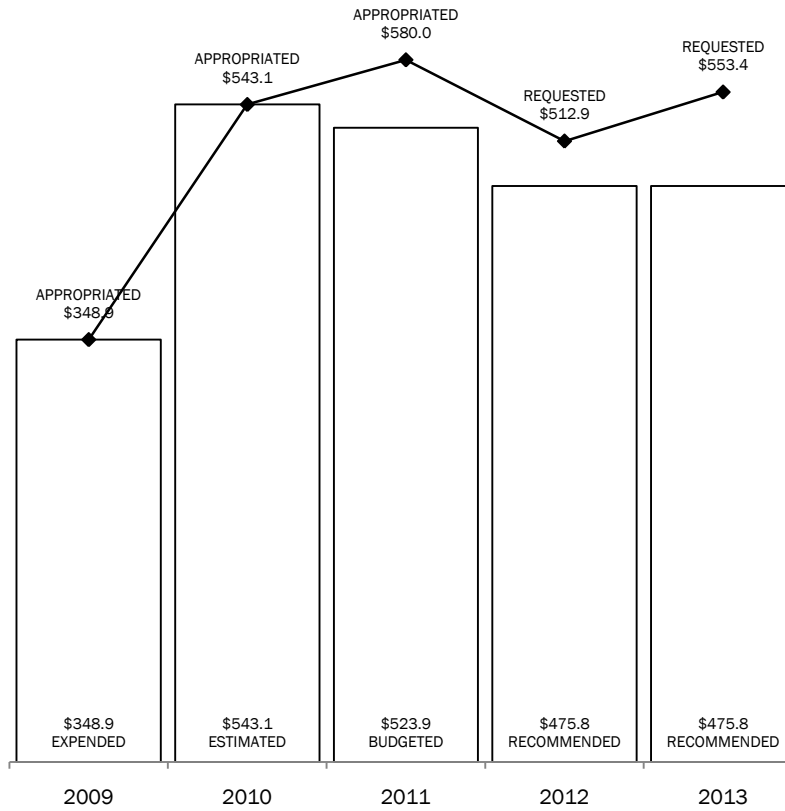
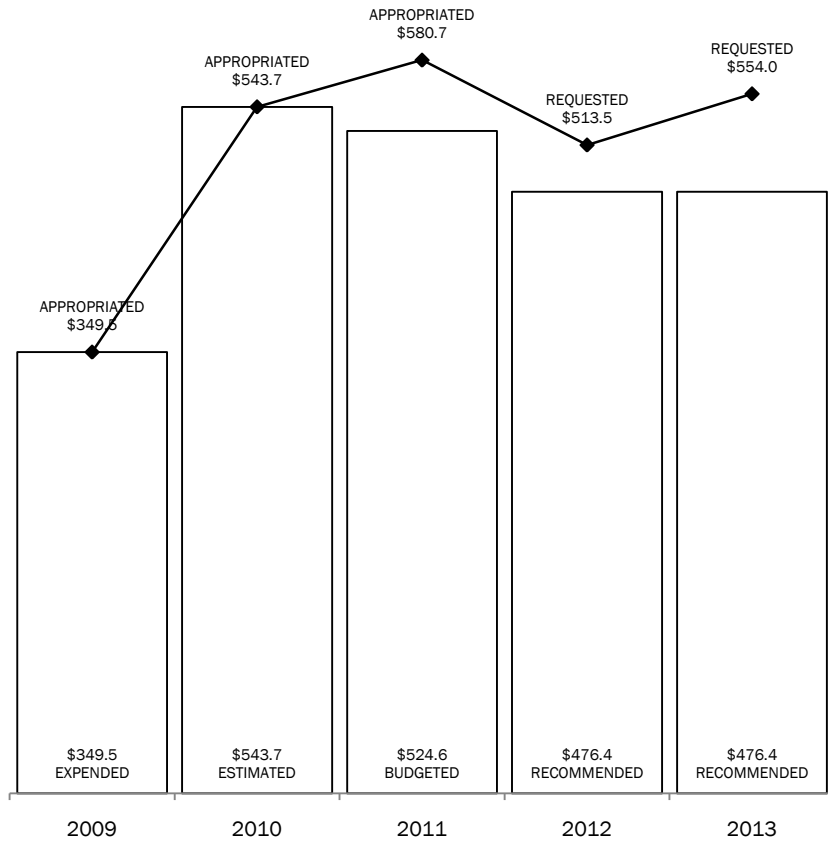
IN MILLIONS

