

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

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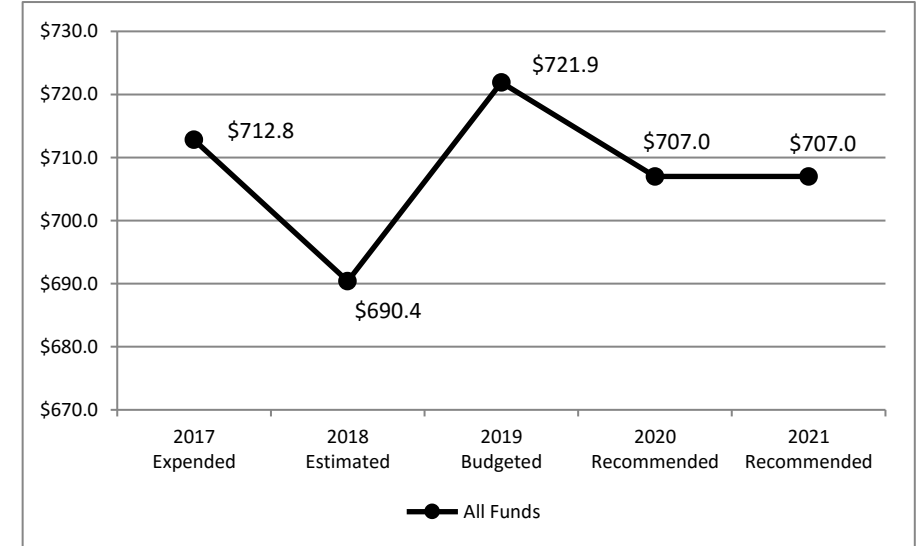
Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,412,228,171	\$1,413,952,442	\$1,724,271	0.1%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$1,412,228,171</i>	<i>\$1,413,952,442</i>	<i>\$1,724,271</i>	<i>0.1%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$1,412,228,171	\$1,413,952,442	\$1,724,271	0.1%

Agency Budget and Policy Issues and/or Highlights

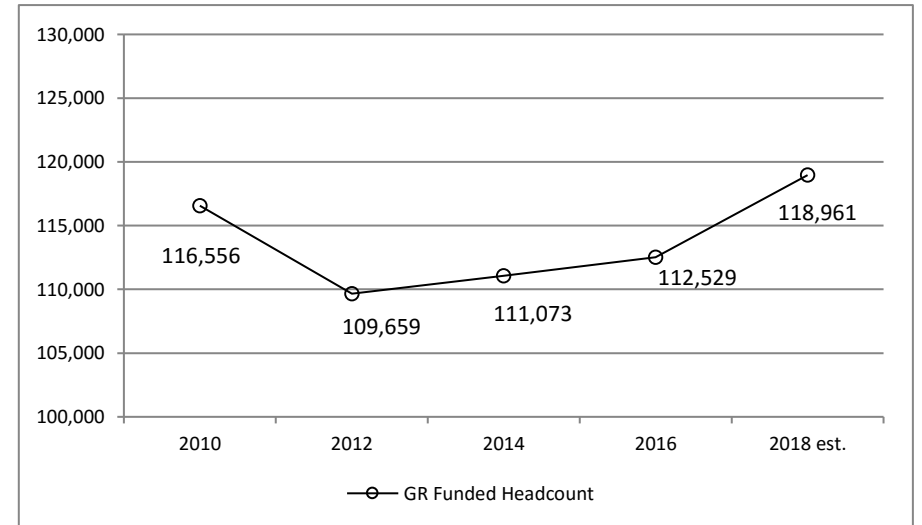
The General Revenue amounts recommended here represent the direct state contributions appropriated to institutions of higher education for the purposes of paying group health insurance premiums. Institutions pay health care premiums proportionally from other fund sources to the degree they receive fund 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 (2020-21 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2020-21 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 2020-21 Biennium compared to the 2018-19 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, UT System	(\$3.9)	\$0.0	\$0.0	\$0.0	(\$3.9)	All Strategies in Goal A
B)	State Contribution, A&M System	\$4.9	\$0.0	\$0.0	\$0.0	\$4.9	All Strategies in Goal B
C)	State Contribution, ERS	(\$1.0)	\$0.0	\$0.0	\$0.0	(\$1.0)	Strategies C.1.1 - C.1.35
D)	State Contribution, Community Colleges	\$1.7	\$0.0	\$0.0	\$0.0	\$1.7	C.1.36
TOTAL SIGNIFICANT Funding Changes and Recommendations (in millions)		\$1.7	\$0.0	\$0.0	\$0.0	\$1.7	As Listed
<i>SIGNIFICANT Funding Increases</i>		\$6.6	\$0.0	\$0.0	\$0.0	\$6.6	As Listed
<i>SIGNIFICANT Funding Decreases</i>		(\$4.9)	\$0.0	\$0.0	\$0.0	(\$4.9)	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 Assumptions.** Recommendations are based on each institution’s best estimate of actual enrollment as of December 1, 2018, and the institution’s estimate of the General Revenue and General Revenue-Dedicated proportionality likely to be reported in the institution’s fiscal year 2018 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, 2018 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 2020-21 amounts maintain the 2018-19 General Revenue funding levels of \$1.05 billion for institutions of higher education other than the public community and junior colleges. LBB recommendations are consistent with the recommendations for ERS’ general state employees by maintaining Fiscal Year 2019 rates for the 2020-21 biennium.

