LEE COLLEGE

MEETING OF THE BOARD OF REGENTS
LEE COLLEGE DISTRICT
SPECIAL BOARD MEETING – Budget Workshop
May 29, 2025

The Board of Regents of the Lee College District met on May 29, 2025, at 6:00 p.m. at John B. Tucker Hall. Chairman Santana called the meeting to order stating that the meeting was duly posted and a quorum was present.

PRESENT: Gilbert Santana, Chairman; Pam Warford, Vice Chair; Mark Himsel, Secretary; Gina Guillory, Assistant Secretary; Daryl Fontenot, Mark Hall, Judy Jirrels, Heron Thomas

Dr. Lynda Villanueva, President

ABSENT: Weston Cotten

INVOCATION AND PLEDGE TO THE FLAG

Regent Gina Guillory said the invocation and led the Pledge to United States flag and Texas flag.

PUBLIC COMMENT

None.

COMMENTS BY THE PRESIDENT

Dr. Villanueva welcomed Ramiro Torres, Manager of Audiovisual Technology, back to the college after a six-week absence, acknowledging him for support he provides not only for Board of Regents meetings, but across the entire college.

Also, Dr. Villanueva welcomed Calbert Alfred, Desktop Support Technician, who is new to Lee College and the Board of Regents meetings.

ITEMS OF ACTION

A. NEW BUSINESS

55.25 Consideration of Change Proposal Requests for Emergency Services for Column Replacement and Column Shoring for the Cosmetology Renovation Project

The Administration recommends that the Board authorize the President or her designee to negotiate final terms and approve the change proposal requests for emergency services for the column replacement and column shoring at 700 W. Texas Ave. for the Cosmetology Renovation Project for the sum of $137,591.85.

Regent Fontenot made a motion, seconded by Regent Guillory, that the Board approve the recommendation. During Q&A, John Ditto, Executive Director of Facilities, explained that a deteriorated, water-damaged column was uncovered when a wall was removed within the structure being renovated. Chairman Santana said this discoverable during construction was presented to the Building Committee a couple of weeks ago, and was reviewed and discussed in detail. The contractor has assured there is nothing more that could be discovered, Mr. Ditto said.

The motion passed with no dissenting votes. Regent Cotten was absent.

56.25 Consideration of Life Safety ADA-Phase 2 Fire Sprinkler System Installations for Tucker Hall, John Britt Hall, Technical-Vocational 1 and Gray Science Building

The Administration recommends that the Board authorize the President or her designee to negotiate final terms and approve the Life Safety ADA-Phase 2 fire sprinkler system installations for Tucker Hall, John Britt Hall, Technical-Vocational 1 and Gray Science Building not to exceed the sum of $2,058,000.00.

Regent Warford made a motion, seconded by Regent Jirrels, that the Board approve the Administration's recommendation.

During Q&A that ensued, Philip Handley, Director of Physical Plant, said this project is part of an effort to bring all buildings into compliance with current fire code. When remodeling work is initiated, the building involved must be brought up to code, he said. Work already completed in some of these buildings is "cosmetic," he said, in contrast with "now getting into the actual building meat," which will require this step in the future. He said some leeway is being granted during current inspections, but it has been "highly suggested" by the fire marshals that this work be done. Chairman Santana noted safety of the buildings is being fundamentally improved, and that the Building Committee has reviewed these and other safety projects.

The motion passed with no dissenting votes. Regent Cotten was absent.

Consideration of Negotiation for Energy Rates was deferred.

INFORMATIONAL REPORT – FY 2025-26 Budget Workshop

Jacob Atkin, Chief Financial Officer and Vice President of Finance, said the meeting tonight will cover revenue projections for the next fiscal year, with expense projections in a future workshop. He presented a timeline, covering the meeting today through approval of a tax rate in September.