TOTAL= \$952.8 MILLION

**ALL FUNDS**

**GENERAL REVENUE AND  
GENERAL REVENUE-DEDICATED FUNDS**

**FULL-TIME-EQUIVALENT POSITIONS**



**Section 2**

**Higher Education Employees Group Insurance Contributions  
Summary of Recommendations, Senate, By Method of Finance -- All Funds**

Higher Education Institutions	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
University of Texas System	\$ 326,347,599	\$ 332,593,466	\$ 6,245,867	1.9%	State institutions of higher education are funded at 90 percent of ERS premiums. Local institutions of higher education are funded at 50 percent of ERS premiums.
Texas A&M System	\$ 169,075,070	\$ 169,887,586	\$ 812,516	0.5%	
Employees Retirement System	\$ 260,923,890	\$ 251,970,204	\$ (8,953,686)	-3.4%	The enrollment total is based on the last headcount census snapshot from December, 2008. As such, these recommendations do not provide any additional funding for growth in staff.
<b>Subtotal, State Institutions:</b>	<b>\$ 756,346,559</b>	<b>\$ 754,451,256</b>	<b>\$ (1,895,303)</b>	<b>-0.3%</b>	The contribution for the higher education portion of the State Kids Insurance Program (SKIP) is not funded due to the expectation that recent changes in federal health care law would make SKIP participants eligible to participate in the federally-funded Children's Health Insurance Program (CHIP).
Local Institutions, 50 Public Community College Districts	\$ 311,939,061	\$ 198,398,280	\$ (113,540,781)	-36.4%	
<b>Grand Total, All Institutions:</b>	<b>\$ 1,068,285,620</b>	<b>\$ 952,849,536</b>	<b>\$ (115,436,084)</b>	<b>-10.8%</b>	

All of the above Higher Education Group Insurance amounts are General Revenue Fund 001, except for the Texas Forest Service and the Texas Transportation Institute (both agencies within the Texas A&M University System), which in addition to Fund 001 appropriations also receive, respectively, HEGI contributions paid out of the Insurance Company Maintenance Tax Fees Fund 8042 and the State Highway Fund 006. The following amounts for these agencies are included above but are detailed here for informational purposes:

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
<b>Texas Forest Service</b>	<b>\$ 1,000,000</b>	<b>\$ 2,977,086</b>	<b>\$ 1,977,086</b>	<b>197.7%</b>	Increase of 197.7 percent reflects a proportional shift resulting from replacing most of the agency's General Revenue Fund 001 appropriations with Insurance Company Maintenance Tax Fees Fund 8042 appropriations.
<b>Texas Transportation Institute</b>	<b>\$ 1,322,608</b>	<b>\$ 1,220,986</b>	<b>\$ (101,622)</b>	<b>-7.7%</b>	Decrease attributable to a slight drop in Fund 006 enrollment.

