



LEE COLLEGE

FY 2027 Budget Workshop Meeting of the Board of Regents

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Tuesday, May 26, 2026

Workshop Purpose and Decision Context

- Provide context for the FY 2027 budget discussion
- Review external and internal financial pressures
- Highlight major operating and one-time priorities
- Support Board discussion on sustainability and strategic choices





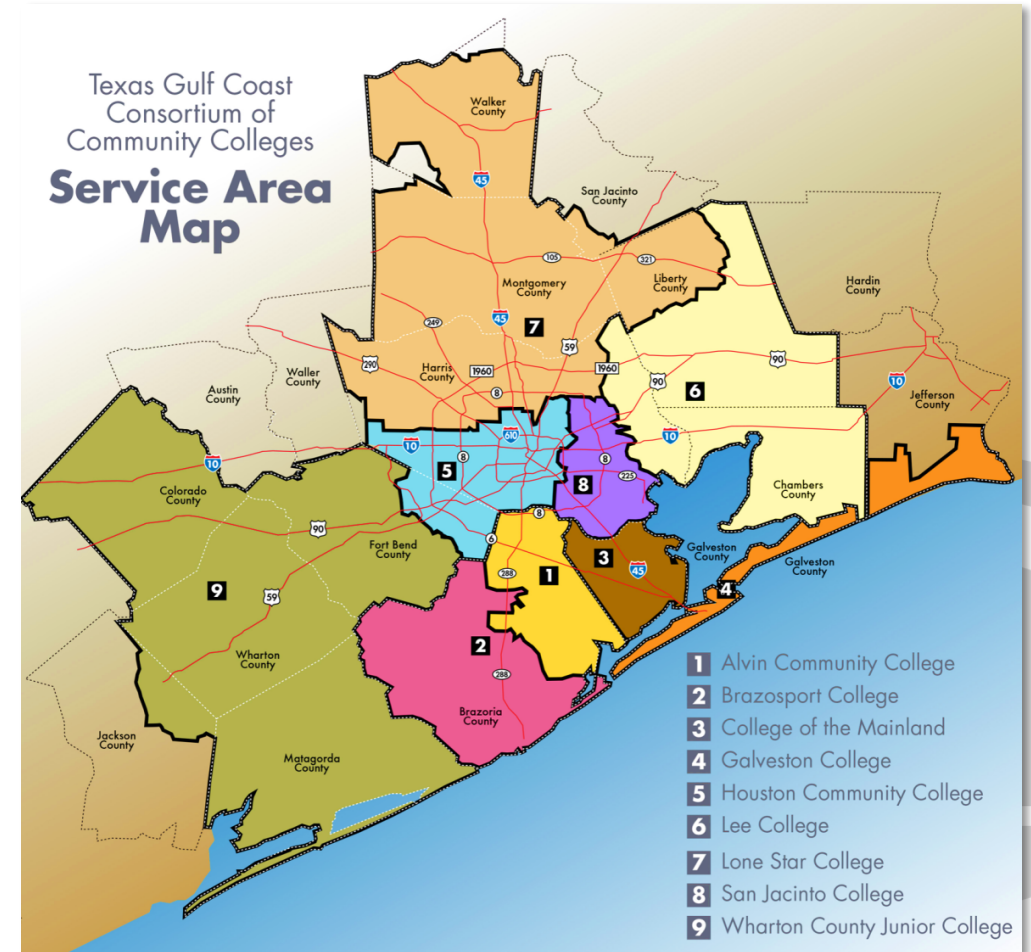
Gulf Coast Peer Institution Comparison

Lee College in the Gulf Coast Community College Landscape

The Texas Gulf Coast Consortium serves nine public community colleges in the Houston 11-county region, providing a useful benchmark group.

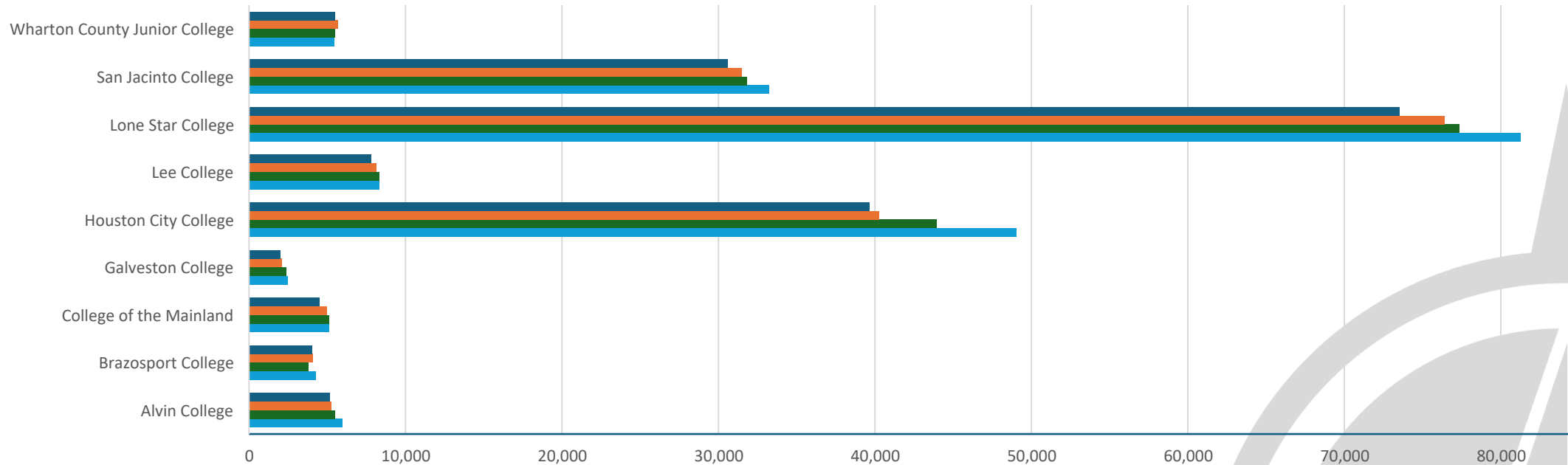
This section compares key financial indicators across peer colleges:

- Budget size and scale
- Revenue and funding sources
- Tax base strength and capacity
- Debt position and state appropriations



FY22-FY25 Enrollment Comparison

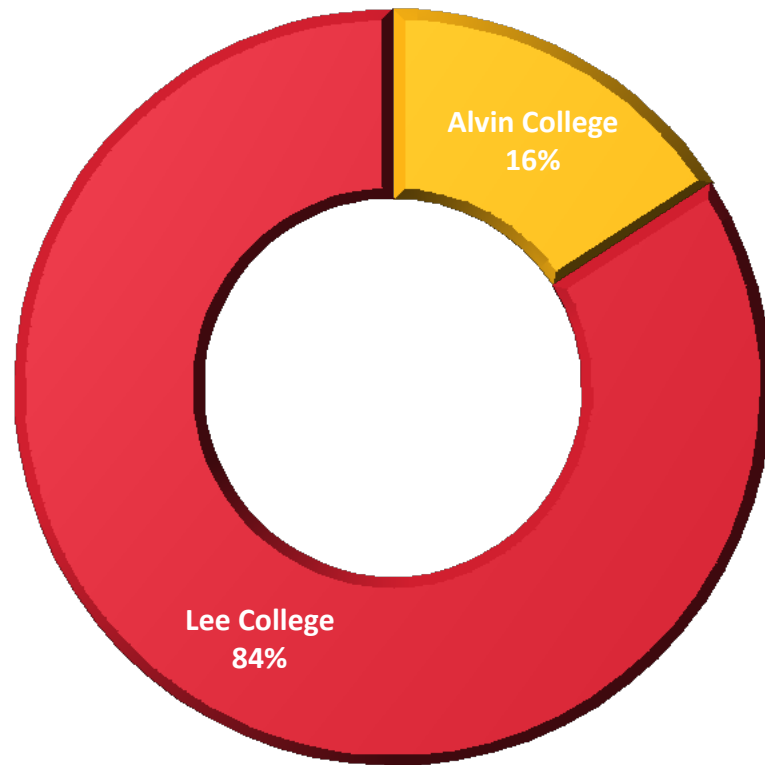
Comparison of Enrollment for GCCCC Insitutions



