JCSD 509J Board Approved, June 8, 2026:

Jacob J Struck 6/8/26

Board Chair Jacob Struck

Superintendent

Jefferson County School District 509J

UNITE. ENGAGE. SOAR.

Jefferson County School District 509-J

Monday, May 11, 2026

1st JCSD 509J 2024-2025 Budget Committee Meeting *(5:30pm)*

Hybrid: In-person and Electronic Meeting via Zoom

MEETING LOCATION:

JCSD 509J – SSB Board Room

445 SE Buff Street, Madras, OR 97741

ACCESS ZOOM MEETING HERE

Phone: 253 215 8782 US (Tacoma)

Meeting ID: 824 9396 7812 Passcode: 650563

2025-2026 Board of Directors:

Chair Jacob Struck, Vice-Chair Regina Mitchell, Courtney Snead, Laurie Danzuka and Kevin Richards

BUDGET COMMITTEE MEETING MINUTES

REFERENCE DOCUMENTS

Proposed Budget 2026-2027 (103 pages), Budget Committee Meeting Packet (22 pages), Presentation of Budget Message (10 pages) and Jefferson County School District 509J Budget Document Presentation (22 pages). Presented by Superintendent Jay Mathisen and CFO Brad Henry.

1. CALL TO ORDER / PLEDGE OF ALLEGIANCE

JCSD 509J Board Chair Jacob Struck called the budget committee meeting to order at **5:32** pm followed by a roll call for committee member attendance. The Board Secretary noted budget committee member attendance for the record.

2. INTRODUCTIONS/ ATTENDANCE OF BUDGET COMMITTEE MEMBERS

P = Present (7) **A** = Absent (1) / (7) *attended in-person, all others (1) attended *remotely via Zoom*

JCSD 509J BUDGET COMMITTEE MEMBERS			
P	Laurie Danzuka, Position 1	P	Demus Martinez, Position 6 *(arrived late 6:06PM)*
P	Regina Mitchell, Position 2	P	Sean Gallagher, Position 7
P	Jacob Struck, Position 3	P	Marissa Wilson, Position 8
A	Courtney Snead, Position 4	P	Melissa Irvine, Position 9
P	Kevin Richards, Position 5	N/A	~~Danni Katchia, Position 10~~ [Resigned]

3. ANNOUNCEMENT OF RESIGNATION

The budget committee was informed that Danni Katchia has moved out of the district and therefore is not eligible to be on this budget committee; she submitted a resignation notice to the district.

4. ELECTION OF BUDGET COMMITTEE OFFICERS

A. Chair
B. Vice-Chair

JCSD 509J Board Chair Jacob Struck called for any interest or nominations for budget committee chair.

Melissa Irvine nominated Sean Gallagher as Chair of the JCSD 509J Budget Committee, nomination was seconded by Marissa Wilson. Sean accepted the nomination; with no other nominations a vote was called and passed unanimously – **APPROVED 7/0** *(1-Absent [Courtney Snead], 1-Late [Demus Martinez]).*

Melissa Irvine nominated Marissa Wilson for Vice Chair of the JCSD 509J Budget Committee, nomination was seconded by Sean Gallagher. Marissa accepted the nomination; with no other nominations a vote was called and passed unanimously – **APPROVED 7/0** *(1-Absent [Courtney Snead], 1-Late [Demus Martinez]).*

5. PRESENTATION OF THE BUDGET MESSAGE – *Superintendent Jay Mathisen*

Superintendent Jay Mathisen presented the budget message. Rather than reading the traditional written budget message, he presented a brief slide deck designed to address questions and comments raised during the recent budget workshop; they can be viewed on pages 4-10 of the budget committee packet.

Superintendent Mathisen noted that Melissa Irvine had asked an important question during the workshop regarding how the district measures progress toward its vision and goals. In response, he shared the district's Strategic Path Forward, which outlines the district's vision, mission, and key performance indicators.

The district's core values are:

- Students Flourish Here
- Better Every Day
- We Care for Each Other

These values are intended to represent the district's identity and guide decision-making. He explained, to measure progress, the district tracks several indicators:

1. Students Flourish Here
   - Student participation in extracurricular and co-curricular activities
   - Attendance rates
   - Student belonging and engagement survey results
2. Better Every Day
   - Reading and mathematics assessment scores
   - Graduation rates
   - Ninth-grade on-track rates
3. We Care for Each Other
   - Staff exit survey feedback
   - Staff climate survey results
   - Staff retention rates

Superintendent Mathisen highlighted several accomplishments demonstrating district progress over the past five years:

