

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

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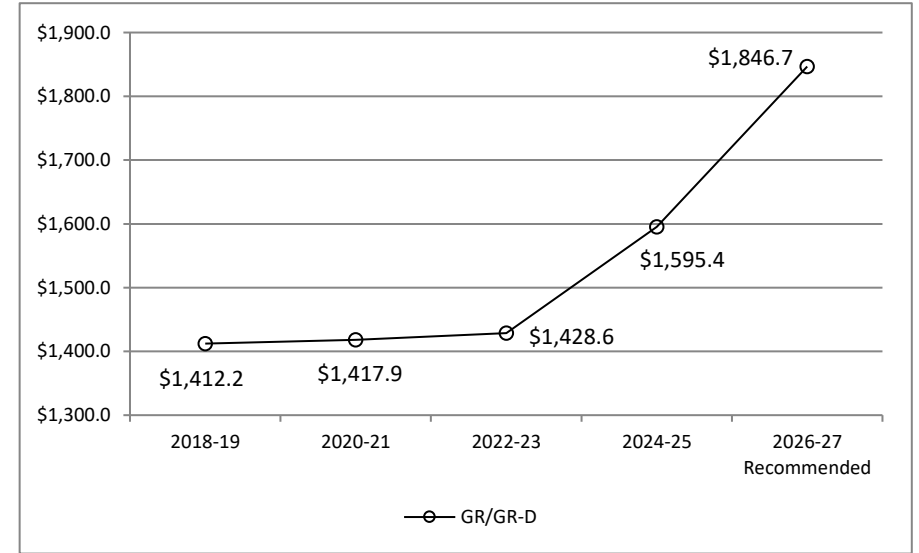
Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,589,210,742	\$1,839,499,202	\$250,288,460	15.7%
GR Dedicated Funds	\$6,164,320	\$7,249,867	\$1,085,547	17.6%
Total GR-Related Funds	\$1,595,375,062	\$1,846,749,069	\$251,374,007	15.8%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$1,595,375,062	\$1,846,749,069	\$251,374,007	15.8%

Agency Budget and Policy Issues and/or Highlights

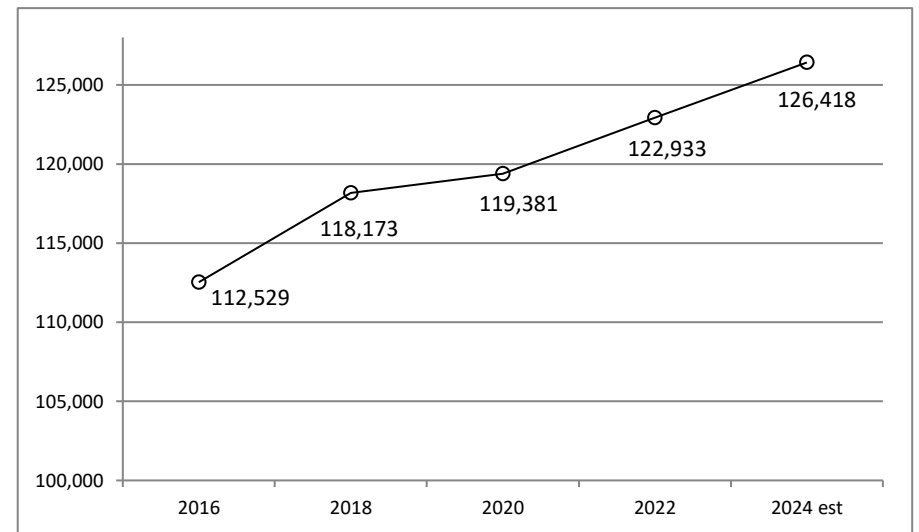
Recommended General Revenue and General Revenue-Dedicated amounts represent the direct state contributions appropriated to institutions of higher education for the purposes of paying group health insurance premiums. Institutions pay health care premiums proportionally from other fund sources to the degree 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 (2026-27 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2026-27 biennium.

