

# Themes Derived from Capacity Listening Sessions and Grantee Survey

May 26, 2026

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## EXECUTIVE SUMMARY

### **OWEB Capacity Grant Rulemaking – Statewide Listening Sessions**

#### **Integrated Statewide Themes (All Regions, All Sessions)**

Listening sessions and survey results show strong agreement on the fundamental structure and purpose of capacity funding. Survey responses reinforce the same core messages:

- Stable, non-competitive base funding is essential for organizational survival.
- Flexibility remains the program’s most valued feature.
- Organizational health drives project success.
- Rising operational costs are undermining capacity.
- Reporting should be simplified and aligned across OWEB/ODA.
- Eligibility rules need modernizing so councils are not excluded due to start-date or geography.
- Equity considerations must reflect Oregon’s diverse population and landscapes.

These themes were consistently repeated across listening sessions and reinforced by qualitative survey responses.

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## Purpose

OWEB and ODA conducted 11 listening sessions both virtually and in-person with watershed councils (WCs), soil and water conservation districts (SWCDs), and other partners to understand experiences with the Capacity Grant Program and gather insights in advance of rulemaking. Over 150 participants represented diverse geographies, organizational structures, and watershed needs. During the listening session period from February through May 2026, a survey instrument was made available to provide those unable to attend

listening sessions with the same opportunity to provide input to OWEB. The survey received 42 responses.

Across all sessions, the themes that emerged were highly consistent and reveal a shared vision for the future of the program. There were some issues where opinions diverged; these areas of policy tension are described in Appendix A.

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## Themes

### 1. Non-Competitive Base Funding Is Essential

Participants across Oregon overwhelmingly agreed that Capacity Grants must remain non-competitive. The non-competitive structure provides stability for organizations of all sizes—especially small, rural, or low-capacity groups that would otherwise struggle in competitive environments. Competitive systems were widely viewed as inequitable because organizations with stronger funding bases or larger staff would disproportionately benefit.

Base funding must remain predictable and threshold-based. Any performance-based approach is only acceptable if added as an optional tier on top of stable base funding. Competitive-only structures were universally opposed.

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### 2. Flexibility Is the Program’s Most Important Feature

Flexible use of funds was consistently described as the single most critical aspect of the Capacity Grant Program. Organizations rely on flexibility to support:

- Staff time across planning, outreach, and administration
- Organizational health and business operations (finance, payroll, compliance)
- Travel and mileage, especially in geographically large service areas
- Equipment and vehicle use, including requests for the ability to purchase vehicles
- Rising costs of audits, insurance, and third-party financial management
- Permitting costs, which are increasingly expensive and time-intensive

- Strategic planning and long-term community engagement
- Relationship-building and technical assistance
- Costs that cannot be covered by project-specific grants

Participants emphasized that flexibility enables organizations to “be” their business so they can “do” their business—maintaining operational strength so they can successfully deliver restoration outcomes.

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### 3. Organizational Health Drives Restoration Success

A central theme was the direct link between organizational health and ecological outcomes. Strong governance, financial integrity, compliance systems, and staff stability were repeatedly identified as prerequisites for effective project development and implementation.

Organizations noted that when structural health falters, it disrupts restoration for years. Maintaining healthy organizations is foundational for long-term watershed improvement.

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### 4. Rising Costs Are Outpacing Funding Levels

Organizations reported that operational costs across Oregon have increased dramatically, including:

- Audit costs (sometimes exceeding \$40,000)
- Insurance premiums
- Staff retention and labor market pressures
- Inflation affecting rent, supplies, and services
- Higher permitting costs (fees and staff/consultant time)
- Fluctuating or declining federal funding

One organization cited a **26% increase in annual health insurance premiums**, exemplifying the financial pressure undermining capacity funding.

These pressures heighten the need for stable, flexible funding that supports essential operational functions.

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## 5. Simplified and Aligned Reporting Requirements

Participants want streamlined reporting processes that reduce duplication and better align OWEB and ODA expectations. Current issues include:

- Redundant reporting through OWRI and OGMS
- Workplan requirements duplicating annual reports
- Shifting or inconsistent expectations from year to year
- Desire for a unified reporting pathway

Semi-annual reporting is preferred. Organizations want reporting to be meaningful, efficient, and supportive of actual program outcomes—not administratively burdensome.

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## 6. Modernized and Inclusive Eligibility

Participants across regions noted that some watershed councils currently lack a viable path to eligibility. Organizations want modernized criteria that reflect today’s landscape of watershed groups, demographic shifts, and restoration priorities. Eligibility should address:

- Councils not currently eligible due to 2013 program rules;
- Geographic gaps where communities lack watershed council support; and
- Maintaining stable funding for districts and councils if new councils are made eligible.