Senate Bill (SB) 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 0.47 percent increase over 2018-19 General Revenue funding levels. Please see Section 3a for a comparison of different proration rates and the resulting funding compared to the recommended 2020-21 funding level.

3. **Employee Headcount Trends.** For institutions of higher education (excluding community colleges), the total number of employees increased by 1.0 percent from the previous biennium and the number of General Revenue funded employees decreased by 5.4 percent from the previous biennium. For community colleges, the total number of employees increased by 1.8 percent and the number of Instructional and Administrative (I&A) employees increased by 3.0 percent.
4. **Community College Petition Process.** SB 1812 also stipulates that the number of community college employees eligible to receive HEGI contributions may not be adjusted in a proportion greater than the change in student enrollment at each institution. Institutions that experience a decline in enrollment 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 includes maintaining hold harmless employee levels consistent with funding decisions in the 84th and 85th Legislatures. The following table provides a summary of the number of community college districts that fall within four ranges of enrollment decline and the recommended employee level hold harmless percentage applied to those districts.

Percent Decline in Enrollment	Number of Districts	Employee Level Hold Harmless
More than 2, up to 5 percent	9	98 percent (2 percent reduction)
More than 5, up to 10 percent	7	95 percent (5 percent reduction)
More than 10, up to 15 percent	3	90 percent (10 percent reduction)
More than 15 percent	0	85 percent (15 percent reduction)

Total eligible employee headcount for the 2020-21 biennium is 42,951, a 3.0 percent increase from the previous biennium. Student enrollment, which is measured in contact hours, increased by 1.1 percent from the previous biennium. Because the eligible employee headcount changed at a rate greater than the change in student enrollment, the number of eligible employees lowers to 41,369, a decrease of 3.7 percent.

5. **Kilgore College HEGI Appropriation Shortfall.** Following the 85th Legislature, Kilgore College notified the LBB that its HEGI appropriation was based on inaccurate data, which resulted in the institution being under-appropriated HEGI funding for the 2018-19 biennium. Based on analysis of corrected data, Kilgore College received approximately \$1.2 million less General Revenue due to the incorrect data.

The institution has requested a supplemental appropriation of this amount for 2020-21. The following table provides a summary of the appropriation shortfall.