Historical Funding Levels (Millions)



Historical General Revenue Funded Employee Headcount



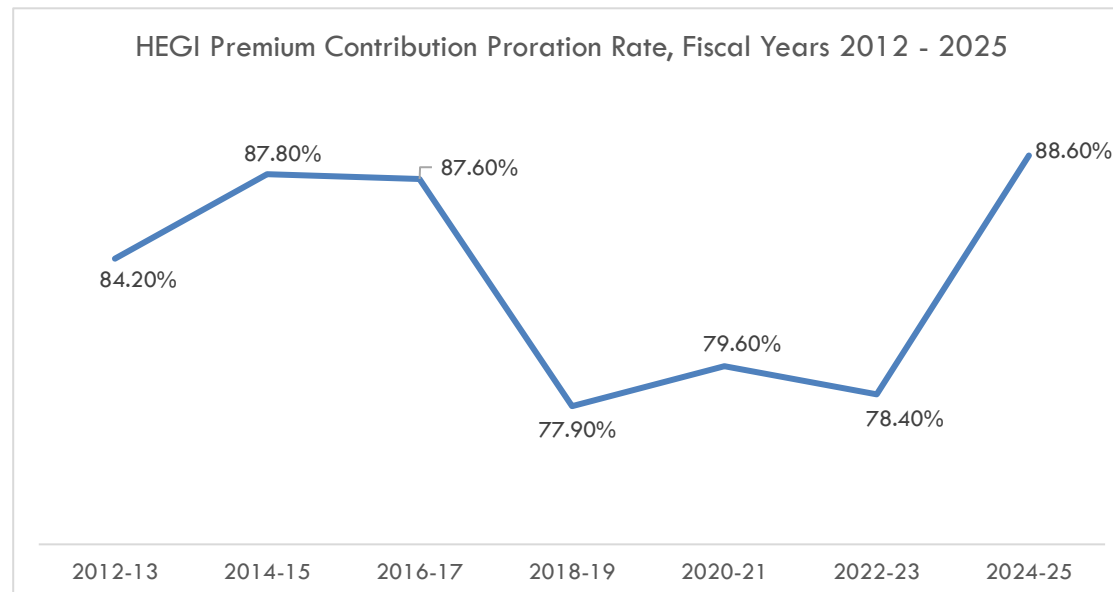
**Higher Education Employees Group Insurance Contributions
Summary of Funding Changes and Recommendations - Senate**

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):							
A)	State Contribution, University of Texas System due to an increase in employee enrollment	\$11.5	\$0.0	\$0.0	\$0.0	\$11.5	Goal A
B)	State Contribution, Texas A&M University System due to an increase in employee enrollment	\$16.3	\$0.3	\$0.0	\$0.0	\$16.6	Goal B
C)	State Contribution, Employee Retirement System - Institutions of Higher Education due to an increase in employee enrollment	\$7.1	\$0.0	\$0.0	\$0.0	\$7.1	Multiple
D)	State Contribution, Employee Retirement System - Community Colleges due to an increase in employee enrollment	\$13.8	\$0.0	\$0.0	\$0.0	\$13.8	C.1.37
E)	State Contribution, all Systems due to an increase in State premium contributions	\$201.7	\$0.8	\$0.0	\$0.0	\$202.5	Multiple
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$250.3	\$1.1	\$0.0	\$0.0	\$251.4	As Listed

NOTE: Totals may not sum due to rounding.

