



Oregon

Tina Kotek, Governor



OREGON
WATERSHED
ENHANCEMENT BOARD

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October 30, 2025

The Honorable Senator Kate Lieber, Co-Chair
The Honorable Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE, H-178
Salem, OR 97301

Dear Co-Chairs:

This letter is in response to the request from the Legislative Fiscal Office for 2025-2027 agency budget reduction options. In summary, the Oregon Watershed Enhancement Board (OWEB) has identified reduction options that reduce grant funding to external partners and that delay recruitment of two new and vacant positions. These options allow OWEB to prioritize keeping core fiscal functions whole and implementing continuous improvements in one of our longstanding grant programs. These represent two critical aspects of our customer services.

OWEB is a small agency that administers grants for watershed restoration. The statutory mission of OWEB is to administer grant programs focused on watershed health. OWEB grant programs support voluntary projects for watershed enhancement and restoration of streamside areas and uplands.

The agency's key budget principles for the attached reduction exercise reflect the need to protect core business functions, particularly the agency's fiscal team, and create a diverse and sustainable lottery-funded land transaction grant program. The agency is prioritizing protecting new, vacant positions in these programs because augmenting the existing teams on staff is so important to the agency's ability to continue to fulfill our mission.

The attached list of new programs by biennium illustrates the increases in OWEB's fiscal and programmatic responsibilities over the last three biennia that have continued through this biennium. The ongoing programs that have been added and their implementation status are as follows.

- The Oregon Agricultural Heritage Program received its first grant funding in the 2022 regular session and has received two additional legislative allocations since then. OWEB rapidly hired new staff, offered grant cycles, awarded grant funds and is project-managing the awarded projects. OWEB has a current grant cycle open and expects to award the remaining available grant funds allocated during the 2025 legislative session at the April 2026 Board meeting.
- OWEB received the new Drinking Water Source Protection program in the 2023 regular session. OWEB worked with a RAC and the OWEB board to adopt rules, run a grant cycle,

and award grants, and is now project-managing the awarded projects. All available grant funds are committed.

- OWEB received Natural and Working Lands funding in the 2023-2025 budget; \$2.25 million of these funds were allocated to OWEB for grants. OWEB conducted a broad engagement process, ran grant cycles, awarded grant funds and is project-managing the awarded projects. All available grant funds are committed.
- OWEB received Water Acquisitions funding in the 2022 regular session. OWEB has an existing lottery-funded water acquisitions grant program, and this allocation added funding to the program. We expected that it would take several biennia to commit the funds due to the complex nature of these projects and specialized grantee expertise needed. Since receiving the funds, we have run 3 grant cycles and currently have an open offering with anticipated Board award in April 2026.
- OWEB was identified in the 2024 regular legislative session to fulfill the state's responsibilities to administer the State of Oregon vs Monsanto settlement fund. OWEB has brought on program staff and worked very closely with the Governor's office to establish the council that will oversee the fund administration. The council has met and is working to implement its responsibilities.

The increase in specialized and complex grant programs as well as modernization of existing lottery-funded land acquisition programs necessitated the addition of a section manager that was made permanent in the 2025-2027 legislatively adopted budget.

For these reasons, OWEB is choosing to accomplish much of the 5% reduction options through reducing the grant dollars that the agency awards to local partners. This is challenging time to be reducing grant funds to local partners because they are also experiencing reductions in federal sources of funding as well in many cases. However, we believe this approach allows us to protect core agency customer services and best meets LFO's direction in the reduction options request letter.

OWEB would accomplish the remainder of the proposed reductions by delaying recruitment of vacant staff positions within Other Funds.

I will be prepared to discuss and present the attached reduction options to the subcommittee during November legislative days and am also happy to respond to any questions you may have.

Sincerely,

 Sara O'Brien
2025.10.30
17:52:14-07'00'

Sara O'Brien, Executive Director

Attachments:

2025-27 LAB – Agency Reduction Options Form
2025-27 LAB – New and Expanded Programs

