LEE COLLEGE

MEETING OF THE BOARD OF REGENTS
LEE COLLEGE DISTRICT
BOARD BUDGET WORKSHOP
June 18, 2026

The Board of Regents of the Lee College District met on June 18, 2026, at 5:02 p.m. at John B. Tucker Hall. Vice Chair Warford called the meeting to order stating that the meeting was duly posted and a quorum was present.

PRESENT: Pam Warford, Vice Chair; Mark Himsel, Secretary; Gina Guillory, Assistant Secretary; Weston Cotten; Daryl Fontenot; Mark Hall; Judy Jirrels

Jacob Atkin, Interim President

VIRTUAL: Gilbert Santana, Chairman; Heron Thomas

WORKSHOP – FY 2027 BUDGET

Mr. Atkin stated the workshop today will discuss revenues:

- Ways the college generates revenue
- Expectations as of today for total potential revenue for the next fiscal year

Reviewing the FY 2027 budget development timeline, Mr. Atkin said a workshop on July 23 will involve presentation of a first budget proposal, followed in August by proposal of a final budget for adoption, and in September by the process of adoption of a tax rate.

Reviewing current-year revenues, Mr. Atkin said collection of prior-year taxes, and tuition & fee revenue, both have exceeded expectations. Top three sources of revenue for the college are local property taxes, state appropriations and tuition & fees, he noted. On a five-year analysis of revenue growth, he specifically pointed out the revenue increase from FY 2023 to FY 2024 that resulted from implementation by the state of HB 8.

Discussing ad valorem taxes – the college's largest source of funding – Mr. Atkin explained the difference between the Maintenance & Operations (M&O) portion of the levy, and the Interest & Sinking (I&S) portion of the levy, along with restrictions on each. Also, he explained the "Voter Approval Rate," which would trigger a public election to approve or reject a proposed tax rate, and factors that affect calculation of that rate each year. He presented and discussed a five-year analysis of Lee College's ad valorem tax rate and collections, as well as a comparison of FY 2026 tax rates levied by community colleges in the Gulf Coast Region.

Mr. Atkin presented and discussed additional tax rate information as follows:

- Lee College total tax rate graph, showing decreases from FY 2014 through FY 2026
- Tax rate comparisons for FY 2020 & FY 2026 for Gulf Coast Region community colleges
- History of Lee College tax rate, property values and collections from FY 2015-2026

Presenting the college's bond debt repayment schedule, Mr. Atkin noted payments are not necessarily equal from one year to the next, and can fluctuate significantly. For example, in FY

2029, the college will begin paying on loan principal, and therefore plans must be made to ensure the I&S portion of the tax rate is sufficient at that time, he said.

Discussing property values from Harris and Chambers counties, Mr. Atkin showed FY 2026 fluctuations between preliminary values received in the spring and certified values provided in the fall, and noted the resulting loss (or potential gain) of significant revenue for the college. He then explained property tax exemptions that are in place – homestead, and over 65 or disability.

Outlining impact of a 5% property value increase, or a one-cent change in the tax rate, on both a homeowner and a commercial property owner, Mr. Atkin explained the significant impact such changes have on college revenue, while effects are more nominal by comparison to taxpayers, especially a homeowner. For FY 2027, a significant increase in property valuations does not appear likely; if the college desires to generate new revenue through ad valorem taxes, a tax rate increase may be required, Mr. Atkin said.

Turning to state appropriations, Mr. Atkin contrasted the favorable results of the last few years for Lee College under the HB 8 model, with the "radical changes" to come for FY 2027 that will have "massive (negative) impact." He cited a June 16 letter from the President & CEO of Texas Association of Community Colleges to the Texas Higher Education Coordinating Board's Commissioner of Education that decries wide sweeping detrimental impacts of these changes on all community colleges. As a system, community colleges are doing exactly what the Legislature asked them to do, Mr. Atkin said, yet are faced with funding reductions as a result. For Lee College, a $4 million loss in state funding is anticipated – $20.1 million in FY 2026 down to $16.1 million for FY 2027. Top priority now for the Administration is to consider budget cuts to offset these reductions, yet still provide a cost-of-living pay increase for employees, he said.

Moving on to tuition & fees, Mr. Atkin cited a May 27 letter from Gov. Greg Abbott calling on institutions of higher education to continue to freeze tuition & fees, effectively blocking a means of offsetting funds lost elsewhere. Not only does Texas have the fifth-lowest average community college tuition & fees of any U.S. state, but also Lee College is even lower than the state average, Mr. Atkin said. While saying he is glad that Lee College tries to maintain affordable tuition, Mr. Atkin noted most students would not notice a 2-3% tuition increase because for most students, federal financial aid such as a Pell grant is more than sufficient to cover that expense. For the current year, college officials project $18.5 million in tuition & fee revenue; because huge growth in enrollment is not expected, the college will budget that same amount for FY 2027, he said.

Mr. Atkin touched briefly on Other Revenues, which he said comprise a small portion – less than 10% – of the college budget.

Concluding, Mr. Atkin said the Administration at this time plans to budget total revenue of $83.3 million for FY 2027, which is $3.3 million less than total revenue of $86.6 million budgeted for FY 2026. A 3% cost-of-living increase for employees would cost about $1.3 million – in order also to provide this, the college actually needs to find $4.6 million in budget cuts, he said.

During Q&A that ensued, topics discussed included the following:

- Possible availability of any increased funds received by college since HB 8 implemented
- Aggressive pushback expected against Governor's call for continued tuition & fees freeze
- Data to show for how many students a Pell grant would/wouldn't cover a tuition increase
- Ad valorem taxes as perhaps the Board's sole means to generate additional revenue

MATTERS OF CONCERN FOR FUTURE AGENDAS

None.

Adjournment

Vice Chair Warford declared the meeting adjourned at 6:08 p.m.

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Chairman, Board of Regents

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Secretary, Board of Regents