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

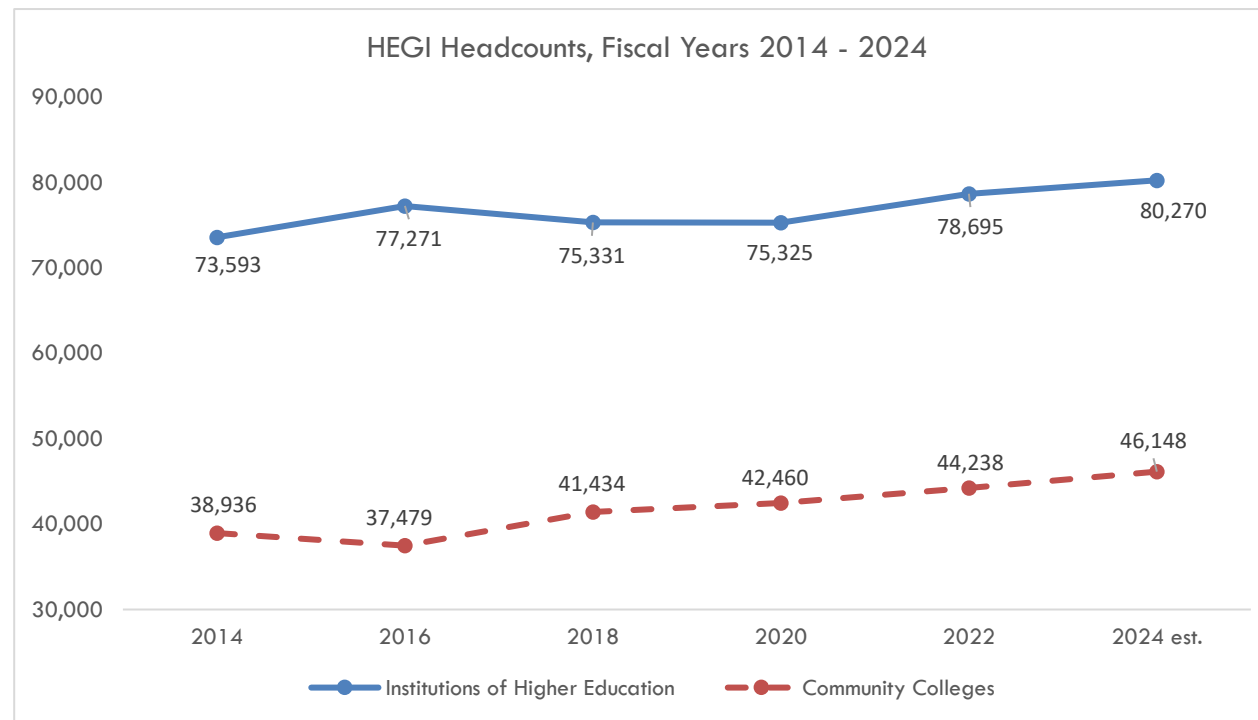
1. **HEGI Data Collection.** Recommendations are based on each institution’s best estimate of actual enrollment as of December 1, 2024, and the institution’s estimate of the General Revenue and General Revenue-Dedicated proportionality likely to be reported in the institution’s fiscal year 2024 Accounting Policy Statement 011 (APS 011) report, as reported in each institution’s Legislative Appropriations Request. Institutions will submit actual enrollment and proportionality in the APS 011 report to the Legislative Budget Board by mid-February for the December 1, 2024 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. Community colleges are not subject to proportionality requirements and therefore do not submit an APS 011 Report.
2. **Contribution Funding.** While premium contributions for general state employees are funded at 100.0 percent of Employee Retirement System (ERS) premium rates, the Legislature has provided a lower, prorated level of premium contributions for higher education employees since fiscal year 2004. **Recommended 2026-27 amounts maintain the 2024-25 proration rate of 88.6 percent for institutions of higher education other than the public community and junior colleges.** The graph below shows the historical proration rates.



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 2.9 percent from the previous biennium; the total number of full-time employees increased by 3.1 percent and the total number of part-time employees increased by 0.8 percent. The number of HEGI-funded employees increased by 2.0 percent; the number of full-time employees increased by 3.2 percent and part-time employees decreased by 17.6 percent.

The total number of HEGI-funded employees at community colleges increased by 4.3 percent; the number of full-time employees increased by 4.5 percent and the number of part-time employees decreased by 21.5 percent.

The graph below shows historical total HEGI-funded employees.



4. **Community College Hold-Harmless Levels.** Government Code, Section 825.404, prohibits the number of community college employees eligible to receive HEGI appropriations from being 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 98.0 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 – 2026-27	Employee Level Hold Harmless
Between 2.0 and 5.0 percent	5	98.0 percent (2.0 percent reduction)
Between 5.0 and 10.0 percent	2	95.0 percent (5.0 percent reduction)
Between 10.0 and 15.0 percent	1	90.0 percent (10.0 percent reduction)
Greater than 15.0	1	85.0 percent (15.0 percent reduction)

Total eligible employee headcount for the 2026-27 biennium is 46,764, a 3.9 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 2024-25 lowers the funded headcount to 46,148.