OWEB (69100)																
2025-27 Biennium																
2025-27 LAB				2,739,667	119,395,740	45,526,847	-	61,591,577	-	229,253,831						
Detail of Reductions to 2025-27 Legislatively Adopted Budget																
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Gov. Reduction Target Yes / No	One-Time Yes / No	Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.	
Dept																
First 2.5% reduction																
	Grants	OWEB	020	GF OAHP appropriation-Special Payments	68,492						\$ 68,492			No	Yes	Reduce the GF Appropriation for OAHP of \$2M to be transferred to the OAHP fund (OF). Reduction will be allocated per statute between Grants and Ops (12%) in OF. The OAHP program currently has an open grant offerings under way with anticipated Board award in April 2026. This reduction would mean less grant funds available to support farm and ranchland protection projects and the associated fish and wildlife benefits of those projects, and would impact the staffing resources available to administer the grant funds.
	Grants	OWEB	020	LF Grants/Special Payments holdback		2,984,894					\$ 2,984,894			No	Yes	Hold back from the Grant Funds Spending Plan (Grants) to ensure funding is not awarded and/or expended on grants in 25-27. No impact to existing grants or commitments as OWEB already has identified an unallocated amount to hold back. However, this would mean less grant funds available to grantees for new projects at a time when other sources of funding (particularly federal funding) are less available than in the past.
	Grants	OWEB	020	OF Grants/Special Payments			1,138,171				\$ 1,138,171			No	Yes	Reduce grant amount to be awarded and paid for multiple OF grant programs such as OAHP and Water Acquisitions. The programs currently have open grant offerings under way with anticipated Board award in April 2026. This would mean that less projects for issues like farm and ranchland protection and associated fish and wildlife benefits, and projects supporting stream flow restoration for fish and wildlife, would be possible.
Second 2.5% reduction																
	Grants	OWEB	020	GF OAHP appropriation-Special Payments	68,491						\$ 68,491			No	Yes	Reduce the GF Appropriation for OAHP of \$2M to be transferred to the OAHP fund (OF). Reduction will be allocated per statute between Grants and Ops (12%) in OF. The OAHP program currently has an open grant offerings under way with anticipated Board award in April 2026. This reduction would mean less grant funds available to support farm and ranchland protection projects and the associated fish and wildlife benefits of those projects, and would impact the staffing resources available to administer the grant funds.
	Grants	OWEB	020	LF Grants/Special Payments holdback		2,984,893					\$ 2,984,893			No	Yes	Hold back from the Grant Funds Spending Plan (Grants) to ensure funding is not awarded and/or expended on grants in 25-27. No impact to existing grants or commitments as OWEB already has identified an unallocated amount to hold back. However, this would mean less grant funds available to grantees for new projects at a time when other sources of funding (particularly federal funding) are less available than in the past.
	Grants	OWEB	020	OF Grants/Special Payments			929,425				\$ 929,425			No	Yes	Reduce grant amount to be awarded and paid for multiple OF grant programs such as OAHP and Water Acquisitions. The programs currently have open grant offerings under way with anticipated Board award in April 2026. This would mean that less projects for issues like farm and ranchland protection and associated fish and wildlife benefits, and projects supporting stream flow restoration for fish and wildlife, would be possible.

2025-27 Biennium

Detail of Reductions to 2025-27 Legislatively Adopted Budget
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[illegible]

(ranked most to least preferred)		Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Gov. Reduction Target Yes / No	One-Time Yes / No	Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.
Dept	Prgm/ Div															
	Ops	OWEB	010	OF Staffing - delay recruitment			78,702				\$ 78,702	1	0.50	No	Yes	Delay recruitment of Accounting Technician position to the 2nd year of the biennium. Position funded with funds within the Oregon Environmental Restoration Program established in SB 1561 (2024). PPDB 1327003.
	Ops	OWEB	010	OF Staffing - delay recruitment			130,044				\$ 130,044	1	0.50	No	Yes	Delay recruitment of ISS4 position to the 2nd year of the biennium. Position funded with funds within the Oregon Environmental Restoration Program established in SB 1561 (2024). PPDB 1327002.
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				TOTAL	136,983	5,969,787	2,276,342	-	-	-	\$ 8,383,112	1	1.00			

Target (5%)	136,983	5,969,787	2,276,342	
Difference	(0)	-	(0)	

