



**RESEARCH REPORT**

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## STATE SEPTIC CODE FUNDING EXAMPLES: Connecticut

### Connecticut

#### Local Government Funding

- Connecticut Clean Water Fund

State funds are combined with federal EPA "State Revolving Fund" (SRF) grants to create the Connecticut Clean Water Fund (CWF). **The CWF is the state's environmental infrastructure assistance program.** This program was developed in 1986 to replace state and federal grant programs that had existed since the 1950s.

Federal assistance is deposited into the SRF. As of March 2001, Connecticut has received \$277.8 million of federal assistance and \$717.8 million in state general obligation bonds. With \$995.6 million in state general obligation bonds and federal funds, this has become the third largest public works program in Connecticut. **Through the CWF, the state provides combined grants that vary from 20% - 55% of total project costs, depending on the type of project, and low interest loans to finance municipal sewage projects.** (Source: [http://www.ct.gov/Deep/cwp/view.asp?a=2719&q=325578&deepNav\\_GID=1654](http://www.ct.gov/Deep/cwp/view.asp?a=2719&q=325578&deepNav_GID=1654))

#### Private Citizen Funding

- Community Renewal Team (CRT)

CRT is the largest nonprofit human service agency in Connecticut. They receive funding from 70 different public and private entities, every year. **These partners at the local, state and federal levels demonstrate their confidence by providing \$80 million in annual funding, which allows the agency to help more than 130,000 people.** The CRT uses funding efficiently; for every dollar received, 93.7 cents goes directly into programming. A comprehensive list of CRT's federal, state, and local funding sources are available on page 19 of their 2016 annual report:

[http://www.crtct.org/images/stories/docs/CRT\\_Annual\\_Report\\_2016\\_for\\_web.pdf](http://www.crtct.org/images/stories/docs/CRT_Annual_Report_2016_for_web.pdf). *Notable federal sources:* US Department of Agriculture, US Department of Energy, US Department of Housing and Urban Development, US Department of Health and Human Services. *Notable state sources:* CT Department of Economic and Community Development, CT Department of Housing, CT Department of Public Health, CT Housing and Finance Authority.

Through funding from the Connecticut Department of Economic and Community Development, **the CRT provides low-interest loans to private citizens for the repair, replacement, or enlargement of septic systems.**

- United States Department of Agriculture (USDA) Rural Development Section 504 Repair Loan and Grant Program

**This option is available to every state**, so we will describe it only once, here, under Connecticut. **Grants and loans are available through USDA to provide private citizens with financial assistance for septic system repairs and replacements.**

The objective of the Section 504 loan/grant program is to help low-income owner-occupants of modest single family homes in rural areas repair those homes using **federal funding**. The USDA administers this program through its Rural Development (RD) mission area. The Rural Housing Service (RHS) is the agency within RD that oversees the funding and the regulations for the Section 504 Loan and Grant program. Actual delivery of the program takes place through a Rural Development field office.

RHS administers this loan program, as follows:

1. The RHS National Office sets policy and develops regulations.
2. RD State Offices administer programs in a state or multistate area.
3. RD Area or Local Offices receive and process RHS housing loan and grant applications (including Section 504 applications), and provide counseling and supervision for single-family loans.
4. RD Centralized Servicing Center (also called the Customer Service Center) is responsible for servicing the agency's housing loans once they have been closed.

Area/local offices have flexibility to consider unique local factors. Note: Funding for most USDA housing programs, especially grant programs, is limited, per the Housing Assistance Council [http://www.ruralhome.org/storage/documents/rd504\\_vli\\_repair.pdf](http://www.ruralhome.org/storage/documents/rd504_vli_repair.pdf).



## STATE SEPTIC CODE FUNDING EXAMPLES: Iowa

### Iowa

#### *Local Government Funding*

Not available.

#### *Private Citizen Funding*

There are two sources of funding for individuals in Iowa: the SRF and USDA 504.

- State Revolving Fund

**The On-site Wastewater Assistance Program (OSWAP) offers low-interest loans through participating lenders to rural homeowners for the replacement of inadequate or failing septic systems, using the SRF.** The Department of Natural Resources (DNR) and the Iowa Finance Authority (IFA) jointly administer the SRF. The DNR administers the environmental and permitting aspects, to get projects ready for financing. This includes engineering and design approval and construction permits. DNR staff assists applicants through the environmental review process. IFA manages the financing side of the programs. IFA staff works with applicants on loan approvals and disbursements.

**The Iowa SRF draws on several sources of money to make loans, including federal capitalization grants, bonds, and loan repayments with interest. No state general funds are provided.** Annually, the SRF sets aside around \$1.8 million for its OSWAP. (Source: [http://www.iowasrf.com/media/cms/FY\\_2017\\_IUP\\_248D3BD8DCoFD.pdf](http://www.iowasrf.com/media/cms/FY_2017_IUP_248D3BD8DCoFD.pdf) )

- USDA 504 program – see Connecticut for description.