	Alvin College	Brazosport College	College of the Mainland	Galveston College	Houston City College	Lee College	Lone Star College	San Jacinto College	Wharton County Junior College
Fall 2025	5,957	4,252	5,115	2,455	49,055	8,313	81,257	33,215	5,449
Fall 2024	5,510	3,814	5,134	2,404	43,925	8,327	77,325	31,812	5,504
Fall 2023	5,269	4,100	4,961	2,119	40,246	8,142	76,389	31,494	5,687
Fall 2022	5,175	4,044	4,484	2,026	39,654	7,811	73,538	30,593	5,495

Fall 2025 PEP Enrollment Comparison

Enrollment



Institution	Enrollment
Alvin College	228
Lee College	1,204
Total	1,432

Revenue Sources Across Peer Colleges

Peer institutions differ in their dependence on each revenue category, affecting resilience and budget flexibility.

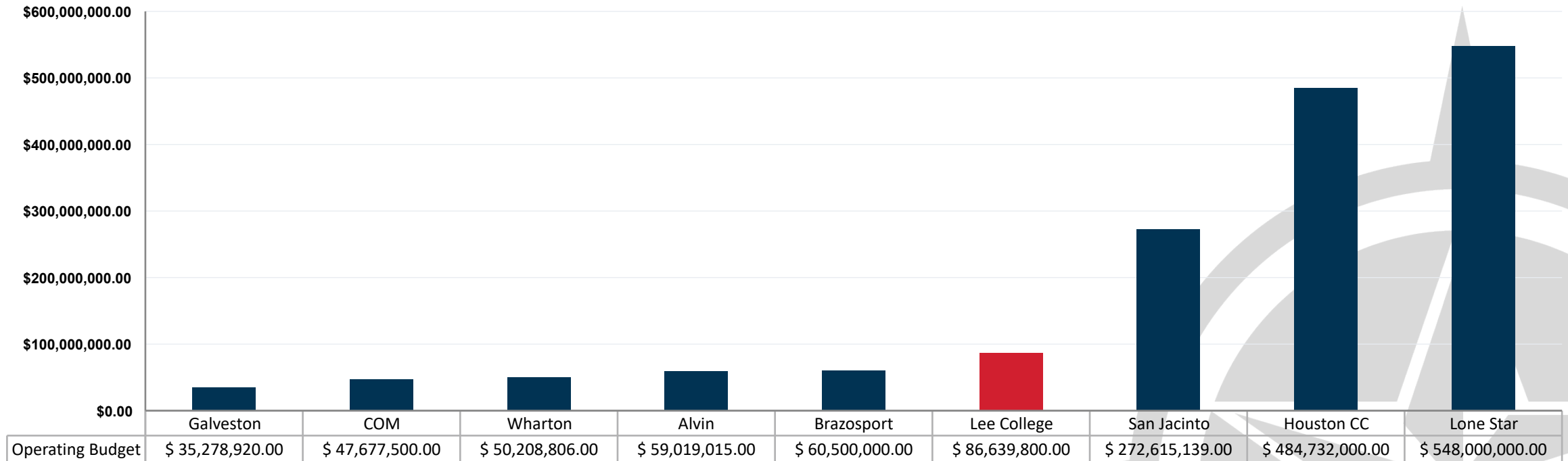
- Local ad valorem taxes provide the foundation for most community college budgets
- State appropriations are formula-driven and subject to legislative updates
- Tuition and fees vary based on enrollment, rate structure, and market positioning
- Other local sources include grants, contracts, and auxiliary revenue
- Differences in revenue mix across peers affect financial resilience
- Texas community colleges track local revenues through statewide data resources (TACC, THECB)



Total Budget Comparison

Budget size shapes service capacity, staffing flexibility, and the ability to absorb fixed costs.

Operating Budget Comparison



Operating Expense Budgets Per Student

Institution	FY26 Expenses - Operating Budget	Fall 2026 Enrollment	Operating Expenses Per Student
Galveston College	\$ 35,278,920	2455	\$ 14,370
Brazosport College	\$ 60,500,000	4252	\$ 14,229
Lee College	\$ 86,639,800	8313	\$ 10,422
Alvin College	\$ 59,019,015	5957	\$ 9,908
Houston City College	\$ 484,732,000	49055	\$ 9,881
College of the Mainland	\$ 47,677,500	5115	\$ 9,321
Wharton County Junior College	\$ 50,208,806	5449	\$ 9,214
San Jacinto College	\$ 272,615,139	33215	\$ 8,208
Lone Star College	\$ 548,000,000	81257	\$ 6,744