OWEB (69100) 2025-27 Biennium															
Detail of Programs in the 2025-27 Legislatively Approved Budget that have been established or expanded since 2021-23															
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Agency	SCR	Program Establishment / Expansion			Program Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Implementation Status
		Biennium	Effective Date	Authorization											
69100	020	21-23	Feb-22	HB 5202, Sec 306-307	Oregon Agricultural Heritage Program (OAHP)-Grants	2,000,000						\$ 2,000,000			Appropriation to be transferred to the OAHP fund following cost reduction decisions (25-27 LAB POP 801)
69100	020	21-23	Feb-22	HB 5202, Sec 306-307	Oregon Agricultural Heritage Program (OAHP)-Grants			1,760,000				\$ 1,760,000			New Grant offering underway, applications due November 13, 2025. For anticipated Board award April 2026. (25-27 LAB POP 801)
69100	010	21-23	Feb-22	HB 5202, Sec 306-307	Oregon Agricultural Heritage Program (OAHP)-Admin			240,000				\$ 240,000	1	0.50	12% of OAHP transfer (GF appropriation) for administrative costs per ORS 541.979 (2). Funds .5 FTE of an existing NRS4 position. (25-27 LAB POP 801)
69100	010	21-23	Feb-22	HB 5202, Sec 306-307	Oregon Agricultural Heritage Program (OAHP)-Admin Continuity			455,555				\$ 455,555	2	1.50	Continuity of positions supporting OAHP Grant program with funds previously received (25-27 LAB POP 105)
69100	020	21-23	Feb-22	HB 5202, Sec 306-307	Oregon Agricultural Heritage Program (OAHP)-Grants Continuity			8,500,000				\$ 8,500,000			Continuity of OAHP grant program with funds previously received and committed in grant agreements (amount estimated)
69100	010	21-23	Feb-22	HB 5202, Sec 304-305	Water Acquisition Grant Program-Admin Continuity			745,000				\$ 745,000	2	2.00	Continuity of positions supporting Water Acquisition Grant program with funds previously received (25-27 LAB POPS 100 .33 FTE & POP 106 2 FTE)
69100	010	21-23	various & multiple	various & multiple	Acquisition & Special Program Management Position	169,667	169,667	169,667				\$ 509,001	1	1.00	Continuity of management position established originally with the 2021 GF Wildfire & Drought funding and further expanded with OAHP, Water Acquisition, and Drinking Water Source Protection grant programs. Permanent position included in (25-27 LAB POPS 100). Supported by combination of fund sources to support multiple programs (LF-Land Acquisition, OAHP, Water Acquisition, and Drinking Water Source Protection grant programs)
69100	020	21-23	Feb-22	HB 5202, Sec 304-305	Water Acquisition Grant Program-Grants Continuity			8,500,000				\$ 8,500,000			Continuity of Water Acquisition grant program with funds previously received and committed in grant agreements (amount estimated). Currently OWEB has \$500K in grant agreements and a new grant offering underway with anticipated Board award in April 2026. SB 960 (2025 session) includes a transfer out of \$3M from FIA fund to GF
69100	020	23-25	Jun-23	HB 3409	Natural & Working Lands-Grants Continuity			2,250,000				\$ 2,250,000			Continuity of Natural & Working Lands grant program with funds previously allocated by OCAC to OWEB. Currently OWEB has \$2.25M committed in grant agreements.
69100	010	23-25	Jun-23	HB 3409	Natural & Working Lands-Admin Continuity			403,515				\$ 403,515	1	1.00	Continuity of position supporting Natural & Working Lands Grant program with funds previously received (25-27 LAB POP 801)

OWEB (69100) 2025-27 Biennium

Detail of Programs in the 2025-27 Legislatively Approved Budget that have been established or expanded since 2021-23

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Agency	SCR	Program Establishment / Expansion			Program Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Implementation Status
		Biennium	Effective Date	Authorization											
69100	020	23-25	Jun-23	HB 2010	Drinking Water Source Protection Program			5,000,000				\$ 5,000,000			Continuity of Drinking Water Source Protection Grant program originally funded with \$1M GF and \$4M Lottery Bond Revenues. The full \$5M has been awarded through grant agreements.
69100	010	23-25	Jun-23	HB 2010	Drinking Water Source Protection Program	570,000						\$ 570,000	1	1.00	GF appropriation funding continuity of position supporting Drinking Water Source Protection Grant program (25-27 LAB POP 801)
69100	010	23-25	Feb-24	SB 1561	Oregon Environmental Restoration Program (Monsanto Settlement)-Admin Continuity			748,356				\$ 748,356	2	2.00	Continuity of positions supporting the Oregon Environmental Restoration Program (established from the Monsanto Settlement) - (25-27 LAB POP 107)
69100	010	23-25	Feb-24	SB 1561	Oregon Environmental Restoration Program (Monsanto Settlement)-Admin Capacity			417,492				\$ 417,492	2	2.00	Additional staffing capacity to support the Environmental Restoration Program staffing capacity (established from the Monsanto Settlement) - (25-27 LAB POP 108)
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				TOTAL		2,739,667	169,667	29,189,585	-	-	-	\$ 32,098,919	12	11.00	

Instructions

Column (5) - Authorization should identify the source of the new program or program expansion, which could include enabling legislation, approved policy option package, or administrative establishment.

Column (6) - Program description should include a summary of the program and the expansion (if applicable), including any partner state agencies.

Column (16) - Current status of program implementation should be summarized, including any future budget requests anticipated upon full program implementation.