- Elementary class sizes are smaller than historical averages, with over 40% of classrooms having fewer than 20 students.
- The district has achieved its four highest graduation rates during the past four years.
- Madras High School now offers nine Career and Technical Education (CTE) Programs of Study.
- Dual enrollment offerings have increased from approximately 5–10 courses to 24 courses.
- The district fully covers dual enrollment costs for students.
- Seal of Biliteracy participation has grown significantly, including recognition in English, Spanish, and Indigenous languages.
- Indigenous language courses are now offered for high school credit in grades K–12.
- Student participation in Key Club and community service activities has expanded.
- Teacher retention rates now exceed the state average.
- Three of the district's four elementary schools met or exceeded the state average in third-grade reading performance.
- The district's Spanish Dual Language Program continues to expand and will reach fourth grade next year.

Superintendent Mathisen identified several challenges facing the district:

- Declining student enrollment, consistent with statewide and national trends.
- Rising costs for supplies, technology, fuel, and services.
- Increasing employee compensation expenses.
- Significant increases in PERS contribution rates.

Superintendent Mathisen explained the district's budget reduction strategy: The district is currently in the second year of a planned three-year budget reduction effort. Approximately $2 million was reduced during the 2025–26 budget year, and a similar reduction is proposed for the upcoming year.

The district's reduction strategy is guided by four principles:

1. Make reductions strategically and responsibly.
2. Minimize impacts on classroom instruction and student learning.
3. Avoid layoffs whenever possible.
4. Maintain healthy reserve balances in accordance with board policy.

Proposed reductions and adjustments include:

- Consolidation of a Graduation Coach and Educational Assistant position.
- Reduction of a classified librarian position, partially offset by staffing reorganization and a pending grant application.
- Reassignment of a Drug and Alcohol Counselor into a counseling position.
- Reduction of 0.5 Transportation Supervisor FTE.
- Reduction of Special Education Instructional Coaches from four positions to two.
- Reduction of one counseling position at Madras High School.
- Middle school staffing reductions, including a CTE teaching position and other previously unfilled positions.
- Reduction of one high school science teacher position.
- Reduction of 0.5 teacher position at Bridges High School.

- Elimination of an unfilled driver position.
- Reduction of partial custodial staffing.
- Reduction of approximately 4.5 Educational Assistant FTEs.
- Elimination of one elementary music teaching position through attrition, with services being reorganized across elementary schools.

Superintendent Mathisen noted that:

- The district currently employs nearly the same number of licensed staff as before the pandemic despite serving approximately 300 fewer students.
- Staffing levels continue to be adjusted gradually to align with enrollment and revenue trends.
- No layoffs have occurred during the past two years despite significant budget reductions.
- Future funding decisions from the Oregon Legislature may affect the district's financial outlook.

Superintendent Mathisen emphasized that district leadership has committed to sharing in budget reductions.
Over the past two budget cycles:

- Certified staff positions have been reduced by approximately 7.7%.
- Classified staff positions have been reduced by approximately 6.1%.
- Administrative and supervisory positions have been reduced by approximately 5.2%.

He further explained, within district-level administration specifically, approximately 10% of positions have been reduced through staffing reductions and compensation adjustments.

Superintendent Mathisen concluded his presentation and invited questions before turning the meeting over to CFO Brad Henry for the presentation on the budget document.

BUDGET COMMITTEE QUESTIONS / DISCUSSION FOLLOWING THE BUDGET MESSAGE:
A committee member commended district leadership for addressing staffing reductions through natural attrition rather than layoffs and acknowledged the cyclical nature of enrollment trends affecting school districts.

A question was raised regarding the status of middle school CTE programming, particularly at Jefferson County Middle School (JCMS), following recent public discussion.

Superintendent Mathisen explained that JCMS previously operated with one agricultural education teacher and has expanded CTE offerings over the past several years to include culinary arts and other exploratory CTE programs. Due to declining enrollment and budget reductions, one CTE teaching position is being reduced. However, the district intends to maintain most student CTE opportunities by restructuring elective offerings and utilizing existing staff capacity.

Assistant Superintendent Shay Mikalson reported that during the current year, 8 of 25 elective course sections are CTE-related. The proposed schedule for next year includes 6 CTE sections out of 24 elective sections. While opportunities will be somewhat reduced, the district is prioritizing maintaining student access to CTE experiences.

Committee members requested clarification regarding the financial impact of declining enrollment. CFO Brad Henry reported that the district has experienced a loss of approximately 300 students, equating to an estimated reduction of $3.5–$4.0 million in revenue. Funding averages approximately $12,000 per student.

Superintendent Jay Mathisen and CFO Brad Henry explained that while revenue growth has slowed due to enrollment declines, the district continues to face increasing personnel and compensation costs, requiring ongoing budget adjustments.