**SECTION 2**  
**Higher Education Employees Group Insurance Contributions**  
**Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change
UT - ARLINGTON A.1.1	\$ 21,189,542	\$ 18,436,546	\$ (2,752,996)	-13.0%
UT - AUSTIN A.1.2	50,444,008	47,198,678	(3,245,330)	-6.4%
UT - DALLAS A.1.3	12,477,893	13,840,772	1,362,879	10.9%
UT - EL PASO A.1.4	20,095,626	20,254,160	158,534	0.8%
UT - PAN AMERICAN A.1.5	13,287,562	13,936,410	648,848	4.9%
UT - BROWNSVILLE A.1.6	5,044,096	5,645,230	601,134	11.9%
UT - PERMIAN BASIN A.1.7	3,314,120	3,622,396	308,276	9.3%
UT - SAN ANTONIO A.1.8	19,527,121	20,433,996	906,875	4.6%
UT - TYLER A.1.9	6,011,474	6,166,060	154,586	2.6%
UT SW MEDICAL - DALLAS A.1.10	24,726,834	23,683,222	(1,043,612)	-4.2%
UT MEDICAL - GALVESTON A.1.11	77,262,189	79,843,874	2,581,685	3.3%
UTHSC - HOUSTON A.1.12	24,539,499	30,857,692	6,318,193	25.7%
UTHSC - SAN ANTONIO A.1.13	30,564,166	30,259,694	(304,472)	-1.0%
UT MD ANDERSON A.1.14	12,765,310	12,827,190	61,880	0.5%
UT HEALTH SCIENCE CENTER - TYLER A.1.15	5,008,035	5,499,054	491,019	9.8%
UT SYSTEM ADMINISTRATION A.1.17	90,124	88,492	(1,632)	-1.8%
<b>Total, Goal A, STATE CONTRIBUTION, UT SYSTEM</b>	<b>\$ 326,347,599</b>	<b>\$ 332,593,466</b>	<b>\$ 6,245,867</b>	<b>1.9%</b>
TEXAS A&M UNIVERSITY B.1.1	\$ 51,674,128	\$ 53,568,298	\$ 1,894,170	3.7%
TEXAS A&M UNIVERSITY HEALTH SCIENCE CENTER B.1.2	9,781,617	10,295,332	513,715	5.3%
A&M - GALVESTON B.1.3	2,468,681	2,413,834	(54,847)	-2.2%
PRAIRIE VIEW A&M B.1.4	9,419,334	8,399,700	(1,019,634)	-10.8%
TARLETON STATE UNIVERSITY B.1.5	7,288,963	6,604,220	(684,743)	-9.4%
A&M - CORPUS CHRISTI B.1.6	7,733,372	8,071,080	337,708	4.4%
TEXAS A&M UNIVERSITY- CENTRAL TEXAS B.1.7	-	1,021,986	1,021,986	100.0%
TEXAS A&M UNIVERSITY - SAN ANTONIO B.1.8	-	1,086,786	1,086,786	100.0%
A&M - KINGSVILLE B.1.9	8,859,044	7,779,222	(1,079,822)	-12.2%
A&M - INTERNATIONAL B.1.10	4,117,777	3,820,530	(297,247)	-7.2%
WEST TEXAS A&M B.1.11	7,885,079	7,947,462	62,383	0.8%
TEXAS A&M UNIVERSITY - COMMERCE B.1.12	8,646,818	8,151,908	(494,910)	-5.7%
TEXAS A&M UNIVERSITY - TEXARKANA B.1.13	1,765,520	1,922,828	157,308	8.9%
AG EXPERIMENT STATION B.1.14	15,023,826	15,603,252	579,426	3.9%
COOPERATIVE EXTENSION B.1.15	22,304,111	22,005,016	(299,095)	-1.3%
ENG EXPERIMENT STATION B.1.16	3,624,316	3,320,156	(304,160)	-8.4%
TRANSPORTATION INSTITUTE B.1.17	1,322,608	1,276,088	(46,520)	-3.5%
ENG EXTENSION SERVICE B.1.18	624,136	584,750	(39,386)	-6.3%
TEXAS FOREST SERVICE B.1.19	5,232,431	4,579,990	(652,441)	-12.5%
VET MEDICAL DIAGNOSTIC LAB B.1.20	1,015,660	1,186,196	170,536	16.8%
A&M SYSTEM ADMINISTRATION B.1.21	287,649	248,952	(38,697)	-13.5%