The goal is a system that ensures fairness, clarity, and sustainable long-term participation.

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## 7. Equity Considerations Across Oregon

Partners emphasized that any formula, tier, or performance approach must account for Oregon’s diversity:

- Rural vs. urban cost differences
- Watershed size vs. population
- Percentage of public land in a watershed

- Travel distances
- Organizational staffing levels
- Tax-base vs. non-tax-base districts
- Variable cost-of-living and labor markets

Equitable approaches cannot rely on a single metric such as geography or population. Organizations recommended balancing multiple contextual factors to avoid unintended disparities.

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## 8. Balanced Interest in Performance-Based Tiers

While there is no consensus around performance-based tiers, a listening session and survey question prompted responses about a performance-based model. If such a model is implemented, many organizations are open to a hybrid model:

### **Base funding (non-competitive) + Optional competitive/performance tier**

Participants stressed that performance indicators must:

- Be transparent, fair, and appropriate to scale
- Recognize ongoing project development work
- Account for long-term, multi-year projects
- Avoid privileging wealthier or larger organizations
- Reflect work beyond OWEB-funded projects

Measures of success should reflect both organizational health and meaningful restoration progress, not just project implementation.

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## 9. Project Development Is Relationship-Based and Multi-Year

Organizations reiterated that project development involves sustained engagement, not just near-term project outputs. Legitimate project development activities include:

- Landowner engagement and technical assistance

- Tribal and agency partnership building
- Identification of limiting factors across watersheds
- Strategic planning
- Preliminary assessments, design scoping, and securing buy-in
- Activities that may not produce measurable outcomes for months or years

Capacity funding is the only resource that supports this long-duration work.

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## 10. Community Trust and Local Presence Enable Restoration

Effective WCs and SWCDs are deeply rooted in their communities. Characteristics repeatedly identified as essential include:

- Local trust and name recognition
- Consistent staffing and organizational presence
- Strong administrative and business management
- Non-regulatory neutrality that builds access with landowners
- Ability to unify diverse partners and agencies around shared goals
- Engagement with Tribal governments, civic organizations, and local groups

Community relationships are at the heart of long-term restoration success.

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## 11. SWCD Constraints Limit Organizational Health Investments

A persistent concern is the requirement that SWCDs allocate 70% of their capacity funds to agricultural water quality tasks, limiting their ability to invest in organizational health. SWCDs expressed strong interest in greater flexibility similar to current watershed council structures.

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## 12. Mergers and Consolidation Are Complex

While some past mergers have benefited certain regions, participants noted:

- Mergers often result in losing one capacity grant allocation; some would consolidate immediately if the penalty were removed
- Post-merger implementation takes years of effort
- Governance and staffing integration require significant transition time
- Consolidation cannot be treated as a universal solution or a simple cost-efficiency measure

Participants urged thoughtful design of any merger-related incentives.

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## 13. Stability Is Critical in a Volatile Funding Environment

Organizations noted increasing volatility across federal and state funding streams, ecological demands, regulatory complexity, and unpredictable workloads caused by wildfire and drought. Capacity Grants provide the **stable foundation** necessary to maintain continuity of operations and long-term planning.

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## Conclusion

The statewide listening sessions produced a unified message:

**Capacity Grants must remain non-competitive, flexible, stable, and grounded in organizational health. If a performance-based tier is added, it should not penalize smaller organizations with fewer resources.**

**Reporting should be streamlined, eligibility modernized, and equity prioritized.**

**Funding must support the real work required to sustain watershed restoration in Oregon. The eligible activities “necessary for restoration or acquisition projects” should be broadly rather than narrowly prescribed.**

These themes reflect the broad consensus across Oregon’s watershed councils, SWCDs, and partners and offer a strong foundation for durable, equitable capacity grant rulemaking.

# Appendix A

## Policy Tension Points

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### Areas Without Statewide Consensus

Below are the themes where participants and survey respondents did **not** express unified agreement. These represent the most important points for the Rulemaking Advisory Committee to examine closely.

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#### 1. Whether to include any performance-based or competitive funding tier

**What most participants agreed on:**

*A non-competitive base is essential.*

**Where disagreement occurred:**

- Some organizations liked the idea of a **second, optional competitive tier** for high performers.
- Others believed **any** competitive component risks inequity.
- Many supported the concept *in theory* but doubted it could be implemented fairly.
- Participants differed on **which performance metrics** (if any) would be valid, practical, or equitable.