Questions were raised about how district accomplishments and strategic initiatives are reflected within the budget, including dual-credit opportunities, bilingual programs, and other educational enhancements.

Superintendent Jay Mathisen and CFO Brad Henry explained that many of these investments are included within broader budget categories and are not always identifiable as separate line items. District leaders emphasized the importance of helping the public understand the relationship between educational priorities, staffing, program growth, and budget allocations.

A committee member asked whether any critical teaching positions remain unfilled.

Superintendent Jay Mathisen responded - active recruitment for two special education teaching positions and one dual-language teaching position and indicated confidence that those vacancies would be filled. Current staffing vacancies are lower than in previous years.

A follow-up question addressed potential concerns regarding maintenance of effort requirements related to reductions in special education support staff. Administration stated there are no concerns in that area.

Questions were raised regarding significant enrollment declines at the middle school level and whether the district is gathering information about why students are leaving.

CFO Brad Henry and Superintendent Mathisen confirmed that student retention and enrollment recovery are areas of ongoing strategic focus. District leadership is examining enrollment trends, particularly at the middle school level, and considering strategies to attract and retain students.

Board members emphasized the district's long-standing commitment to responsible financial planning. Members noted that the district anticipated enrollment and funding challenges and has taken proactive measures over several years to build reserves and avoid more severe budget reductions.

Discussion also highlighted concerns regarding competition from virtual schools. Board members expressed interest in advocating for funding models that recognize the additional costs associated with maintaining physical school facilities and providing in-person educational services.

With no further questions or discussion, the budget committee chair proceeded to the presentation of the budget document – presented by CFO Brad Henry.

6. PRESENTATION OF BUDGET DOCUMENT

CFO Brad Henry used his slide presentation and the proposed 2026-2027 budget document to present an overview of the proposed budget. He walked the committee through the budget document structure and committee members were encouraged to refer to the budget document throughout the presentation.

The budget is organized into four funds:

1. General Fund *[pages 26-76 of budget document]*
2. Special Revenue Fund (Grants) *[pages 77-84 of budget document]*
3. Debt Service Fund *[pages 85-90 of budget document]*
4. Capital Projects Fund *[page 91 of budget document]*

CFO Brad Henry explained the budget timeline - the district is currently at the first Budget Committee meeting. A second meeting is scheduled for next week (May 18, 2026), if needed. The budget will then move to the School Board for a public hearing and final adoption in June.

The proposed total budget is $98.8 million, including all reserves.
Fund breakdown:

- General Fund: $67 million
- Special Revenue Fund: Just over $16 million
- Debt Service Fund: Includes General Obligation Bond payments, PERS Bond payments, and the remaining retrofit loan payments.
- Capital Projects Fund: Contains one remaining capital project scheduled for completion by September.

The budget assumptions remain unchanged from the workshop presentation and include:

- Enrollment projections and class size ratios remain consistent.
- Beginning operating reserves: approximately $5.5 million.
- Ending operating reserves: approximately $4.6 million.
- PERS rates remain unchanged through 2026-27.
- Budget reflects current negotiated contracts.

Enrollment continues to decline, consistent with state and national trends.

- Enrollment has decreased by approximately 360 students from peak levels.
- Aside from a temporary increase during the pandemic, enrollment has steadily declined.
- The district continues to adjust planning and staffing to account for these changes.

While enrollment and weighted ADM continue to decline, district revenue has remained relatively stable due to increases in the statewide per-student funding amount. The district remains in a period of "hold harmless" funding, meaning funding is based on prior-year ADM rather than current enrollment.

CFO Brad Henry noted a significant statewide funding shortfall during the 2021-22 school year. The district believes the state reduced formula funding during that period due to the availability of federal ESSER funds. As a result: Federal funds helped offset operational costs. Staffing shortages during that period generated salary savings that increased reserves. CFO Brad Henry explained, those temporary conditions no longer exist, as positions are now being filled and compensation costs have increased.

The district is currently in the second year of a planned multi-phase approach to align expenditures with available revenues.

- Personnel costs remain the district's largest expenditure category.
- Personnel expenses account for nearly 87% of the General Fund budget.
- Remaining expenditures include utilities, insurance, and other operational costs that are largely outside district control.
- Available discretionary spending remains limited.

CFO Brad Henry reviewed comparisons between formula revenue growth and salary increases. Although revenue continues to increase, personnel costs are growing at a faster rate. The district is working to bring these growth rates into closer alignment over the next several years.