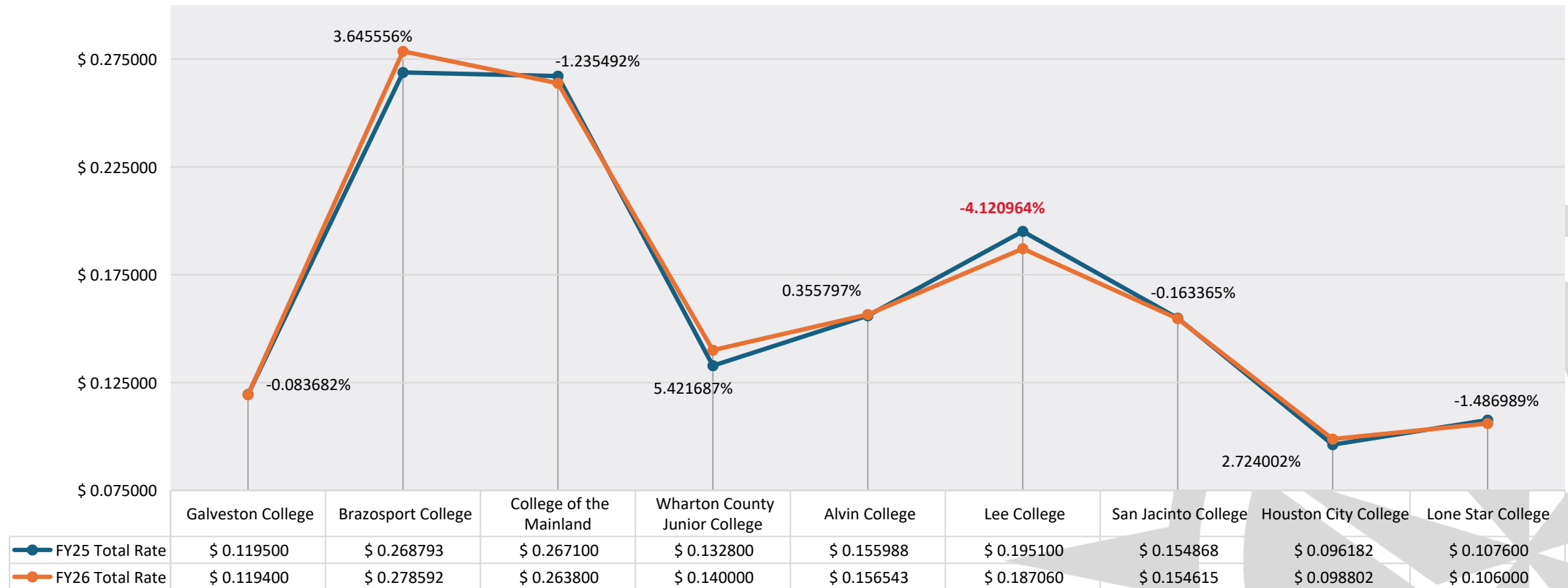
FY 2026 Tax Rates

Texas Community College	Fiscal Year	M&O Rate	I&S Rate	Total Rate	No-New Revenue Rate	Voter Approval Rate
Alvin College	2026	\$0.1495430	\$0.0070000	\$0.1565430	\$0.1565430	\$0.1617510
Brazosport College	2026	\$0.2526200	\$0.0259720	\$0.2785920	\$0.2785920	\$0.2938810
College of the Mainland	2026	\$0.1394000	\$0.1244000	\$0.2638000	\$0.2566860	\$0.2785023
Galveston College	2026	\$0.1194000	-	\$0.1194000	\$0.1188830	\$0.1287810
Houston City College	2026	\$0.0855850	\$0.0132170	\$0.0988020	\$0.0934840	\$0.0993590
Lee College	2026	\$0.1808100	\$0.0062500	\$0.1870600	\$0.1905700	\$0.1870600
Lone Star College	2026	\$0.0785000	\$0.0275000	\$0.1060000	\$0.1028000	\$0.1060000
San Jacinto College	2026	\$0.1085290	\$0.0460860	\$0.1546150	\$0.1551580	\$0.1619220
Wharton County Junior College	2026	\$0.1400000	-	\$0.1400000	\$0.1296900	\$0.1405100

Ad Valorem Tax Capacity

Tax capacity affects both daily operations and long-term capital obligations across peer institutions.

FY25 vs FY26 Total Tax Rate Comparison



Value of One Cent of Tax

This metric illustrates relative tax base strength and why similar tax rates produce very different revenue amounts across districts.

Institution	Taxable Assessed Value (FY2026)	Total Revenue Generated
Galveston College	\$ 16,211,048,155.00	\$ 1,621,104.82
College of the Mainland	\$ 17,535,227,546.00	\$ 1,753,522.75
Lee College	\$ 21,640,402,218.00	\$ 2,164,040.22
Alvin College	\$ 22,194,098,542.00	\$ 2,219,409.85
Brazosport College	\$ 24,250,572,217.00	\$ 2,425,057.22
San Jacinto College	\$ 97,080,781,720.00	\$ 9,708,078.17
Wharton County Junior College	\$ 119,183,396,890.00	\$ 11,918,339.69
Houston City College	\$ 292,698,389,105.00	\$ 29,269,838.91
Lone Star College	\$ 306,680,449,672.00	\$ 30,668,044.97

Tax Revenue Generated Per Student

Understanding tax revenue by student count helps connect local tax capacity to student scale and provides a clearer view of funding strength on a per-student basis. This is an important bridge between community wealth, district size, and institutional operating ability.

Texas Community College	Taxable Assessed Value	Total Tax Rate	Total Tax Revenue	Enrollment FY2026	Tax Revenue Per Student
Wharton County Junior College	\$ 119,183,396,890.00	\$ 0.1400000	\$ 166,856,756.00	5449	\$ 30,622.00
Brazosport College	\$ 24,250,572,217.00	\$ 0.2785920	\$ 67,560,154.00	4252	\$ 15,889.00
College of the Mainland	\$ 17,535,227,546.00	\$ 0.2638000	\$ 46,257,930.00	5115	\$ 9,044.00
Galveston College	\$ 16,211,048,155.00	\$ 0.1194000	\$ 19,355,991.00	2455	\$ 7,884.00
Houston City College	\$ 292,698,389,105.00	\$ 0.0988020	\$ 289,191,862.00	49055	\$ 5,895.00
Alvin College	\$ 22,194,098,542.00	\$ 0.1565430	\$ 34,743,308.00	5957	\$ 5,832.00
Lee College	\$ 21,640,402,218.00	\$ 0.1870600	\$ 40,480,536.00	8313	\$ 4,870.00
San Jacinto College	\$ 97,080,781,720.00	\$ 0.1546150	\$ 150,101,451.00	33215	\$ 4,519.00
Lone Star College	\$ 306,680,449,672.00	\$ 0.1060000	\$ 325,081,277.00	81257	\$ 4,001.00

Debt Outstanding and Maturity Profile

Debt commitments affect long-term financial flexibility. Some peer systems pair tax rate, debt service, and obligations in a single narrative.

Institution	Outstanding Debt as of 8/31/2025
Alvin College	\$17,050,000
Brazosport College	\$48,865,000
College of the Mainland	\$147,410,000
Galveston College	\$27,210,000
Houston City College	\$463,720,000
Lee College	\$36,420,000
Lone Star College	\$535,840,000
San Jacinto College	\$545,319,308
Wharton County Junior College	\$0