HEGI Appropriations for Kilgore College

	FY 2018	FY 2019	Total
General Appropriations Act, 85th Legislature	\$1,744,916	\$1,824,430	\$3,569,346
Recalculated Appropriation Using Correct Data	\$2,530,260	\$2,457,324	\$4,807,584
Difference:	\$605,344	\$632,894	\$1,238,238

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

2020-21 Recommendations

	2018	2019	Biennium	2020	2021	Biennium	Biennial Percent Change
UT	\$ 221,768,401	\$ 231,886,369	\$ 453,654,770	\$ 224,873,244	\$ 224,873,246	\$ 449,746,490	(0.9%)
TAMU	\$ 116,108,763	\$ 121,406,109	\$ 237,514,872	\$ 121,194,488	\$ 121,194,488	\$ 242,388,976	2.1%
ERS – IHE	\$ 174,091,294	\$ 182,028,160	\$ 356,119,454	\$ 177,576,817	\$ 177,576,817	\$ 355,153,634	(0.3%)
Community Colleges	\$ 178,406,837	\$ 186,532,234	\$ 364,939,071	\$ 183,331,671	\$ 183,331,671	\$ 366,663,342	0.5%
Total	\$690,375,295	\$721,852,872	\$1,412,228,167	\$706,976,220	\$706,976,222	\$1,413,952,442	0.1%

Proration Rate Comparison*

	2006-07	2008-09	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21
UT	87.5%	97.5%	97.5%	85.8%	89.4%	89.2%	74.27%	81.3%
TAMU	87.5%	95.0%	95.0%	83.4%	87.0%	86.8%	74.27%	81.3%
ERS – IHE	87.5%	95.0%	95.0%	83.4%	87.0%	86.8%	74.72%	81.7%
Community Colleges	87.5%	90.0%	83.0%	42.1%	50.0%	50.0%	50.0%	50.0%

Estimated Savings by Funding All Institutions at 2018-19 Premium Rates

	2020	2021	Biennium	Increase/(Decrease) from Recommendations
UT (74.267%)	\$ 205,507,015	\$ 205,507,015	\$ 411,014,030	\$ (38,732,460)
TAMU (74.267%)	\$ 110,757,138	\$ 110,757,138	\$ 221,514,276	\$ (20,874,700)
ERS – IHE (74.717%)	\$ 162,376,159	\$ 162,376,159	\$ 324,752,318	\$ (30,401,316)
Total	\$ 478,640,312	\$ 478,640,312	\$ 957,280,624	\$ (90,008,476)

Estimated Cost to Fund All Institutions at “Full” ERS Premium Rate

	2020	2021	Biennium	Increase/(Decrease) from Recommendations
UT (100%)	\$ 276,713,647	\$ 276,713,644	\$ 553,427,291	\$ 103,680,801
TAMU (100%)	\$ 149,133,647	\$ 149,133,647	\$ 298,267,294	\$ 55,878,318
ERS – IHE (100%)	\$ 217,289,263	\$ 217,289,263	\$ 434,578,526	\$ 79,424,892
Total	\$ 643,136,557	\$ 643,136,554	\$ 1,286,273,111	\$ 238,984,011

Recommended Plan Year 2019 Premium Contribution Base Rates: 86th Legislature* - Senate

		Employee Only	Employee & Child	Employee & Spouse	Employee & Family
ERS - "FULL" RATES (100%)					
Full-time		\$ 624.82	\$ 864.52	\$ 982.82	\$ 1,222.52
Part-time		\$ 312.41	\$ 432.26	\$ 491.41	\$ 611.26
ERS HEGI - HIGHER EDUCATION INSTITUTIONS					
Full-time	81.72% of ERS Rates	\$ 510.58	\$ 706.45	\$ 803.12	\$ 998.99
Part-time		\$ 255.29	\$ 353.22	\$ 401.56	\$ 499.50
UT SYSTEM					
Full-time	81.27% of ERS Rates	\$ 507.76	\$ 702.56	\$ 798.70	\$ 993.49
Part-time		\$ 253.88	\$ 351.28	\$ 399.35	\$ 496.74
A&M SYSTEM					
Full-time	81.27% of ERS Rates	\$ 507.76	\$ 702.56	\$ 798.70	\$ 993.49
Part-time		\$ 253.88	\$ 351.28	\$ 399.35	\$ 496.74
ERS HEGI - COMMUNITY COLLEGES					
Full-time	50.0% of ERS Rates	\$ 312.41	\$ 432.26	\$ 491.41	\$ 611.26
Part-time		\$ 156.21	\$ 216.13	\$ 245.71	\$ 305.63