The district's PERS bond strategy continues to provide savings compared to districts that did not issue PERS bonds. PERS contribution rates remain unchanged for 2026-27. Historical savings from lower contribution rates have helped offset pension costs over time.

Reserve projections were reviewed.

- General Fund reserves are expected to remain above Board policy minimums.
- Projections for 2027-28 indicate reserves will continue to meet policy requirements, though they are gradually declining.

CFO Brad Henry explained the Special Revenue Funds (Grants)
The district continues to receive funding through:

- Student Investment Account (SIA)
- High School Success
- Early Literacy Success
- Federal Title Programs

Several grants are ongoing and non-competitive. The district has reapplied for the Innovative Approaches to Literacy grant discussed earlier in the meeting. This is a competitive federal grant. Award decisions are expected in August or September.

A budget committee member asked whether grant-funded positions could be at risk if grant funding declines.

Response was provided by Assistant Superintendent Shay Mikalson - approximately 97–98 positions are funded through grants. Most positions are supported through Student Success Act funding, which is established in statute and considered relatively stable. Some federal grants present greater uncertainty, particularly regarding future funding levels. While funding amounts may fluctuate, district leadership believes major grant programs will continue.

CFO Brad Henry reviewed staffing funded through the Student Success Act and Corporate Activity Tax.

- Staffing levels remain largely unchanged from the previous year.
- Additional Early Literacy funding was received for high-dosage tutoring programs.
- Funding will support Educational Assistant positions at Warm Springs and Madras Elementary Schools.

CFO Brad Henry explained the Debt Service Fund and PERS Bond payments, the district intends to pay off the remaining retrofit loan using Maintenance Reserve funds. However, final payoff timing will depend on the financial needs of the Warm Springs HVAC project. If sufficient project funds remain available, the loan may be paid off this year. Otherwise, payoff is budgeted for 2026-27.

CFO Brad Henry shared about the Capital Projects Fund – he explained, the district's final remaining bond-funded project is the HVAC replacement project at Warm Springs. Project completion is expected by September.
Funding sources include:

- Bond funds
- A federal grant (approximately $750,000)
- Partnership funds associated with the original school field project
- Maintenance Reserve funds, if necessary

CFO Brad Henry explained that the final section of the budget document includes:

- Enrollment and staffing statistics
- Historical district data
- Vehicle and equipment replacement schedules
- State School Funding Formula estimates for the upcoming year

CFO Brad Henry concluded the presentation, noting that much of the information had been reviewed previously during the budget workshop and invited committee members to ask questions regarding any aspect of the proposed budget.

7. BUDGET COMMITTEE DELIBERATION/QUESTIONS/DISCUSSION

Budget Committee Chair Sean Gallagher asked if there are any additional questions or discussion.

A committee member referred to page 94 of the budget document, regarding FTE – the numbers don't quite match. Can you explain a little bit why they're different?

CFO Brad Henry explained that the top section (FTE) reflects all funds – the special funds (grants) are included.

Another committee member had a general question that was proposed to the CFO and superintendent, in relation to the Performing Arts Center (PAC) and what the plan is for that program and where the district sees using that more often and leveraging that building?

Superintendent Jay Mathisen provided context regarding the PAC, noting that there was originally a vision that the facility could generate additional revenue for the district. While the PAC currently operates at a cost to the district, it also provides significant value as a resource for students, staff, and the broader educational community. The facility is frequently used by students from multiple schools, supports staff professional development activities, and serves as a community asset.

Superintendent Jay Mathisen noted that discussions have occurred over the years regarding potential policy changes, including alcohol-related policies, that could make the facility more attractive for larger performances and events. While such changes could increase usage opportunities, he emphasized that revenue generation is not the primary purpose of the PAC. He

stated that his priority is ensuring the facility is used efficiently, maintaining reasonable operating costs, and maximizing educational benefits for students. He also noted that, in his experience, school district auditoriums are generally viewed as community and educational resources rather than revenue-generating facilities.

In response to the question regarding facility maintenance, Superintendent Jay Mathisen confirmed that the district continues to maintain the PAC and plans for future capital investments as needed. He highlighted recent efforts to reduce operating costs, including the installation of solar panels funded entirely through a grant, resulting in no cost to the district. He also acknowledged that larger facility-related expenses will need to be addressed in future planning.

Committee members and administration discussed the broader challenge faced by districts in maintaining aging facilities while receiving the same per-student funding as schools that do not have comparable building maintenance obligations. It was noted that this is an issue the state may need to consider in the future.

Administration also recognized staff efforts to increase PAC utilization through community programming and events. Despite these efforts, attendance levels have not consistently met expectations.