Source: data.brb.texas.gov/local/

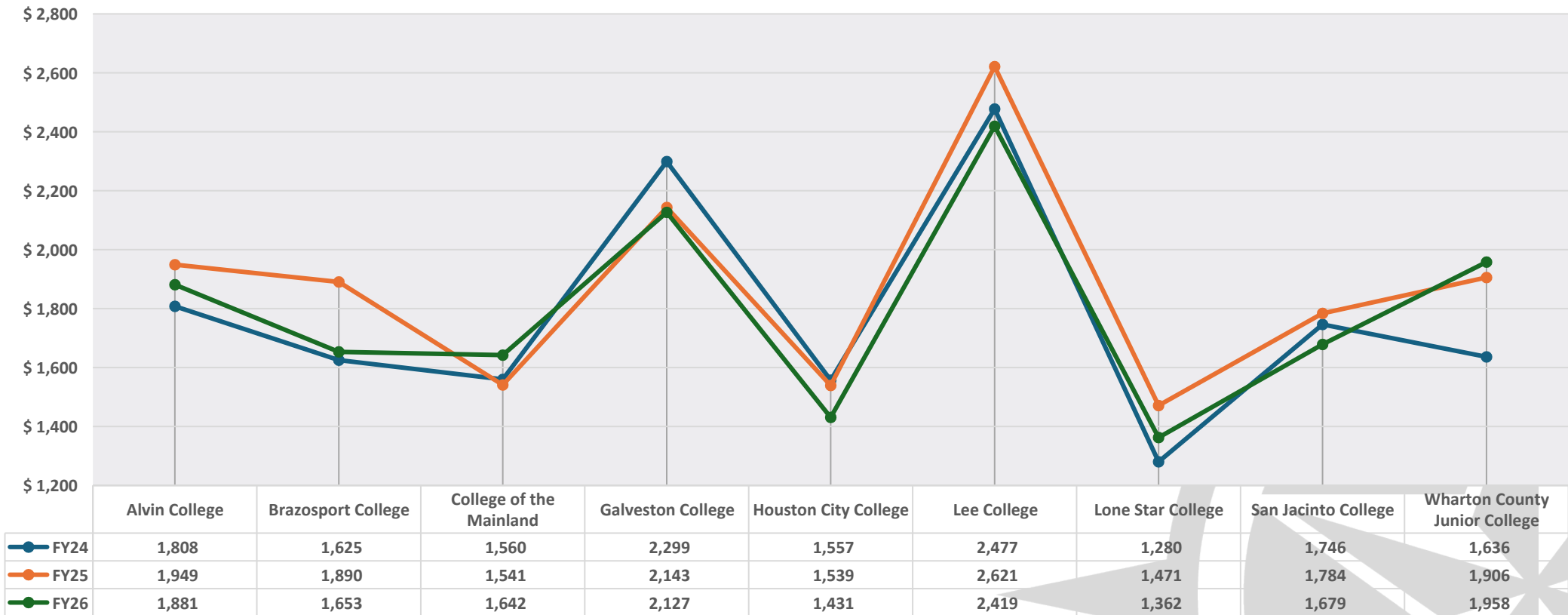
Debt Burden per Student FY 2026

Institution	Outstanding Debt as of 8/31/2025	Fall 2026 Enrollment	Debt Burden Per Student
College of the Mainland	\$147,410,000	5115	\$28,819.00
San Jacinto College	\$545,319,308	33215	\$16,418.00
Brazosport College	\$48,865,000	4252	\$11,492.00
Galveston College	\$27,210,000	2455	\$11,084.00
Houston City College	\$463,720,000	49055	\$9,453.00
Lone Star College	\$535,840,000	81257	\$6,594.00
Lee College	\$36,420,000	8313	\$4,381.00
Alvin College	\$17,050,000	5957	\$2,862.00
Wharton County Junior College	\$0	5449	\$0

State Appropriations: Three-Year Trend

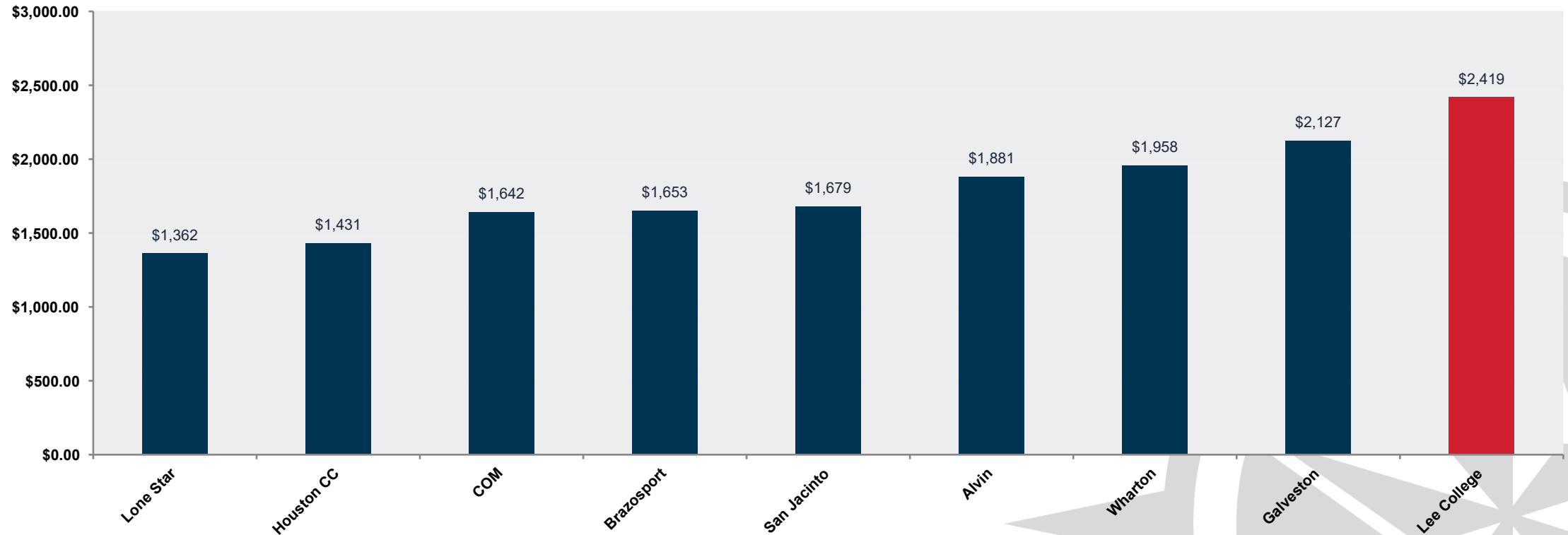
Current funding is shaped by the state formula. Trend visibility is essential for understanding what is recurring vs. adjustable.

State Appropriations per Student (FY24-FY26)



State Appropriations Per Student (FY26)

Per-student view normalizes differences in institutional scale, highlighting how formula funding translates to support for Lee College students.



Tuition & Fees

Spring 2026 Tuition & Fees by Student Type												
Institution	In-District Resident				Out-of-District				Non-Resident			
	Tuition	Fees	Total	Total per	Tuition	Fees	Total	Total per	Tuition	Fees	Total	Total per
	(12 SCH)	(12 SCH)	(12 SCH)	SCH	(12 SCH)	(12 SCH)	(12 SCH)	SCH	(12 SCH)	(12 SCH)	(12 SCH)	SCH
Alvin College	\$953	\$341	\$1,294	\$107.83	\$1,565	\$341	\$1,906	\$158.83	\$2,201	\$341	\$2,542	\$211.83
Brazosport College	\$780	\$606	\$1,386	\$115.50	\$1,188	\$606	\$1,794	\$149.50	\$1,836	\$606	\$2,442	\$203.50
College of the Mainland	\$924	\$0	\$924	\$77.00	\$1,380	\$0	\$1,380	\$115.00	\$1,656	\$0	\$1,656	\$138.00
Galveston College	\$672	\$439	\$1,111	\$92.58	\$672	\$727	\$1,399	\$116.58	\$1,764	\$727	\$2,491	\$207.58
Houston City College	\$396	\$624	\$1,020	\$85.00	\$1,452	\$720	\$2,172	\$181.00	\$1,812	\$918	\$2,730	\$227.50
Lee College	\$708	\$784	\$1,492	\$124.33	\$1,566	\$784	\$2,350	\$130.50	\$1,776	\$784	\$2,560	\$213.33
Lone Star College	\$1,332	\$30	\$1,362	\$113.50	\$2,988	\$30	\$3,018	\$251.50	\$3,756	\$30	\$3,786	\$315.50
San Jacinto College	\$996	\$0	\$996	\$83.00	\$1,720	\$0	\$1,720	\$143.33	\$2,676	\$0	\$2,676	\$223.00
Wharton County Junior College	\$384	\$1,344	\$1,596	\$133.00	\$384	\$2,016	\$2,328	\$194.00	\$1,008	\$2,016	\$2,952	\$246.00
Community College State Average	\$792	\$511	\$1,303	\$108.58	\$1,232	\$827	\$2,059	\$171.57	\$1,952	\$834	\$2,786	\$232.19

Source: TACC FY2026 Local Revenues Data Request and college posted tuition and fees

\$91.17/SCH when myBook fee is excluded

Peer Comparison Summary

What do the peer comparisons suggest about Lee College's relative budget position?