5. **Funding for ERS Premium Increase.** Recommendations include an increase of \$202.4 million in General Revenue to apply the same increase in premium contributions made by the State for higher education employees as is recommended for general state employees in appropriations made to ERS.

Recommended Plan Year 2025 Premium Contribution Base Rates - 89th Legislature - Senate

HEGI Rates

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

Full-time
Part-time

\$ 624.82	\$ 864.52	\$ 982.82	\$ 1,222.52
\$ 312.41	\$ 432.26	\$ 491.41	\$ 611.26

HEGI - HIGHER EDUCATION INSTITUTIONS

Full-time 88.6% of
Part-time ERS Rates

\$ 553.62	\$ 766.00	\$ 870.82	\$ 1,083.21
\$ 276.81	\$ 383.00	\$ 435.41	\$ 541.60

HEGI - COMMUNITY COLLEGES

Full-time 50.0% of
Part-time ERS Rates

\$ 312.41	\$ 432.26	\$ 491.41	\$ 611.26
\$ 156.21	\$ 216.13	\$ 245.71	\$ 305.63

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

Modification of Existing Riders

The following riders include recommendations to remove obsolete language, make conforming changes such as updating fiscal years and amounts to reflect funding recommendations, and clarify deadlines: Rider 5, Specification of Appropriations; Rider 6, Appropriations Transfers; Rider 7, Unexpended Balances, Higher Education Group Insurance Contributions; Rider 8, Benefits Proportionality Audit Requirement; and Rider 9, HEGI State Premium Contribution Rate.

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

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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 - Senate -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
UT - ARLINGTON A.1.1	\$26,380,100	\$35,541,147	\$9,161,047	34.7%	
UT - AUSTIN A.1.2	\$63,709,035	\$64,058,446	\$349,411	0.5%	
UT - DALLAS A.1.3	\$23,704,173	\$30,561,155	\$6,856,982	28.9%	
UT - EL PASO A.1.4	\$31,367,361	\$36,450,697	\$5,083,336	16.2%	
UT - RIO GRANDE VALLEY A.1.5	\$32,300,289	\$36,570,250	\$4,269,961	13.2%	
UT - PERMIAN BASIN A.1.6	\$5,646,928	\$6,144,025	\$497,097	8.8%	
UT - SAN ANTONIO A.1.7	\$32,861,328	\$33,453,690	\$592,362	1.8%	
UT - TYLER A.1.8	\$8,741,882	\$10,867,971	\$2,126,089	24.3%	
STEPHEN F. AUSTIN A.1.9	\$16,546,338	\$12,912,502	(\$3,633,836)	(22.0%)	
UT SW MEDICAL A.1.10	\$35,817,266	\$41,718,990	\$5,901,724	16.5%	
UTMB - GALVESTON A.1.11	\$112,875,594	\$135,625,852	\$22,750,258	20.2%	
UTHSC - HOUSTON A.1.12	\$55,857,841	\$61,290,787	\$5,432,946	9.7%	
UTHSC - SAN ANTONIO A.1.13	\$51,925,520	\$64,288,354	\$12,362,834	23.8%	
UT MD ANDERSON A.1.14	\$13,206,103	\$15,585,068	\$2,378,965	18.0%	
UT HEALTH SCIENCE CENTER - TYLER A.1.15	\$7,099,341	\$8,299,678	\$1,200,337	16.9%	
UT - AUSTIN DELL MEDICAL SCHOOL A.1.16	\$2,185,486	\$2,557,622	\$372,136	17.0%	
UT- RGV SCHOOL OF MEDICINE A.1.17	\$6,177,948	\$8,206,111	\$2,028,163	32.8%	
UT SYSTEM ADMINISTRATION A.1.18	\$101,725	\$98,186	(\$3,539)	(3.5%)	
Total, Goal A, STATE CONTRIBUTION, UT SYSTEM	\$526,504,258	\$604,230,531	\$77,726,273	14.8%	
TEXAS A&M UNIVERSITY B.1.1	\$87,002,074	\$105,042,720	\$18,040,646	20.7%	
A&M SYSTEM HEALTH SCIENCE CENTER B.1.2	\$20,534,078	\$25,499,946	\$4,965,868	24.2%	
A&M - GALVESTON B.1.3	\$3,612,878	\$4,573,890	\$961,012	26.6%	
PRAIRIE VIEW A&M B.1.4	\$12,807,986	\$16,505,621	\$3,697,635	28.9%	
TARLETON STATE UNIVERSITY B.1.5	\$12,868,714	\$14,879,759	\$2,011,045	15.6%	
A&M - CORPUS CHRISTI B.1.6	\$12,207,046	\$13,454,455	\$1,247,409	10.2%	
TEXAS A&M UNIVERSITY- CENTRAL TEXAS B.1.7	\$2,234,722	\$2,171,252	(\$63,470)	(2.8%)	
TEXAS A&M UNIVERSITY - SAN ANTONIO B.1.8	\$4,616,250	\$4,693,951	\$77,701	1.7%	
A&M - KINGSVILLE B.1.9	\$11,121,182	\$12,151,322	\$1,030,140	9.3%	
A&M - INTERNATIONAL B.1.10	\$6,969,478	\$8,071,070	\$1,101,592	15.8%	
WEST TEXAS A&M B.1.11	\$10,999,468	\$13,197,118	\$2,197,650	20.0%	
EAST TEXAS A&M UNIVERSITY B.1.12	\$14,622,816	\$16,602,000	\$1,979,184	13.5%	