<b>Total, Goal B, STATE CONTRIBUTION, A&amp;M SYSTEM</b>	<b>\$ 169,075,070</b>	<b>\$ 169,887,586</b>	<b>\$ 812,516</b>	<b>0.5%</b>
UNIVERSITY OF HOUSTON C.1.1	\$ 27,265,024	\$ 27,257,104	\$ (7,920)	0.0%
UH - CLEARLAKE C.1.2	5,352,858	5,107,736	(245,122)	-4.6%
UH - DOWNTOWN C.1.3	4,616,428	4,394,236	(222,192)	-4.8%
UH - VICTORIA C.1.4	2,242,193	2,404,796	162,603	7.3%
UH SYSTEM ADMINISTRATION C.1.5	1,088,068	1,283,796	195,728	18.0%
LAMAR UNIVERSITY C.1.6	10,788,951	9,381,480	(1,407,471)	-13.0%
LAMAR INSTITUTE OF TECHNOLOGY C.1.7	1,588,514	1,618,964	30,450	1.9%
LAMAR STATE COLLEGE - ORANGE C.1.18	1,371,562	1,336,220	(35,342)	-2.6%
LAMAR STATE COLLEGE - PORT ARTHUR C.1.19	2,198,876	1,755,308	(443,568)	-20.2%
LAMAR STATE UNIVERSITY C.1.10	8,294,509	8,056,684	(237,825)	-2.9%
ANGELO STATE UNIVERSITY C.1.11	12,875,320	11,315,166	(1,560,154)	-12.1%
SAM HOUSTON STATE UNIV C.1.11	18,950,507	18,974,694	24,187	0.1%
TEXAS STATE UNIVERSITY C.1.12	18,950,507	18,974,694	24,187	0.1%
SULL ROSS STATE UNIVERSITY C.1.13	3,570,558	3,597,292	26,734	0.7%
SULL ROSS STATE- RIO GRANDE COLLEGE C.1.14	659,290	630,960	(28,330)	-4.3%
TEXAS STATE SYSTEM ADMIN C.1.15	247,667	292,080	44,413	17.9%
MIDWESTERN STATE UNIV C.1.16	4,924,824	5,072,000	147,176	3.0%
UNIVERSITY OF NORTH TEXAS C.1.17	29,747,647	33,574,108	3,826,461	12.9%
UNIVERSITY OF NORTH TEXAS - DALLAS C.1.18	-	590,992	590,992	100.0%
UNT HEALTH SCIENCE CENTER C.1.19	8,348,105	7,920,300	(427,805)	-5.1%
STEPHEN F. AUSTIN C.1.20	12,352,079	9,651,842	(2,700,237)	-21.9%
TEXAS SOUTHERN UNIVERSITY C.1.21	8,663,633	9,175,802	512,169	5.9%
TEXAS TECH UNIVERSITY C.1.22	29,838,801	28,872,748	(966,053)	-3.2%
TEXAS TECH HEALTH SCI CTR C.1.23	32,887,495	31,457,676	(1,429,819)	-4.3%
TEXAS WOMAN'S UNIVERSITY C.1.24	11,400,227	10,965,044	(435,183)	-3.8%
TSTC - HARLINGEN C.1.25	3,704,052	3,299,196	(404,856)	-10.9%
TSTC - WEST TEXAS C.1.26	2,314,243	999,810	(1,314,433)	-56.8%
TSTC - WACO C.1.27	5,074,652	4,627,086	(447,566)	-8.8%
TSTC - MARSHALL C.1.28	765,202	838,634	73,432	9.6%
TSTC - SYSTEM ADMIN C.1.29	5,846,245	5,410,126	(436,119)	-7.5%
SKIP CONTRIBUTIONS C.1.31	951,591	-	(951,591)	-100.0%
OPT-OUT CONTRIBUTIONS C.1.32	206,941	164,880	(42,061)	-20.3%
UNIV OF NORTH TEXAS SYSTEM ADMIN C.1.33	1,498,791	809,144	(689,647)	-46.0%
TEXAS TECH UNIVERSITY SYSTEM ADMIN C.1.34	1,289,037	1,134,300	(154,737)	-12.0%
<b>Total, Goal C, STATE CONTRIBUTION, ERS</b>	<b>\$ 260,923,890</b>	<b>\$ 251,970,204</b>	<b>\$ (8,953,686)</b>	<b>-3.4%</b>
PUB COMMUNITY / JR COLLEGES C.1.30	\$ 311,939,061	\$ 198,398,280	\$ (113,540,781)	-36.4%
<b>Grand Total, All Strategies</b>	<b>\$ 1,068,285,620</b>	<b>\$ 952,849,536</b>	<b>\$ (115,436,084)</b>	<b>-10.8%</b>