*2019 rates will not increase in fiscal years 2020 or 2021.

**Higher Education Employees Group Insurance Contributions
Items Not Included in Recommendations - Senate**

	2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
	GR & GR-D	All Funds	FTEs			

Agency Rider Requests Not Included

1)	The University of Texas System Administration requests that requirements to conduct and report internal audits of benefits proportionality be made optional.	N/A	N/A	0.0	No	No	N/A
2)	The Texas Tech University System Administration requests that requirements to conduct and report internal audits of benefits proportionality be made optional.	N/A	N/A	0.0	No	No	N/A
3)	The Texas State University System Administration requests that requirements to conduct and report internal audits of benefits proportionality be made optional.	N/A	N/A	0.0	No	No	N/A

**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	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
UT - ARLINGTON A.1.1	\$24,459,804	\$24,702,060	\$242,256	1.0%	
UT - AUSTIN A.1.2	\$58,969,475	\$57,303,197	(\$1,666,278)	(2.8%)	
UT - DALLAS A.1.3	\$18,644,838	\$17,201,884	(\$1,442,954)	(7.7%)	
UT - EL PASO A.1.4	\$26,297,744	\$28,780,826	\$2,483,082	9.4%	
UT - RIO GRANDE VALLEY A.1.5	\$32,537,510	\$28,113,531	(\$4,423,979)	(13.6%)	
UT - PERMIAN BASIN A.1.6	\$4,983,458	\$4,800,984	(\$182,474)	(3.7%)	
UT - SAN ANTONIO A.1.7	\$27,967,817	\$26,467,866	(\$1,499,951)	(5.4%)	
UT - TYLER A.1.8	\$9,632,347	\$7,421,718	(\$2,210,629)	(23.0%)	
UT SW MEDICAL A.1.9	\$33,481,766	\$31,274,466	(\$2,207,300)	(6.6%)	
UTMB - GALVESTON A.1.10	\$111,293,340	\$114,844,211	\$3,550,871	3.2%	
UTHSC - HOUSTON A.1.11	\$42,213,967	\$46,521,188	\$4,307,221	10.2%	
UTHSC - SAN ANTONIO A.1.12	\$38,654,277	\$37,889,050	(\$765,227)	(2.0%)	
UT MD ANDERSON A.1.13	\$15,579,893	\$13,947,273	(\$1,632,620)	(10.5%)	
UT HEALTH SCIENCE CENTER - TYLER A.1.14	\$8,938,538	\$10,478,236	\$1,539,698	17.2%	
UT SYSTEM ADMINISTRATION A.1.16	\$0	\$0	\$0	0.0%	
Total, Goal A, STATE CONTRIBUTION, UT SYSTEM	\$453,654,774	\$449,746,490	(\$3,908,284)	(0.9%)	Although the number of employees of UT System institutions increased by 3.5 percent from the previous biennium, the number of GR eligible employees decreased by 6.0 percent.
TEXAS A&M UNIVERSITY B.1.1	\$71,530,727	\$78,413,750	\$6,883,023	9.6%	
A&M SYSTEM HEALTH SCIENCE CENTER B.1.2	\$15,904,304	\$16,447,394	\$543,090	3.4%	
A&M - GALVESTON B.1.3	\$3,849,294	\$3,896,356	\$47,062	1.2%	
PRAIRIE VIEW A&M B.1.4	\$10,930,081	\$11,107,878	\$177,797	1.6%	
TARLETON STATE UNIVERSITY B.1.5	\$10,344,709	\$10,269,458	(\$75,251)	(0.7%)	
A&M - CORPUS CHRISTI B.1.6	\$10,231,967	\$9,845,832	(\$386,135)	(3.8%)	
TEXAS A&M UNIVERSITY- CENTRAL TEXAS B.1.7	\$2,019,205	\$1,848,004	(\$171,201)	(8.5%)	
TEXAS A&M UNIVERSITY - SAN ANTONIO B.1.8	\$3,573,942	\$3,621,752	\$47,810	1.3%	