Mr. Atkin said $89 million was budgeted for current year revenues. Expectations are that the college will collect about $88.6 million, he said, noting a shortfall in ad valorem tax income as the result of a tax rate decrease after the budget was adopted. As part of a five-year revenue analysis, he discussed fluctuations in revenue – currently, taxes account for about 50% of revenue, state appropriation 25%, and tuition & fees about 19%. Also he presented a chart of Gulf Coast Area community colleges, listed according to Spring 2025 enrollment, and said comparisons will be made as to how these other colleges manage budgets.

Mr. Atkin presented and discussed a five-year analysis of Lee College taxes collected, including projections for the current fiscal year, and effects of property value fluctuations.

Comparing Lee College to Gulf Coast Area community colleges, Mr. Atkin noted that, because Houston Community College has such a large property value tax base, it is able to collect 60% of its revenue from ad valorem taxes, even though its tax rate is less than half of Lee College's rate. He contrasted tax rate decreases during the last five years by the neighboring institutions. Next, he expanded presentation of property values, tax rate history, and tax collections for Lee College to cover the last 10 years. Rate of increase of the tax base in the Lee College district for each of the last 10 years averages 8%, he said. However, preliminary values for the coming fiscal year suggest the tax base will increase by only 0.61%, he said.

Discussing impact of the 1.5-cent tax rate decrease approved by Regents last fall – from 0.2101 for FY 2024 to 0.1951 for FY 2025 – Mr. Atkin noted the owner of a home valued at $250,000 for FY 2024 would save about $10 during FY 2025 as a result of the rate cut, while the revenue decrease to Lee College totals $2.7 million. For context, he said $2.7 million is more than twice the expense of a 4% cost-of-living employee pay increase, or that $2.7 million would pay for roughly 30 new employees. Rolled into debt service, 1.5 cents would contribute enough to a bond to construct almost an entire new facility, he said. At an 8% average annual property value increase, estimated impact over 10 years of the 1.5-cent rate decrease saves about $150 for the $250,000 homeowner, while the college loses more than $39 million, Mr. Atkin said.

Bills were introduced but did not pass during the Texas Legislature session that would have significantly affected management and use of ad valorem taxes, Mr. Atkin said. Such bills – limiting I&S (debt) portion of total tax collected, and reduction of the threshold for the voter approval rate – certainly will be proposed again in the future, he said. Another factor producing overall pressure on taxpayers is bond issue proposals by other taxing entities, Mr. Atkin said.

Regarding state appropriations, Mr. Atkin reviewed a five-year analysis, including a comparison with Gulf Coast Area community colleges. He noted the increase Lee College gained for FY24, as the basis for funding changed from contact hours to completion rates. Success of Lee College and other institutions in earning increases resulted in a funding problem for legislators that is being resolved by funding formula modifications, Mr. Atkin said. He described anticipated changes, and discussed potential impact on Lee College. Lengthy Q&A ensued, including possible future reductions in program offerings for which funding value may decrease, and continuing to increase attention to encouraging transfer of students for a bachelor's degree.

Regarding tuition and fees, Mr. Atkin reviewed a five-year analysis, including a comparison with Gulf Coast Area community colleges. For the current fiscal year, Lee College dual credit enrollment increased, while resident in-district enrollment declined. Fee income from myBooks has increased, he noted – this year, the myBooks fee was extended to prison education and is being paid by Pell grant funds awarded to incarcerated students. Total tuition and fees continue to increase – this year by an estimated $1 million, Mr. Atkin said. Q&A ensued re: enrollment mix, and possible impact of dual credit increases if in-district enrollment continues to decrease.

Discussing out-of-district tuition rates, Mr. Atkin noted this rate for primary competitor San Jacinto College is $143 per credit hour while Lee College is $163 per credit hour. Q&A ensued.