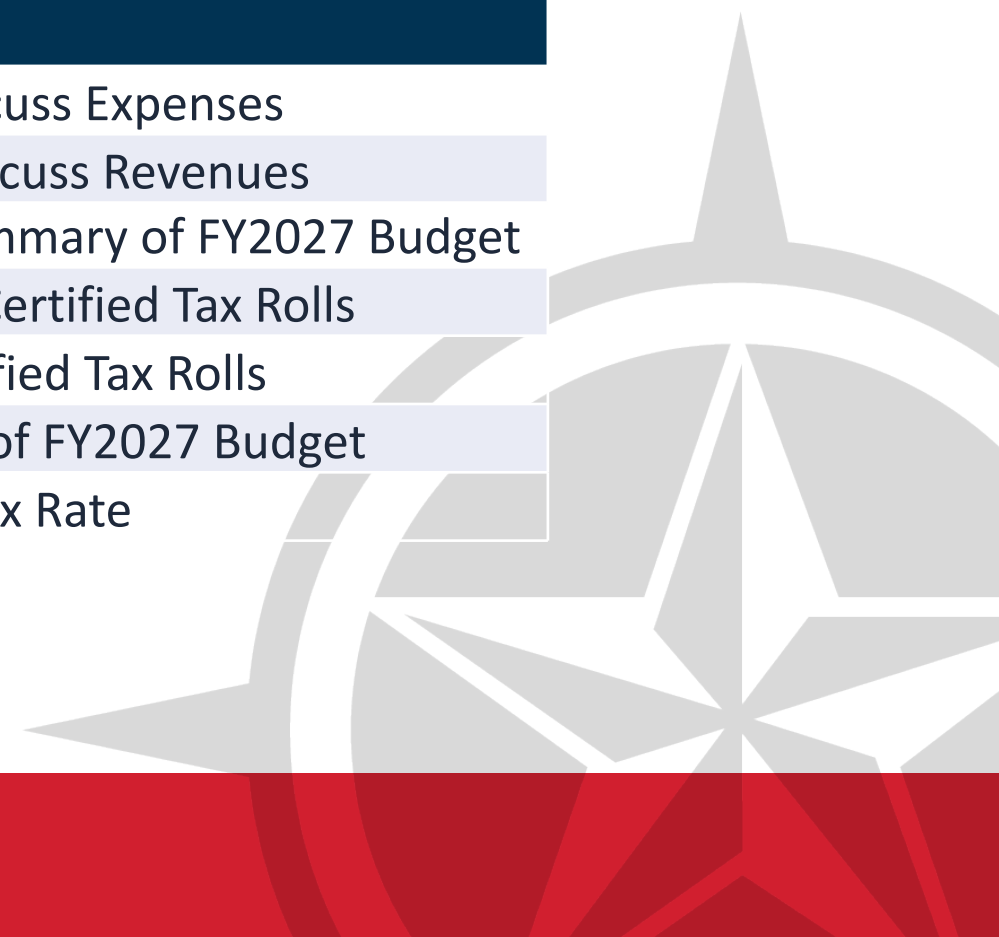
- Lee College is the fourth largest institution with the fourth largest budget among Gulf Coast peers, with an \$86.6M operating budget
- Strong state appropriations per student (\$2,419 FY26) rank highest among consortium peers
- Tax rate (\$0.187) is the third highest, but revenue per cent of tax is third lowest among consortium peers
- Revenue mix shows dependence on local taxes and state funding with moderate tuition contribution
- Excluding the myBooks fee, our tuition and fees for in-district is \$91.17/SCH, which is \$17.40/SCH less than the state average



Lee College Operational Expenses

FY2027 Budget Development Timeline

Date	Activity
May 26, 2026	1st Budget Workshop – Discuss Expenses
June 18, 2026	2nd Budget Workshop – Discuss Revenues
July 16, 2026	3rd Budget Workshop – Summary of FY2027 Budget
July 2026	Receive Chambers County Certified Tax Rolls
August 2026	Receive Harris County Certified Tax Rolls
August 20, 2026	Board Meeting – Adoption of FY2027 Budget
September	Obtain approval for 2026 Tax Rate



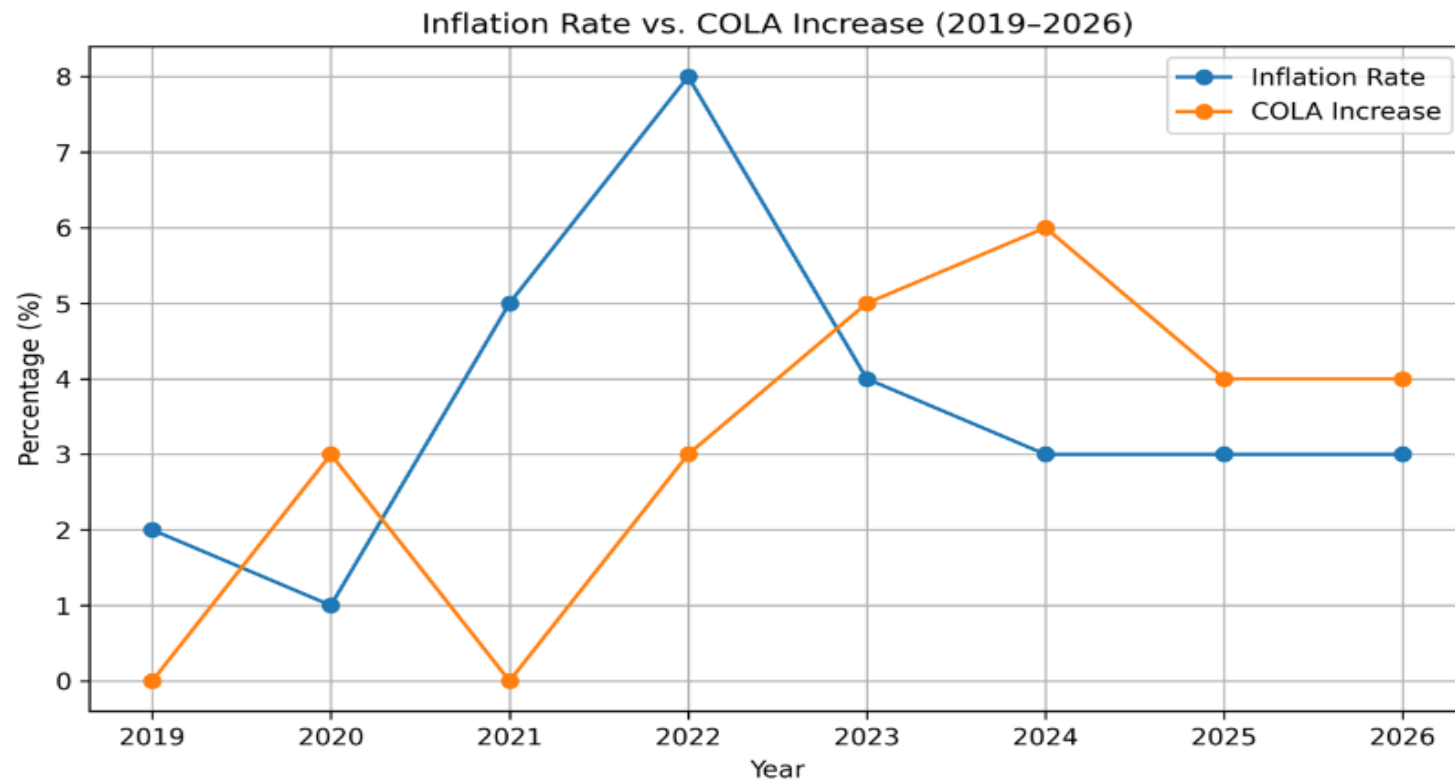
Operational Budget Pressures at a Glance

These items represent structural cost pressure or strategic investment needs for the upcoming budget.