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

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
A&M - KINGSVILLE B.1.9	\$9,279,507	\$9,761,214	\$481,707	5.2%	
A&M - INTERNATIONAL B.1.10	\$5,714,575	\$5,791,498	\$76,923	1.3%	
WEST TEXAS A&M B.1.11	\$9,637,727	\$10,021,364	\$383,637	4.0%	
TEXAS A&M UNIVERSITY - COMMERCE B.1.12	\$12,309,422	\$12,339,780	\$30,358	0.2%	
TEXAS A&M UNIVERSITY - TEXARKANA B.1.13	\$3,394,969	\$3,487,008	\$92,039	2.7%	
A&M - AGRILIFE RESEARCH B.1.14	\$18,113,020	\$19,162,378	\$1,049,358	5.8%	
A&M - AGRILIFE EXTENSION B.1.15	\$27,074,416	\$28,174,446	\$1,100,030	4.1%	
A&M - ENG EXPERIMENT STATION B.1.16	\$4,603,143	\$4,787,428	\$184,285	4.0%	
A&M - TRANSPORTATION INSTITUTE B.1.17	\$2,316,192	\$2,473,222	\$157,030	6.8%	
A&M - ENG EXTENSION SERVICE B.1.18	\$7,765,685	\$1,372,340	(\$6,393,345)	(82.3%)	
TEXAS A&M FOREST SERVICE B.1.19	\$7,947,937	\$8,561,554	\$613,617	7.7%	
A&M - VET MEDICAL DIAGNOSTIC LAB B.1.20	\$974,050	\$1,006,320	\$32,270	3.3%	
A&M SYSTEM ADMINISTRATION B.1.21	\$0	\$0	\$0	0.0%	
Total, Goal B, STATE CONTRIBUTION, A&M SYSTEM	\$237,514,872	\$242,388,976	\$4,874,104	2.1%	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 Insurance Company Maintenance Tax Fees and Insurance Department Fund 8042 (\$2.9 million in fiscal year 2020 and \$2.9 million in fiscal year 2021).
UNIVERSITY OF HOUSTON C.1.1	\$32,443,265	\$34,001,472	\$1,558,207	4.8%	
UH - CLEAR LAKE C.1.2	\$7,496,040	\$7,585,698	\$89,658	1.2%	
UH - DOWNTOWN C.1.3	\$6,254,307	\$5,307,158	(\$947,149)	(15.1%)	
UH - VICTORIA C.1.4	\$4,083,799	\$3,483,898	(\$599,901)	(14.7%)	
UH SYSTEM ADMINISTRATION C.1.5	\$987,863	\$532,122	(\$455,741)	(46.1%)	
LAMAR UNIVERSITY C.1.6	\$17,436,622	\$16,498,318	(\$938,304)	(5.4%)	
LAMAR INSTITUTE OF TECHNOLOGY C.1.7	\$2,753,852	\$2,489,286	(\$264,566)	(9.6%)	
LAMAR STATE COLLEGE - ORANGE C.1.8	\$2,085,968	\$2,214,112	\$128,144	6.1%	