Committee members reflected on the district's mission, emphasizing that the school district is a public service organization focused on serving students rather than generating profit. While revenue opportunities may exist through facility rentals and events, the primary purpose of the PAC remains supporting student learning, performances, and community engagement.

A question was raised regarding the use of 11th-grade assessment data as a measure of student progress, noting that participation rates are low and may not provide a representative sample of students. Given the importance of measuring progress in grades 11 and 12 beyond graduation rates, clarification was requested on what additional metrics the district uses to evaluate student achievement and growth.

Superintendent Jay Mathisen acknowledged the concern regarding low participation rates and noted that the district's 11th-grade participation is higher than that of many regional districts, though participation levels still present challenges for data interpretation. In addition to assessment results, the district monitors dual enrollment participation and success as a meaningful measure of student achievement. Dual enrollment courses require alignment with college-level syllabi and instructor professional development, providing an indicator of academic rigor, depth of learning, and college readiness. These opportunities are available across Career and Technical Education (CTE), mathematics, science, and social studies, and are considered an important metric for evaluating how students are being challenged and prepared for future success.

Laurie Danzuka included an additional point she wanted to highlight - our partnership in offering classes at the high school. Through that work, we have also strengthened our relationship with Central Oregon Community College (COCC) and their efforts to expand access to programs in our region, including early childhood education and nursing pathways. These opportunities further enrich our community and provide benefits beyond our K–12 system.

This is a significant measure of success. Not only are we responding to the needs and requests of our high school students, but our strong partnership with COCC allows us to bring meaningful educational opportunities to fruition that directly support regional workforce and community needs. The recent expansion at COCC reflects those needs and creates additional opportunities for our students and community members.

Assistant Superintendent Shay Mikalson added - as we consider our districtwide measures, it is important to note that our work extends beyond high-level data points. At both Madras High School and Bridges High School, staff members such as Tony Summers and Jess Swagger work closely with students, tracking progress on an individual basis every day and every week. We monitor key indicators including ninth-grade on-track status, credit attainment, attendance, behavior, graduation rates, Career and Technical Education (CTE) completion, participation in athletics, dual-credit enrollment, and student success within those programs. We examine not only participation rates, which continue to grow, but also student outcomes and completion rates.

He concluded, while districtwide metrics help us assess overall trends and progress, our teams are consistently focused on individual student success. This student-by-student approach requires ongoing collaboration and support, which is why positions such as graduation coaches and student liaisons are critically important to the work we do across the district.

With no additional questions or discussion, Budget Committee Chair Sean Gallagher proceeded to the next agenda item.

8. **PUBLIC COMMENT**
Budget Committee Chair Sean Gallagher asked if there are any public comments, either online or in-person. There were no comments presented.

9. **APPROVAL AND RECOMMENDATION TO THE JCSD 509J BOARD OF DIRECTORS, OR RECESS**
With no further questions, comments or deliberation, Budget Committee Chair Sean Gallagher called for a motion.

Jacob Struck made a motion to approve the 2026-27 Jefferson County School District 509-J proposed budget in the amount of $98,811,903 and to levy property taxes in the amount of $4.5871 per $1,000 of assessed value for operations and to impose property taxes in the amount of $4,014,357 for debt service on general obligation bonds. The motion was seconded by Melissa Irvine; a vote was taken and passed unanimously - **APPROVED 8/0** *(1-Absent [Courtney Snead).*

JCSD 509J BUDGET COMMITTEE VOTE TO APPROVE THE 2026-2027 BUDGET			
Y	Laurie Danzuka, Position 1	**Y**	Demus Martinez, Position 6
Y	Regina Mitchell, Position 2	**Y**	Sean Gallagher, Position 7
Y	Jacob Struck, Position 3	**Y**	Marissa Wilson, Position 8
A	~~Courtney Snead, Position 4~~	**Y**	Melissa Irvine, Position 9
Y	Kevin Richards, Position 5	N/A	~~Danni Katchia, Position 10~~ *[Resigned]*

10. 1ST BUDGET COMMITTEE MEETING RECESS OR ADJOURNMENT

As a result of the previous action, it was noted that the second budget committee meeting scheduled for May 18, 2026 is not necessary.

With no further business, Budget Committee Chair Sean Gallagher adjourned the JCSD 509J budget committee meeting at **6:38PM.**

JCSD 509J Board Chair Jacob Struck called for the JCSD 509J Board of Directors to recess until 6:50pm then they will reconvene for the regular session meeting.

Attest:

Tessa Bailey, Executive Assistant / Board Secretary

Sean Gallagher
JCSD 509J Budget Committee Chair

6/3/26
Date

Brad Henry
Chief Financial Officer

6-3-26
Date