**Examples of disagreements included:**

- Should performance measure outputs (projects completed) or effort (project development)?
- Should performance be evaluated relative to:
  - organizational size,
  - watershed context,
  - population served,
  - landowner dynamics,
  - or progress against self-defined goals?
- Would a competitive tier unintentionally reward already well-resourced groups?

No statewide consensus emerged on whether a competitive element should exist—or how it could be designed.

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## 2. Use of formulas (population, geography, stream miles) to distribute funds

Participants had conflicting views on formula-based approaches.

### **Some believed a formula could:**

- Bring transparency
- Allow new councils to enter the program
- Reduce perceptions of subjectivity

### **Others argued formulas would fail to account for:**

- Unique local conditions
- Tribal relationships
- Ecological complexity
- Percent public land vs. private land
- Heavy outreach loads in some basins
- Vast travel distances in rural areas
- Cost of living and labor-market differences

Because of these tensions, **no single formula approach received broad support**, and many participants feared formulas could make inequities worse rather than better.

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## 3. Whether SWCDs with tax bases should receive capacity funds

There was notable disagreement on the role of tax-base districts.

### **Some participants argued:**

- Districts with a tax base should have reduced access or no access to capacity funds.
- Tax-base revenue should offset the need for state funds.

### **Others strongly countered that:**

- Many tax bases bring in *less than* the capacity grant amount.
- Districts with tax bases still face steep operational costs and should not be excluded.
- Removing funds from tax-base districts would harm collaboration with watershed councils.

Because tax-base size varies widely, no single position dominated.

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## 4. Mergers and consolidation

Participants were deeply split on consolidation.

### Some believed:

- Mergers could improve efficiency, reduce admin burden, and strengthen funding.
- Smaller councils or districts should consider merging to reduce fragmentation.

### Others emphasized:

- Mergers often result in losing a capacity grant.
- The hard work begins *after* the merger, with long, difficult integration.
- Consolidation can erode local identity and reduce community trust.
- Shared services are preferable to merging.

There was **no consensus** on whether consolidation should be encouraged, discouraged, incentivized, or left untouched.

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## 5. Relative weighting of organizational health vs. on-the-ground progress

Everyone agreed both matter—but not **how much** each should matter.

### Points of divergence included:

- Should organizational health be considered a core outcome?
- Should performance metrics prioritize ecological results, or organizational capacity?
- How should organizations be evaluated if they have strong organizational health but fewer immediate project outputs?
- Should progress on restoration be weighed equally across organizations that have vastly different capacities or watershed constraints?

There was no unified agreement across the state on how to balance these priorities.

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## 6. Equity considerations and how they should influence funding

While everyone agreed equity matters, participants disagreed on **how to apply it**.

Conflicting ideas included:

- Should larger geographic areas get more money?
- Should more populated areas get more?
- Should public-land-heavy districts receive compensatory funding?
- Should rural orgs get extra weight due to travel costs?
- Should urban orgs get extra weight due to complexity of ecological and social systems?

Every proposed equity lens had supporters and opponents—making this one of the most complex areas without consensus.

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## 7. Role of SWCD vs. WC structures and differences in flexibility

Participants disagreed about:

- Whether district capacity grants should have the same flexibility as watershed council grants.
- Whether statutory requirements should remain distinct between them.
- Whether WCs and SWCDs should ever share a unified rule structure or remain permanently differentiated.

Because some SWCDs want WC-like flexibility, while others value the current distinction, and some WCs worry about dilution, no unified viewpoint emerged.

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## 8. Indirect vs. direct cost limits

Though most participants opposed an indirect-only model, opinions varied on:

- Appropriate indirect caps
- The appropriate balance between direct and indirect spending
- Whether to formalize direct/indirect structures at all

This emerged as another area without clear alignment.

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## 9. Eligibility expansion (adding new councils)

Participants disagreed on whether the number of eligible councils should grow.

### Some argued:

- New councils deserve access; eligibility rules are outdated.

### Others were concerned:

- More councils would thin the funding and harm existing groups.
- Some regions already have many councils and would benefit from consolidation instead of expansion.

This tension created an area of non-consensus.

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## Summary: Where Consensus Did Not Exist

Across all sessions, the **highest-conflict or most mixed-support areas** are:

1. Whether to add any performance-based/competitive tier
2. Whether to use funding formulas (population, geography, stream miles)
3. Whether SWCDs with tax bases should receive capacity funds
4. Whether mergers should be incentivized or discouraged
5. How to weigh organizational health vs. on-the-ground project outputs
6. How to operationalize “equity” in funding allocation
7. How to handle indirect cost structures
8. Whether to expand eligibility to additional WCs

These represent **true policy choice points** where reasonable participants disagreed based on role, geography, organizational structure, or philosophical approach.

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