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

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
TEXAS A&M UNIVERSITY - TEXARKANA B.1.13	\$4,510,382	\$5,553,348	\$1,042,966	23.1%	
A&M - AGRILIFE RESEARCH B.1.14	\$22,860,500	\$26,215,360	\$3,354,860	14.7%	
A&M - AGRILIFE EXTENSION B.1.15	\$32,472,334	\$39,505,975	\$7,033,641	21.7%	
A&M - ENG EXPERIMENT STATION B.1.16	\$5,758,260	\$6,668,057	\$909,797	15.8%	
A&M - TRANSPORTATION INSTITUTE B.1.17	\$4,079,522	\$4,999,724	\$920,202	22.6%	
A&M - ENG EXTENSION SERVICE B.1.18	\$1,405,916	\$1,649,725	\$243,809	17.3%	
TEXAS A&M FOREST SERVICE B.1.19	\$9,301,930	\$10,891,276	\$1,589,346	17.1%	
A&M - VET MEDICAL DIAGNOSTIC LAB B.1.20	\$2,277,884	\$2,443,285	\$165,401	7.3%	
A&M SYSTEM ADMINISTRATION B.1.21	\$0	\$612	\$612	100.0%	
A&M- TX DIVISION OF EMERGENCY MGMT B.1.22	\$1,331,632	\$2,378,469	\$1,046,837	78.6%	
Total, Goal B, STATE CONTRIBUTION, A&M SYSTEM	\$283,595,052	\$337,148,935	\$53,553,883	18.9%	

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 (\$3.5 million in fiscal year 2026 and \$3.8 million in fiscal year 2027).

UNIVERSITY OF HOUSTON C.1.1	\$41,880,256	\$47,764,456	\$5,884,200	14.1%	
UH - CLEAR LAKE C.1.2	\$8,825,580	\$9,106,942	\$281,362	3.2%	
UH - DOWNTOWN C.1.3	\$7,597,486	\$8,685,644	\$1,088,158	14.3%	
UH - VICTORIA C.1.4	\$4,094,782	\$4,366,040	\$271,258	6.6%	
UH SYSTEM ADMINISTRATION C.1.5	\$632,658	\$714,793	\$82,135	13.0%	
UH-COLLEGE OF MEDICINE C.1.6	\$1,336,700	\$1,986,026	\$649,326	48.6%	
SAM HOUSTON ST. COLLEGE OF MEDICINE C.1.7	\$83,630	\$1,142,384	\$1,058,754	1,266.0%	
LAMAR UNIVERSITY C.1.8	\$20,139,826	\$22,784,284	\$2,644,458	13.1%	
LAMAR INSTITUTE OF TECHNOLOGY C.1.9	\$3,196,536	\$4,633,881	\$1,437,345	45.0%	
LAMAR STATE COLLEGE - ORANGE C.1.10	\$2,989,110	\$3,337,553	\$348,443	11.7%	
LAMAR STATE COLLEGE - PORT ARTHUR C.1.11	\$3,435,148	\$3,960,962	\$525,814	15.3%	
ANGELO STATE UNIVERSITY C.1.12	\$12,996,372	\$14,713,094	\$1,716,722	13.2%	
MIDWESTERN STATE UNIV C.1.13	\$8,183,602	\$9,672,886	\$1,489,284	18.2%	
SAM HOUSTON STATE UNIV C.1.14	\$19,788,284	\$20,162,347	\$374,063	1.9%	
TEXAS STATE UNIVERSITY C.1.15	\$36,160,506	\$44,535,973	\$8,375,467	23.2%	
SUL ROSS STATE UNIVERSITY C.1.16	\$6,124,868	\$6,058,129	(\$66,739)	(1.1%)	