## STATE SEPTIC CODE FUNDING EXAMPLES: Minnesota

### Minnesota

#### Local Government Funding

- Clean Water Legacy Fund (CWL)

**The CWL Fund helps counties regulate and maintain septic systems with a flow of 2,500 gallons per day or more.** In 2008, Minnesota passed the Clean Water, Land, and Legacy Amendment. The amendment increased the state sales tax by three-eighths of one percent beginning on July 1, 2009 and continuing until 2034. The additional sales tax revenue is distributed into four funds as follows: 33% to the Clean Water Fund; 33% to the Outdoor Heritage Fund; 19.75% to the Arts and Cultural Heritage Fund; and 14.25% to the Parks and Trails Fund. The 33% dedicated to the Clean Water Fund may only be spent to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation.

In FY 2014-2015, \$22 million was allocated to the Public Facilities Authority (PFA). \$4 million of this allocation allows the authority to manage the small community wastewater treatment program, which provides loans and grants to assist small communities to replace non-complying septic systems. Technical assistance grants up to \$60,000 may be used by communities to contract to conduct preliminary site evaluations and prepare feasibility reports, provide advice on possible septic alternatives, and help develop the technical, managerial, and financial capacity to build, operate, and maintain septic systems. The PFA provides construction financing up to \$2 million per year at 1 percent interest and grants up to 80 percent, based on affordability criteria. (Source: <http://www.legacy.leg.mn/funds/clean-water-fund> and <https://mn.gov/deed/pfa/funds-programs/smallcommunitywastewatertreatmentprogram.jsp> )

- Minnesota Pollution Control Authority (MPCA) / Minnesota Board of Water and Soil Resources

**The MPCA offers grants to counties for the administration of septic programs, and for special projects to improve compliance rates using funding from the Board of Water and Soil Resources.** The Board offers Block Grants, which are a composite of base grants available to local government units that help them implement programs designed to protect and improve water resources. All counties that have enacted countywide ordinances are eligible to receive these grants. There are three grants available: base, incentive, and low-income fix-up grants.

*Base grants:* These grants are given to counties that administer a septic program, have an ordinance that meets state standards, and files an annual report. Up to \$18,600 is awarded per county.

*Incentive grants:* These grants are given to help with compliance inspections for property transfers, countywide. Up to \$3,000 is awarded per county. They are also given to help draft plans to address un-sewered areas within the counties. Up to \$6,000 is awarded per county.

*Low-income fix-up grants:* discussed under Minnesota funding for private citizens (below).

The Board of Water and Soil Resources funding is primarily from the Minnesota General Fund. The majority of the funds are passed through to local governments to administer state policies and programs. They also receive funding via the Clean Water, Land and Legacy Amendment. **These funds are pooled together to fund entities such as the Minnesota Pollution Control Authority and their septic grant programs.** (Source: <http://www.bwsr.state.mn.us>)

### **Private Citizen Funding**

- Minnesota Pollution Control Authority

The MPCA also offers low-income fix-up grants to private citizens via their septic funding program. The funding, however, goes through the counties first. There are requirements in place for counties to be granted up to \$40,000. The county is then able to distribute the funding to private citizens for fixing non-compliant septic systems. These funds must be used for eligible septic upgrades or returned to state, if not expended by specified date.

The MPCA receives funding the same way that they do for aiding local governments with septic systems, from the Board of Water and Soil Resources. Here is an example of a county program enacted to distribute funds received from the MPCA for individual septic systems: <http://www.co.wadena.mn.us/DocumentCenter/Home/View/298> (Source: <https://www.pca.state.mn.us/water/ssts-help-local-units-government> )

- USDA 504 program – see Connecticut for description.



## STATE SEPTIC CODE FUNDING EXAMPLES: Pennsylvania

### Pennsylvania

#### Local Government Funding

- Department of Environmental Protection (DEP)

**The DEP assists municipalities and local agencies with a reimbursement grant to offset the development and revising of “537 sewage management plans”, required by the state.** The Marcellus Legacy Fund was created by PA Act 13 of 2012 to provide for the distribution of unconventional gas well impact fees to counties, municipalities, and commonwealth agencies. Impact fees are assessed to drillers of natural gas wells in the Marcellus (or equal) Shale regions of the Commonwealth. In addition to impact fees, natural gas royalties also contribute to the fund. In 2013, \$20 million was transferred from the state’s Oil and Gas Lease Fund into the legacy fund, \$35 million in 2014, and \$67 million in 2016. Under Act 13, the Pennsylvania Public Utility Commission administers the collection and disbursement of the fee. Grants are awarded to eligible applicants up to \$100,000 and a 50% match of the total project cost is required.