Pell grant reform proposals in the current federal budget reconciliation threaten tuition and fee revenue, Mr. Atkin said. It is proposed that students be enrolled in at least 30 credit hours per year to receive a full Pell grant, up from the current 24, he said. Also proposed is that students enrolled in fewer than 8 credit hours per semester be no longer eligible for Pell, he said. A chart showed numbers of students who received Pell awards for Fall 2024, and the number of credit hours for which they registered. Apart from financial consequences to the college if this legislation is enacted, Mr. Atkin said there are concerns about effects on students – some can only manage a couple of courses at a time; others may find the difference between 15 credit hours per semester (30 over two semesters) and 12 credit hours per semester (24 over two semesters) is more than they can manage. Many changes being made or suggested at the federal level are difficult to justify from a student service perspective, Mr. Atkin said. Dr. Villanueva named TRiO, Perkins, Title IV, and CCAMPIS (child care) as federally funded programs at Lee College that could be on the chopping block.

Saying they comprise a relatively small amount of the entire budget, Mr. Atkin showed a five-year chart of Other Revenues, noting interest income has increased the most in recent years.

Summarizing threats, Mr. Atkin named the following:

- State legislation regarding ad valorem taxes
- On-going modifications to the state funding formula
- Pell grant rules and funding at the federal level
- Possible loss of other grant funding, such as Perkins and TRiO

If grant funds are lost, the college must either cut the program or fund the program out of operating expenses – either way, there is pressure from a budget standpoint in order to continue to serve students, Mr. Atkin said.

Concluding, Mr. Atkin presented a chart showing current-year budgeted revenues of just over $89 million, compared to current-year projected revenues of $88.6 million, compared to FY26 recommended budgeted revenues of just under $88.3 million. Recommendation for FY26 is for an unchanged ad valorem tax rate, which will produce little growth in tax revenue, given the anticipated slight increase in property valuations. State appropriations are projected to be flat next year. For tuition and fee income, a $763k increase is recommended. Other revenues are expected to be flat next year. In total revenues, then, the administration recommends budgeting $777,277 less for the next fiscal year, compared to the budget for the current fiscal year, Mr. Atkin said. If there are multiple consecutive years with the same scenario, the result will affect employee pay and/or will reduce the college's ability to carry out its mission, he said.

During Q&A that ensued, Mr. Atkin discussed how college departments prepare their budgets on a "very granular" level. With overall revenue projected to be flat, departments may be able to reallocate funds, but there will be no large sums of money for new initiatives, he said.

Lengthy Q&A covered how dual credit instruction is provided, and the extent to which profit/loss considerations affect program/course offerings, out-of-district students and dual credit. Data about job costing and profit/loss for programs, whether for dual credit, for prison education, or for particular instructional programs, is not readily available from PeopleSoft, Mr. Atkin said. Until a new Enterprise Resource Planning (ERP) system is chosen and implemented, compilation of information is a time intensive, manual process that is undertaken one program at a time, he said. He committed to providing such information by the next budget cycle.

Mr. Atkin confirmed a statement by Chairman Santana that, as long as Lee College collects property taxes, it is a subsidized institution. Every public institution that receives state funding is a subsidized institution, Mr. Atkin added. He said such subsidies allow public institutions to weather sweeping changes/crises such as the COVID pandemic, which some private colleges and universities were unable to survive. Dr. Villanueva said 90% of Huntsville Center students receive a Pell grant, and 85% of them qualify as completers, which meant a lot from a funding standpoint to Lee College following implementation of HB 8.

EXECUTIVE SESSION

The Board of Regents closed the Open Session at 7:49 p.m. and convened into Executive Session at 7:56 p.m. in accordance with the Texas Open Meetings Act regarding:

1. Consult with Board Attorney regarding legal advice on any item on the agenda. [TX Gov't Code § 551.071]
2. Discussion with Board Attorney regarding legal issues related to branch campus agreement. [TX Gov't Code § 551.071]
3. Discussion of Lee College President's duties and responsibilities [TX Gov't Code § 551.071]

No action is taken while the Board is recessed into Executive Session.

The Board ended its Executive Session at 9:20 p.m. and reconvened into Open Session at 9:21 p.m.

MATTERS OF CONCERN FOR FUTURE AGENDAS

None.

ADJOURNMENT

Chairman Santana declared the meeting adjourned at 9:22 pm.

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Chairman, Board of Regents

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Secretary, Board of Regents