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

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
SUL ROSS STATE-RIO GRANDE COLLEGE C.1.17	\$635,524	\$701,682	\$66,158	10.4%	
TEXAS STATE SYSTEM ADMIN C.1.18	\$552,758	\$565,630	\$12,872	2.3%	
UNIVERSITY OF NORTH TEXAS C.1.19	\$31,300,298	\$24,498,463	(\$6,801,835)	(21.7%)	
UNIVERSITY OF NORTH TEXAS AT DALLAS C.1.20	\$3,766,234	\$4,829,122	\$1,062,888	28.2%	
UNT HEALTH SCIENCE CENTER C.1.21	\$14,230,426	\$18,322,470	\$4,092,044	28.8%	
STEPHEN F. AUSTIN C.1.22	\$0	\$0	\$0	0.0%	
TEXAS SOUTHERN UNIVERSITY C.1.23	\$11,402,138	\$11,259,772	(\$142,366)	(1.2%)	
TEXAS TECH UNIVERSITY C.1.24	\$51,338,976	\$63,723,244	\$12,384,268	24.1%	
TEXAS TECH HEALTH SCI CTR C.1.25	\$43,457,360	\$51,317,045	\$7,859,685	18.1%	
TEXAS TECH HSC EL PASO C.1.26	\$12,240,588	\$14,074,491	\$1,833,903	15.0%	
TEXAS WOMAN'S UNIVERSITY C.1.27	\$16,679,052	\$19,777,493	\$3,098,441	18.6%	
TSTC - HARLINGEN C.1.28	\$6,301,352	\$7,555,130	\$1,253,778	19.9%	
TSTC - WEST TEXAS C.1.29	\$2,907,052	\$4,570,104	\$1,663,052	57.2%	
TSTC - WACO C.1.30	\$8,178,200	\$9,782,896	\$1,604,696	19.6%	
TSTC - MARSHALL C.1.31	\$1,303,762	\$1,485,836	\$182,074	14.0%	
TSTC - EAST WILLIAMSON COUNTY C.1.32	\$0	\$725,252	\$725,252	100.0%	
TSTC - FT. BEND C.1.33	\$1,155,302	\$1,528,468	\$373,166	32.3%	
TSTC - NORTH TEXAS C.1.34	\$814,846	\$923,741	\$108,895	13.4%	
TSTC - SYSTEM ADMIN C.1.35	\$11,596,992	\$12,918,561	\$1,321,569	11.4%	
UNIV OF NORTH TEXAS SYSTEM ADMIN C.1.36	\$2,128,986	\$2,181,932	\$52,946	2.5%	
TEXAS SOUTHMOST COLLEGE 3.1.102	\$0	\$0	\$0	0.0%	
TEXAS TECH UNIVERSITY SYSTEM ADMIN C.1.37	\$1,794,106	\$1,987,358	\$193,252	10.8%	
PUB COMMUNITY / JR COLLEGES C.1.38	\$386,026,456	\$449,015,519	\$62,989,063	16.3%	
Total, Goal C, STATE CONTRIBUTION, ERS	\$785,275,752	\$905,369,603	\$120,093,851	15.3%	
Grand Total, All Strategies	\$1,595,375,062	\$1,846,749,069	\$251,374,007	15.8%	