2016 Annual Impact Fee Report:

[http://www.puc.state.pa.us/NaturalGas/pdf/MarcellusShale/Gas\\_Well\\_PUC\\_Rpt\\_093016.pdf](http://www.puc.state.pa.us/NaturalGas/pdf/MarcellusShale/Gas_Well_PUC_Rpt_093016.pdf)

(Source: <http://dced.pa.gov/programs-funding/commonwealth-financing-authority-cfa/act-13-programs/> )

#### Private Citizen Funding

- The Pennsylvania Infrastructure Investment Authority (PENNVEST)

**The PENNVEST Loan program provides funding to private citizens who need to repair or replace their septic system.** PENNVEST, the DEP, and the Pennsylvania Housing Finance Agency teamed up to offer this special funding program. The program, which is a component unit of the Commonwealth reporting entity, is presented as an Enterprise Fund on the accrual basis of accounting. (Source: [http://www.pennvest.pa.gov/about-us/Contact-Info/Documents/PENNVEST\\_Financial\\_Statements\\_June\\_30\\_2014\\_and\\_2013.pdf](http://www.pennvest.pa.gov/about-us/Contact-Info/Documents/PENNVEST_Financial_Statements_June_30_2014_and_2013.pdf) )

Notably, this funding, which is around \$300 million per year, comes from 5 main sources:

- State general obligation bonds
- PENNVEST revenue bonds
- Clean Water State Revolving Fund
- Drinking Water State Revolving Fund
- Loan repayments/interest earnings

(Source: <http://www.dvrpc.org/EnergyClimate/WSSTP/pdf/Presentations/Pennvest.pdf> )

- USDA 504 program – see Connecticut for description.



## STATE SEPTIC CODE FUNDING EXAMPLES: Wisconsin

### Wisconsin

#### **Local Government Funding**

- Department of Safety and Professional Services (DSPS) Grant Program

**DSPS runs the Private Onsite Wastewater Treatment System (POWTS) Grant Program, in which the state provides financial assistance to local government units who participate.**

DSPS funds this program, which is also referred to as the Wisconsin Fund, using state funding. From 2013-15, the program was appropriated roughly \$2.5 million annually from the Wisconsin general fund.

To receive funding, counties must meet the maintenance and compliance standards of WI Chapter SPS 383. If counties receive the funding to assist their septic programs, they then distribute the funding to homeowners for septic repair or replacement. (Source: [https://docs.legis.wisconsin.gov/misc/lfb/informational\\_papers/january\\_2015/0069\\_private\\_on-site\\_sewage\\_system\\_replacement\\_informational\\_paper\\_69.pdf](https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2015/0069_private_on-site_sewage_system_replacement_informational_paper_69.pdf))

- Small Cities Community Development Block Grant (CDBG)

**The CDBG grant helps communities to rehabilitate housing, including septic system repair of replacement.** The US Department of Housing and Urban Development (HUD) provides federal CDBG funds directly to Wisconsin. The CDBG program was designed using the block grant model, which gives states the authority to determine their funding priorities, and provides broad latitude to the states to use funds for a variety of development activities. As the recipient of CDBG funding from the Federal government, the Wisconsin Department of Administration Division of Energy, Housing, and Community Resources (DEHCR) is charged with ensuring that each project it funds meets both state and federal requirements. (Source: [http://www.doa.state.wi.us/Documents/DOH/CD/Handbooks/CDBG\\_PF\\_and\\_PLNG/Part\\_01%20-%20Chptr\\_01%20Introduction.pdf](http://www.doa.state.wi.us/Documents/DOH/CD/Handbooks/CDBG_PF_and_PLNG/Part_01%20-%20Chptr_01%20Introduction.pdf))

The program, administered by DEHCR, provides grants to units of local government for housing programs that benefit low- and moderate-income households. The program has approximately \$6.3 million available annually and grants a minimum of \$850,000 per region, depending on community distress taken from census data. Local units of government use repaid CDBG housing loans to establish a local revolving loan fund (RLF). Many municipalities throughout the state have available RLF dollars. These funds are available for the same eligible activities. (Source: <http://www.doa.state.wi.us/Divisions/Housing/CDBG-Housing>)



### **Private Citizen Funding**

- Department of Safety and Professional Services (DSPS) Grant Program

**If private citizens live in a county that participates in the POWTS Grant Program, or the Wisconsin Fund, local citizens and small commercial business owners are eligible for septic tank replacement and rehabilitation funding, via the DSPS.** The program has an annual allocation average of around \$2.5 million from the state general fund and provides a maximum grant award of \$7,000 per individual. Individuals contact their county zoning, sanitation, or code enforcement office to apply to receive the state funding.

(Source:

[https://docs.legis.wisconsin.gov/misc/lfb/informational\\_papers/january\\_2015/0069\\_private\\_onsite\\_sewage\\_system\\_replacement\\_informational\\_paper\\_69.pdf](https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2015/0069_private_onsite_sewage_system_replacement_informational_paper_69.pdf) )

- USDA 504 program – see Connecticut for description.