## Section 3

### Higher Education Employees Group Health Insurance Contributions Selected Fiscal and Policy Issues

1. The allocation of recommended amounts is based on enrollment data submitted by each institution in its respective Legislative Appropriations Request. Institutions will also submit updated enrollment data by March. Should the Legislature opt to use the updated census data, there will be a slight shift in funding among institutions and possibly also in overall appropriations.
2. While premium contributions for general state employees and retirees are funded at 100 percent of premium rates, since fiscal year 2004 the Legislature has provided a lower level of premium contributions for higher education employees. For state institutions of higher education, the state currently pays 97.5 percent of the premium cost for institutions insured within ERS' Group Benefits Program, and 95 percent for components insured within the UT and A&M Systems. Recommended amounts apply a uniform 90 percent premium contribution rate for all state institutions.

For public community/junior colleges, the state currently pays 83 percent of the premium cost for those employees and retirees who are theoretically able to have their salaries paid with General Revenue. Recommended amounts fund a 50 percent premium contribution level for those community college employees and retirees who are theoretically able to have their salaries paid with General Revenue.

3. Recommendations zero-fund the higher education portion of the State Kids Insurance Program (SKIP) to reflect the same recommendation for general state employees SKIP contributions in the Employees Retirement System. The reason for zero-funding SKIP contributions is because recent changes in federal health care legislation presumably would make current SKIP participants eligible to participate in the federally-funded Children's Health Insurance Program.

General Revenue Biennial Totals (By System)								
	2000	2002	2004	2006	2008	2010, Est.	Diff.*	% Change
ERS	54,356	59,307	56,442	56,980	60,714	64,024	3,310	5.5%
UTS	34,229	34,048	33,034	32,255	34,296	34,700	404	1.2%
TAMUS	17,162	17,390	16,296	15,532	16,064	16,833	769	4.8%
<b>TOTAL:</b>	<b>105,747</b>	<b>110,745</b>	<b>105,772</b>	<b>104,767</b>	<b>111,074</b>	<b>115,557</b>	<b>4,483</b>	<b>4.0%</b>

\* Difference is between 2010 & 2008 enrollment.

General Revenue Biennial Totals (By Institution Type)								
	2000	2002	2004	2006	2008	2010, Est.	Diff.*	Percent
JUCOs (Incl. Tx. Southmost)	29,541	32,666	30,716	32,574	34,355	37,761	3,406	9.9%
General Academics	46,809	49,668	46,959	45,538	48,026	48,048	22	0.0%
HRIs (Incl/ TYC/TDCJ)	22,732	21,413	21,303	20,154	21,921	22,806	885	4.0%
TAMUS Services	4,513	4,676	4,405	4,069	4,240	4,420	180	4.2%
TSTC	1,591	1,726	1,725	1,564	1,608	1,671	63	3.9%
Lamars, 2-Year	426	477	483	517	486	475	-11	-2.3%
System Offices (Excl. TSTC)	135	119	181	351	438	376	-62	-14.2%
	<b>105,747</b>	<b>110,745</b>	<b>105,772</b>	<b>104,767</b>	<b>111,074</b>	<b>115,557</b>	<b>4,483</b>	<b>4.0%</b>

Percent Change from Prev. Biennium:

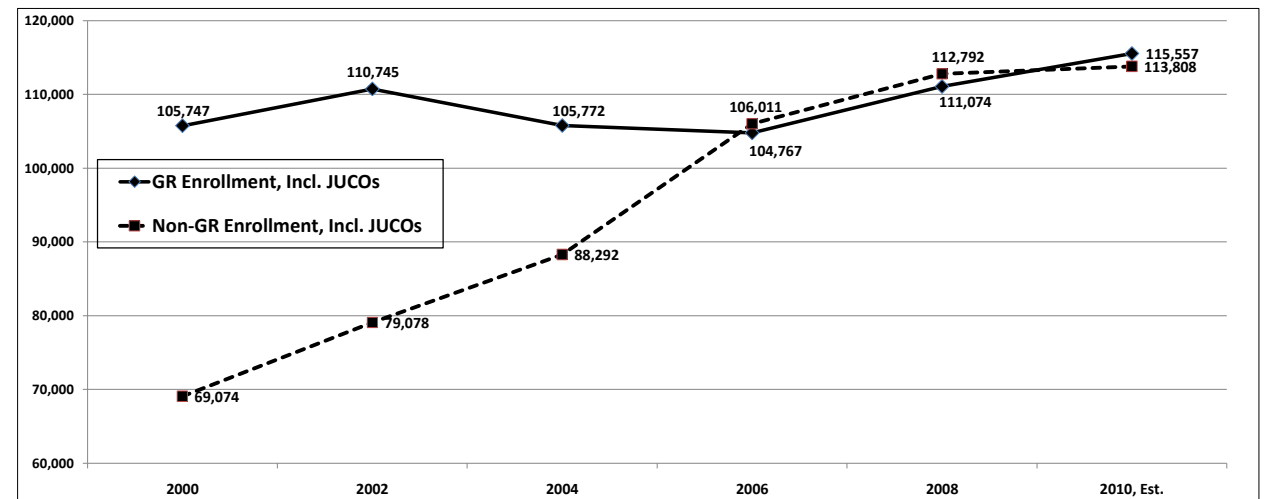
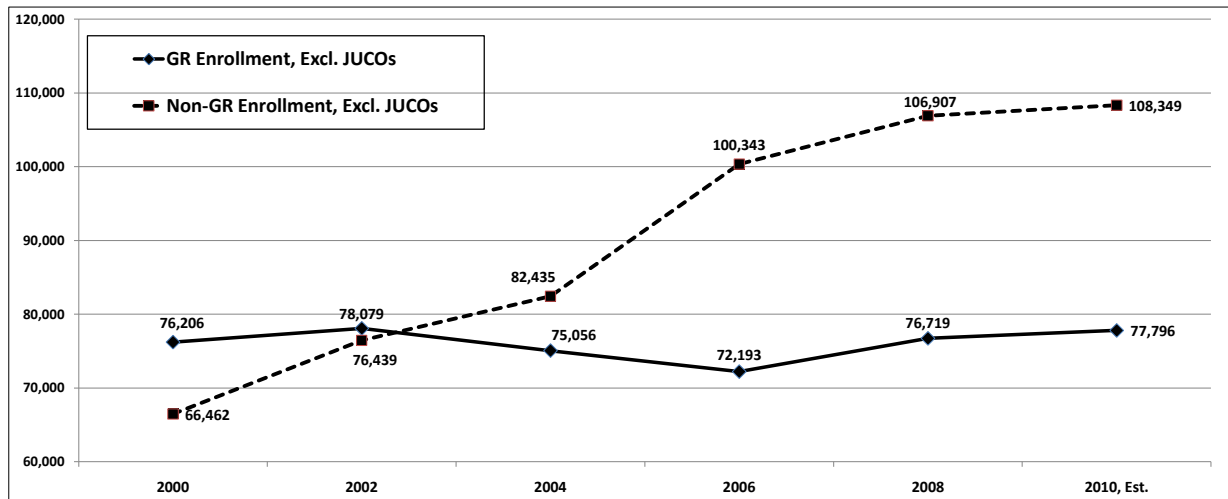
N/A    4.73%    -4.49%    -0.95%    6.02%    4.04%

\* Difference is between 2010 & 2008 enrollment.