- Compensation: \$772,851 (3% COLA plus benefits impact)
- Equity adjustments: \$500,000 proposed allocation
- Student employment: \$300,000 request
- Adjunct pay: \$900,000 range
- Faculty Pay Adjustment: \$934,210
- ERP investment: \$750,000 strategic infrastructure

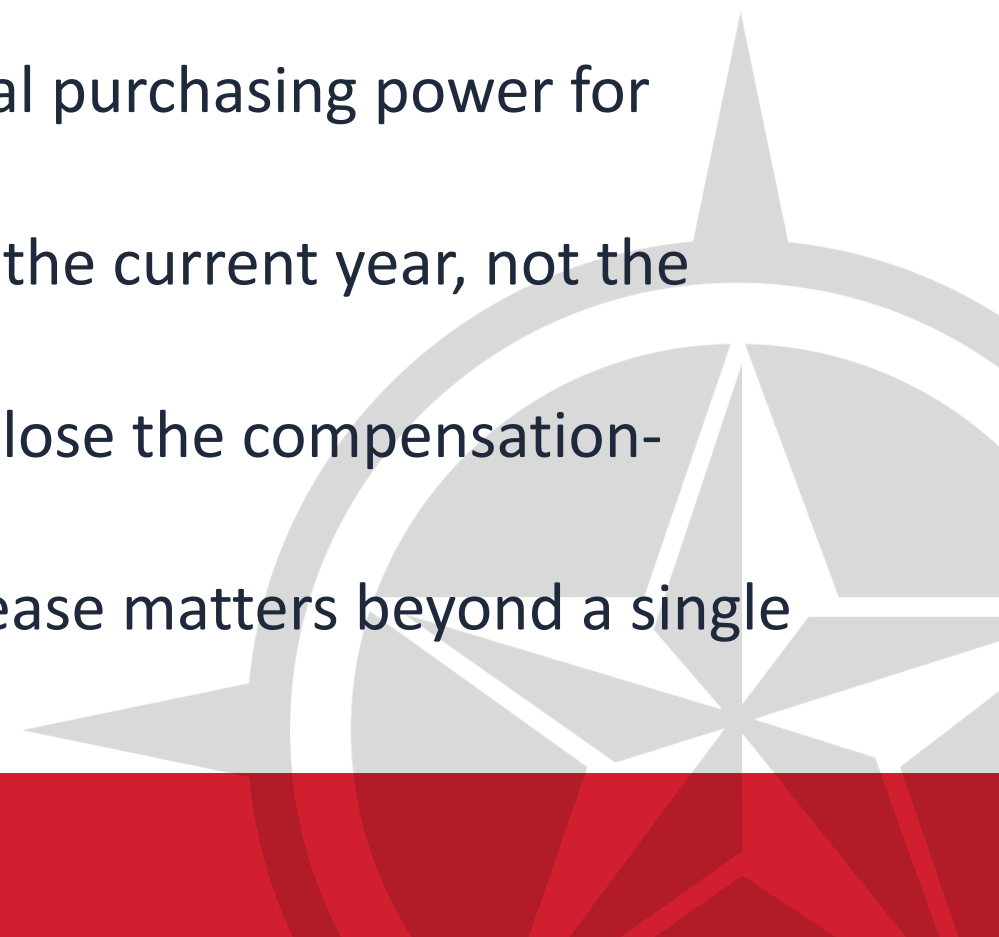
Employee Compensation Compared with CPI: Eight-Year View

Since 2019, inflation has totaled 28% while employee salaries have only increased 25%



Compensation Gap Analysis

- Cumulative CPI growth over the past decade has outpaced total employee compensation adjustments
- The resulting gap represents an erosion of real purchasing power for college employees
- The current 3% COLA request addresses only the current year, not the accumulated shortfall
- A multi-year strategy will be needed to fully close the compensation-inflation gap
- This context explains why the requested increase matters beyond a single fiscal year



Equity Adjustment Proposal: \$500,000

Internal pay inequities affect morale, retention, recruitment, and trust in the compensation system.

\$500K

Proposed First-Step
Equity Allocation

- Addresses compensation inequities that have developed over time
- Focuses on employees whose pay no longer aligns with experience and service
- Supports fairness, retention, and confidence in the compensation structure
- This investment represents a measured step toward better internal pay alignment

Equity Adjustment Structure and Implementation Plan

The proposed approach for distributing equity funds, including eligibility, methodology, phases, and timeline.

Component	Details
Eligibility Criteria	Employees identified through compensation analysis
Methodology	Market comparison and internal equity review
Phase 1 (FY26)	\$500,000 initial allocation
Future Phases	To be determined based on Phase 1 outcomes
Timeline	Implementation upon Board approval
Scope	Part of a multi-year correction plan

- The proposed adjustment would be applied using defined criteria to identify positions affected by equity and compression concerns
- This funding is intended as a targeted first step rather than a full one-year correction of all pay misalignment
- A phased approach would allow the College to begin reducing inequities while managing cost responsibly
- This strategy supports steady progress toward a more equitable and sustainable compensation structure

Student Employment Request: \$300,000

\$300K

Student Employment
Funding Request

Student employment serves both as a student support strategy and an operational support tool.

- Improves student engagement and campus connection
- Helps students offset educational costs while gaining experience
- The current funding model is no longer sufficient to support the program at needed levels
- The proposed model requires a total institutional commitment of \$500,000, with \$300,000 in new institutional funds requested to fully support that level.
- This request is intended to stabilize a critical workforce support function through a more sustainable funding structure

Student Employment Funding by Source and Category

Funding Source	Category	Trend	Status
Institutional Funds	General Operations	Stable	Under pressure
Federal Work-Study	Financial Aid	Stable	Limited growth
Grant Funded	Program-Specific	Variable	Time-limited
Departmental	Division Budgets	Flat	Constrained