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

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
LAMAR STATE COLLEGE - PORT ARTHUR C.1.9	\$2,784,818	\$2,702,852	(\$81,966)	(2.9%)	
ANGELO STATE UNIVERSITY C.1.10	\$10,012,663	\$10,423,822	\$411,159	4.1%	
SAM HOUSTON STATE UNIV C.1.11	\$15,448,230	\$19,180,970	\$3,732,740	24.2%	
TEXAS STATE UNIVERSITY C.1.12	\$26,773,851	\$29,313,976	\$2,540,125	9.5%	
SUL ROSS STATE UNIVERSITY C.1.13	\$5,149,401	\$4,748,328	(\$401,073)	(7.8%)	
SUL ROSS STATE-RIO GRANDE COLLEGE C.1.14	\$717,743	\$592,992	(\$124,751)	(17.4%)	
TEXAS STATE SYSTEM ADMIN C.1.15	\$231,973	\$311,832	\$79,859	34.4%	
MIDWESTERN STATE UNIV C.1.16	\$6,824,242	\$7,279,126	\$454,884	6.7%	
UNIVERSITY OF NORTH TEXAS C.1.17	\$30,202,362	\$30,005,352	(\$197,010)	(0.7%)	
UNIVERSITY OF NORTH TEXAS AT DALLAS C.1.18	\$2,901,128	\$2,339,512	(\$561,616)	(19.4%)	
UNT HEALTH SCIENCE CENTER C.1.19	\$13,414,068	\$13,493,526	\$79,458	0.6%	
STEPHEN F. AUSTIN C.1.20	\$13,752,870	\$12,587,144	(\$1,165,726)	(8.5%)	
TEXAS SOUTHERN UNIVERSITY C.1.21	\$10,810,907	\$10,272,470	(\$538,437)	(5.0%)	
TEXAS TECH UNIVERSITY C.1.22	\$40,705,988	\$43,579,188	\$2,873,200	7.1%	
TEXAS TECH HEALTH SCI CTR C.1.23	\$37,688,235	\$39,485,258	\$1,797,023	4.8%	
TEXAS TECH HSC EL PASO C.1.24	\$9,816,901	\$10,423,856	\$606,955	6.2%	
TEXAS WOMAN'S UNIVERSITY C.1.25	\$14,545,164	\$13,775,118	(\$770,046)	(5.3%)	
TSTC - HARLINGEN C.1.26	\$5,002,385	\$5,925,974	\$923,589	18.5%	
TSTC - WEST TEXAS C.1.27	\$2,259,540	\$2,497,104	\$237,564	10.5%	
TSTC - WACO C.1.28	\$6,223,228	\$7,302,744	\$1,079,516	17.3%	
TSTC - MARSHALL C.1.29	\$989,746	\$1,339,656	\$349,910	35.4%	
TSTC - FT. BEND C.1.30	\$447,566	\$789,396	\$341,830	76.4%	
TSTC - NORTH TEXAS C.1.31	\$362,029	\$515,460	\$153,431	42.4%	
TSTC - SYSTEM ADMIN C.1.32	\$16,483,363	\$10,482,556	(\$6,000,807)	(36.4%)	
UNIV OF NORTH TEXAS SYSTEM ADMIN C.1.33	\$7,590,166	\$2,149,900	(\$5,440,266)	(71.7%)	
TEXAS SOUTHMOST COLLEGE C.1.34	\$0	\$0	\$0	0.0%	
TEXAS TECH UNIVERSITY SYSTEM ADMIN C.1.35	\$1,439,171	\$1,523,458	\$84,287	5.9%	
PUB COMMUNITY / JR COLLEGES C.1.36	\$364,939,071	\$366,663,342	\$1,724,271	0.5%	

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

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
Total, Goal C, STATE CONTRIBUTION, ERS	\$721,058,525	\$721,816,976	\$758,451	0.1%	
Grand Total, All Strategies	\$1,412,228,171	\$1,413,952,442	\$1,724,271	0.1%	