All-MOF Biennial Totals (By System)								
	2000	2002	2004	2006	2008	2010, Est.	Diff.*	% Change
ERS	68,801	77,462	80,252	84,126	88,903	92,248	3,345	3.8%
UTS	77,699	81,940	83,987	95,181	102,084	104,302	2,218	2.2%
TAMUS	28,321	30,421	29,825	31,471	32,879	32,815	-64	-0.2%
<b>TOTAL:</b>	<b>174,821</b>	<b>189,823</b>	<b>194,064</b>	<b>210,778</b>	<b>223,866</b>	<b>229,365</b>	<b>5,499</b>	<b>2.5%</b>

\* Difference is between 2010 & 2008 enrollment.

All-MOF Biennial Totals (By Institution Type)								
	2000	2002	2004	2006	2008	2010, Est.	Diff.*	Percent
JUCOs (Incl. Tx. Southmost)	32,153	35,305	36,573	38,242	40,240	43,220	2,980	7.4%
General Academics	81,809	88,597	88,468	95,842	102,529	102,531	2	0.0%
HRIs (Incl/ TYC/TDCJ)	49,702	54,079	57,384	64,479	68,479	70,647	2,168	3.2%
TAMUS Services	7,338	7,868	7,564	7,786	7,938	8,316	378	4.8%
TSTC	1,948	2,215	2,156	2,107	2,168	2,296	128	5.9%
Lamars, 2-Year	742	609	617	675	642	641	-1	-0.2%
System Offices (Excl. TSTC)	1,129	1,150	1,302	1,647	1,870	1,714	-156	-8.3%
	<b>174,821</b>	<b>189,823</b>	<b>194,064</b>	<b>210,778</b>	<b>223,866</b>	<b>229,365</b>	<b>5,499</b>	<b>2.5%</b>



Section 4

Higher Education Employees Group Insurance Contributions (HEGI)  
Performance Review and Policy Report Highlights

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Will be included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

## Section 5

### Higher Education Employee Group Insurance Contributions Rider Highlights

1. Amended Rider 6 (d) **Appropriation Transfers** to reflect a proportional adjustment consistent with the recommended method of finance shift for the Texas Forest Service from General Revenue Fund 01 to General Revenue Fund 8042. (page III-46)



**Section 6**

**Higher Education Employees Group Insurance Contributions  
Items not Included in the Senate Recommendations**

	2012-13 Biennial Total	
	GR & GR- Dedicated	All Funds
<b>1. Public Community/Junior Colleges - Restoration of Baseline Funding</b>	\$ 113,540,781	\$ 113,540,781
<p>Additional funding required to provide state contributions for public community/junior college's health insurance premiums at 2010-11 baseline levels. This amount represents the difference between the recommended HEGI contribution level for community colleges (based on a 50 percent premium contribution level) and the 2010-11 HEGI baseline amount for community colleges.</p>		
<b>2. The University of Texas System (Exceptional Item Request)</b>	\$ 4,336,467	\$ 4,336,467
<p>Budgetary impact of federal health care changes - funding for this Exceptional Item is requested to expand coverage to dependents up to age 26, cover preventive care at 100%, and pay an annual fee required to fund the Patient Centered Outcomes Research Trust Fund.</p>		
<b>3. The Texas A&amp;M University System (Exceptional Item Request)</b>	\$ 2,654,345	\$ 2,654,345
<p>Budgetary impact of federal health care changes - funding for this Exceptional Item is requested to expand coverage to dependents up to age 26, cover preventive care at 100 percent, and pay an annual fee required to fund other federal mandated changes. The total cost associated with these changes is \$5.3 million for the biennium. Of this amount, \$2.65 million is attributable to employees funded from general revenue.</p>		
<b>Total, Items not Included in the Recommendations</b>	<b>\$ 120,531,593</b>	<b>\$ 120,531,593</b>