Data to be finalized with detailed funding breakdowns

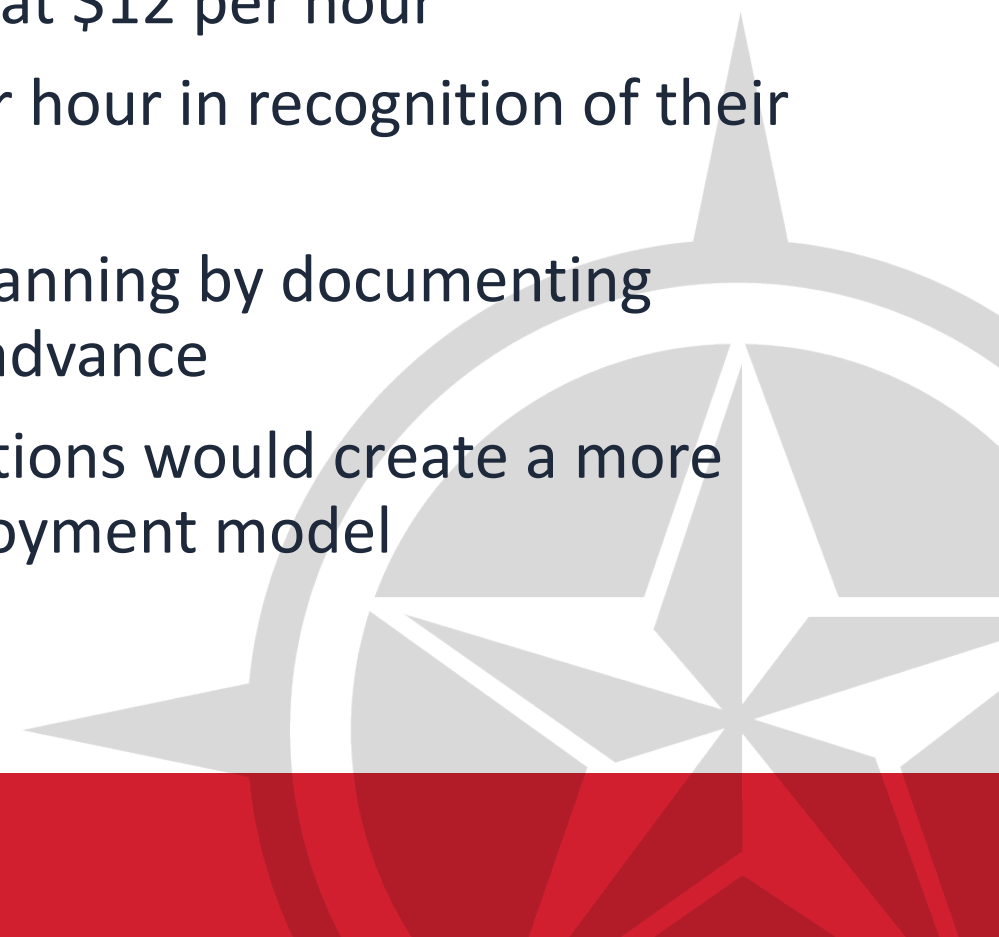
- Student employment is supported through a mix of institutional funds, federal work-study, and grant or match funding
- Federal work-study support has declined, increasing the institutional share required to maintain position
- The revised model assumes approximately \$400,000 in federal and grant subsidies alongside the College's institutional contribution

Student Employment Pay Rate Changes

- Student wage rates increased significantly in 2024, from \$7.25/hr. to an average of \$12/hr., increasing the cost of the student employment program
- The institutional student worker budget was not adjusted at the same pace, creating a mismatch between available funding and actual labor cost
- At the same time, federal and state support declined, increasing pressure on the institutional budget
- The result is a structural gap between the program's current cost and the funding model that had supported it previously

Student Employment Correction Plan

- The proposed model supports approximately 100 student workers across three semesters, working 17.5 hours per week at \$12 per hour
- Peer mentor positions would remain at \$14 per hour in recognition of their expanded responsibilities
- Revised hiring request forms would improve planning by documenting expected hours, schedules, and core duties in advance
- Clearer position controls and approval expectations would create a more sustainable and better-managed student employment model



Adjunct Pay Request: \$600,000- \$900,000

\$600-\$900K

Phase 1

\$4.5M

Full Correction

- This request addresses a significant instructional and workforce issue within the College's adjunct compensation model
- The current structure does not consistently value lab instruction and lecture instruction in the same way, particularly in high-demand technical areas
- A targeted adjustment would improve competitiveness, support instructional continuity, and better align compensation with the work being performed
- The estimated cost of this targeted adjunct compensation adjustment is approximately \$900,000

Multi-Year Plan to Address Adjunct Pay

A phased strategy showing discipline and realism while acknowledging the need for movement.

Phase	Year	Action	Estimated Cost
Phase 1	FY26	Initial rate adjustment	\$900,000
Phase 2	FY27	Market alignment step	TBD
Phase 3	FY28	Full correction target	Up to \$4.5M total
Ongoing	Annual	Market review and adjustment	Per budget cycle

- A phased approach may be necessary if full correction is not feasible in one year
- Early priority can be given to lab-heavy and technical disciplines where market pressure and instructional risk are highest
- A multi-year strategy provides a disciplined path to improving competitiveness and reducing inequity over time
- This approach supports steady progress while managing cost responsibly

ERP Investment Request: \$750,000

\$750K

ERP Strategic
Infrastructure

Strategic infrastructure investment to address inefficiencies, reporting limitations, and future scalability.

- Solves current system inefficiencies and integration issues
- Improves reporting capabilities for finance, HR, and student services
- Supports data-driven decision making across the institution
- Addresses scalability concerns for future growth
- Modernizes operational infrastructure critical to all divisions

Divisional Requests: \$2.371M

Targeted investments outside the larger College-wide issues, reviewed for cost, purpose, outcome, and contribution to priorities.

- Each divisional request represents a targeted investment beyond base budget requirements
- Requests were reviewed for cost, purpose, expected outcome, and strategic contribution
- Categories include compliance-related, mission-critical, and growth-oriented investments
- Division leaders have provided standardized justifications for Board review (see the appendix for a list)



One-Time Expenses

One-Time Expenses Overview

- This section distinguishes nonrecurring needs from ongoing operating pressures
- One-time expenses should be evaluated differently from recurring compensation and staffing requests
- These items reflect temporary, implementation-related, or capital needs rather than permanent operating commitments
- Funding may come from available surplus or designated reserves

IT One-Time Priorities: \$4.75M

Major one-time IT needs tied to cybersecurity, hardware replacement, infrastructure stability, or compliance.

Description	FY27 Amount
Cisco network infrastructure (117 end of life switches)	\$ 3,335,530.00
Classroom Technology Upgrades	\$ 647,217.00
Library Student Loaner Laptop Program - Device replacement	\$ 525,000.00
Gym (Basketball Court) – Audio/Microphone system	\$ 90,000.00
Student Center E212 & 211A Hy-Flex	\$ 75,000.00
HR Cisco WebEx Room Kit	\$ 23,000.00
Brightsign & digital signage display project	\$ 21,000.00
Cisco Telepresence Replacement End of life Gym-131	\$ 17,800.00
Student Free Weight Room (Gym Area) – Audio System	\$ 15,000.00
Total	\$ 4,749,547.00

- The most significant one-time IT need is network switch replacement and upgrade
- Approximately 113 switches are at or beyond end-of-life, increasing outage risk and reducing system supportability
- This deferred infrastructure need affects reliability, connectivity, and daily operations across the College
- A multi-year investment strategy would reduce risk over time and help protect operational continuity



Reserve and Insurance Review

Reserve and Insurance Review Purpose

Reserve review is about financial resilience, risk management, and responsible stewardship.

- The Board should consider not only how much reserve exists, but what level is appropriate
- Reserve adequacy depends on the College's risk environment and long-term obligations
- Insurance review addresses cost trends, coverage adequacy, and claims experience
- Together, reserves and insurance form the College's financial safety net

Reserve Policy Summary

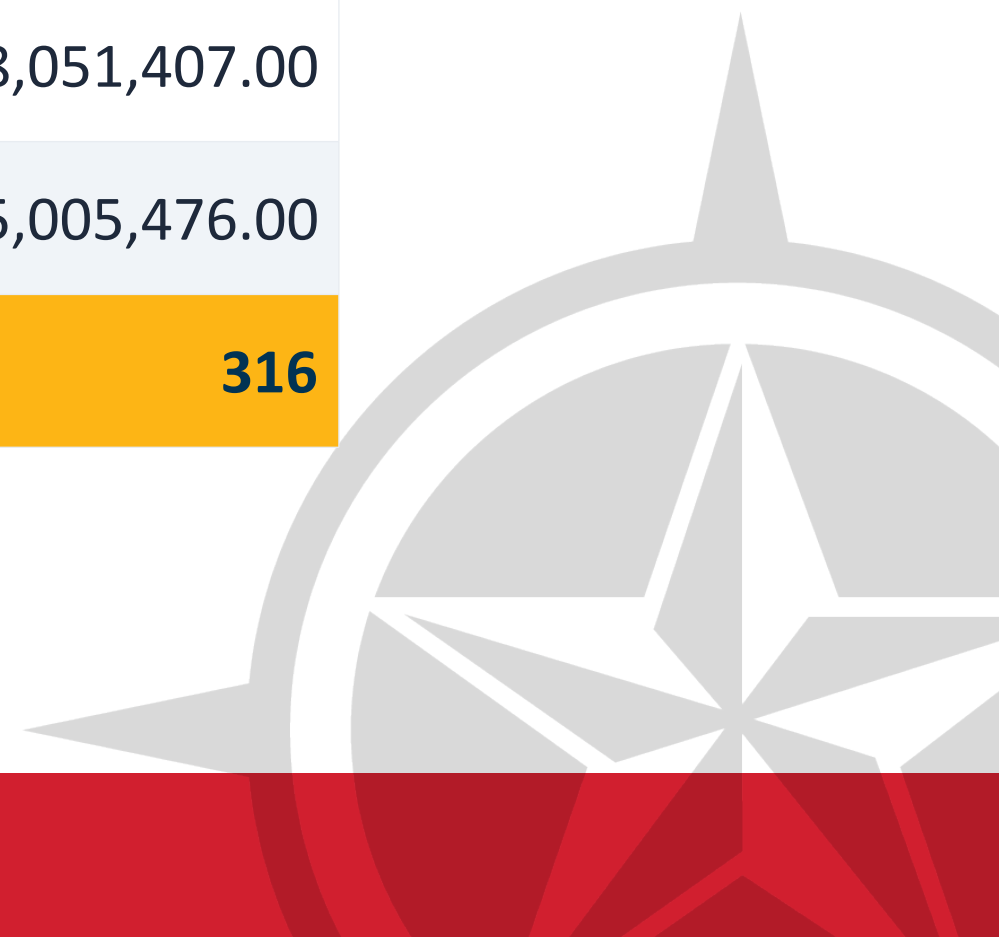
The College District shall endeavor to maintain an appropriate level of unrestricted current educational and general fund reserves and not to accumulate an unnecessarily large balance of these funds.

Having adequate reserves ensures the working capital needed to provide flexibility in dealing with unforeseen circumstances.

The target range for the year-end current unrestricted operating fund balance is a minimum of four months' current operating expenses of the subsequent fiscal year's operating budget and a suggested level of six months' operating expenses.

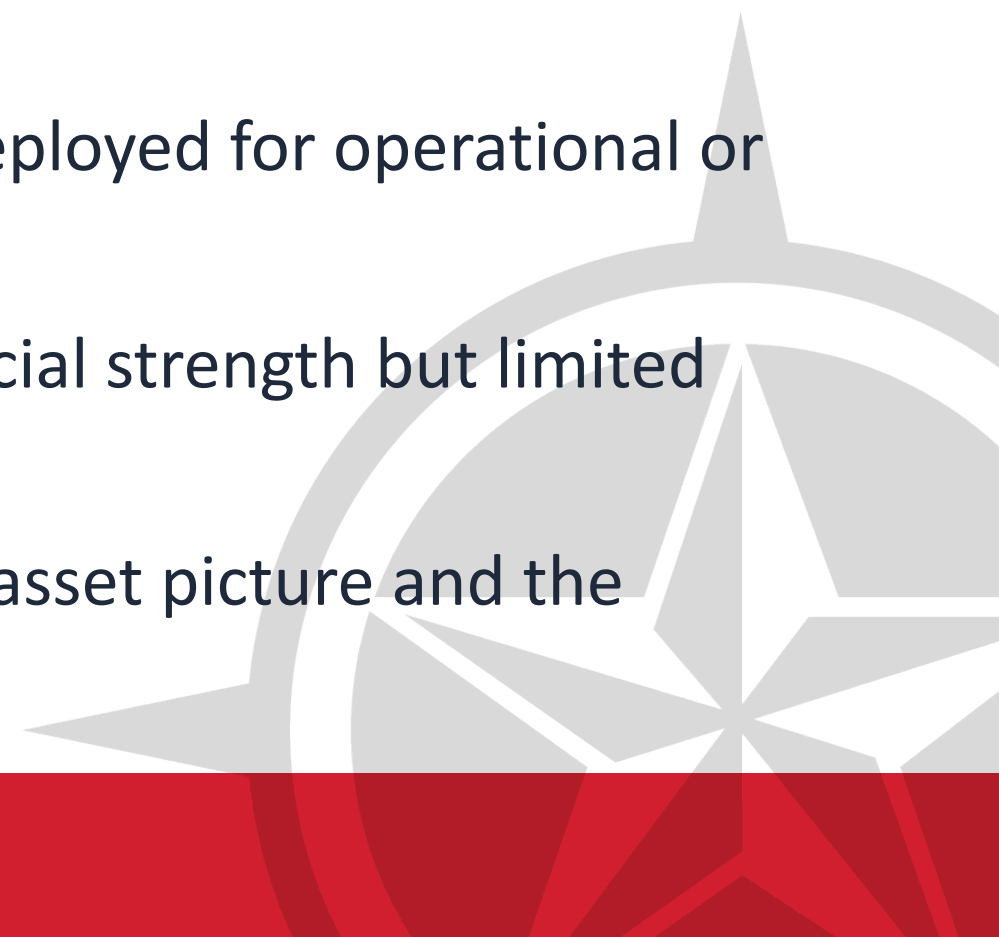
Cash on Hand

4-Month Requirement	\$28,051,407.00
Total Cash	\$75,005,476.00
Days Cash on Hand	316



Reserve Picture Including Investment Property Value

- Investment property value adds to the broader reserve picture but is not readily liquid
- Liquid reserves are what can be quickly deployed for operational or emergency needs
- Non-liquid assets provide long-term financial strength but limited near-term flexibility
- The Board should evaluate both the total asset picture and the practical usability of reserves



Proposal to Reallocate \$1 Million

\$1M

Proposed
Reallocation

- Source: To be identified from available reserves or one-time resources
- Intended use: Address immediate institutional priorities
- Timing: FY26 implementation upon Board approval
- Tradeoff: Balances immediate need against retained financial flexibility



Closing and Q&A