



REPORT TO THE
LEGISLATURE

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Clean Water Fund appropriations for subsurface sewage treatment

Appropriations for subsurface sewage treatment system (SSTS)
programs in Minnesota for fiscal years 2013–2023

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Legislative charge

As a condition of Laws of Minnesota 2021, 1st Special Session chapter 1, Article 2 section 4 (f) the MPCA must complete a legislative report detailing the outcomes for the previous two years of appropriations from Minnesota's Clean Water Fund (CWF) for subsurface sewage treatment systems (SSTS). The report must detail the amount of funding that has gone to SSTS programs and outcomes related to these appropriations. Here is the specific wording of this legislative charge to the MPCA:

(f) \$2,912,000 the first year and \$2,912,000 the second year are for enhancing the county-level delivery systems for subsurface sewage treatment system (SSTS) activities necessary to implement Minnesota Statutes, sections 115.55 and 115.56, for protecting groundwater. This appropriation includes base grants for all counties with SSTS programs and competitive grants to counties with specific plans to significantly reduce water pollution by reducing the number of systems that are an imminent threat to public health or safety or are otherwise failing. Counties that receive base grants must report the number of properties with noncompliant systems upgraded through an SSTS replacement, connection to a centralized sewer system, or other means, including property abandonment or buyout. Counties also must report the number of existing SSTS compliance inspections conducted in areas under county jurisdiction. The required reports must be part of the established annual reporting for SSTS programs. Of this amount, at least \$900,000 each year is available to counties for grants to low-income landowners to address systems that pose an imminent threat to public health or safety or fail to protect groundwater. A grant awarded under this paragraph may not exceed \$40,000 annually. A county receiving a grant under this paragraph must submit a report to the agency listing the projects funded, including an account of the expenditures. By January 15 of each odd-numbered year, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources and the clean water fund detailing the outcomes achieved under this paragraph for the previous two years.

CFW money used for county SSTS base, incentive, low-income grant programs; advanced design work

The Minnesota Pollution Control Agency (MPCA) has been distributing money from the Minnesota Clean Water Fund (CFW) for SSTS purposes for 11 years (funds were first distributed in FY13). Over this period, the MPCA has distributed a total of \$28,663,442 to 86 of Minnesota's 87 counties (Ramsey County does not operate an SSTS program and does not qualify for CFW grant funding.). CFW appropriations are divided into four grant opportunities for which county SSTS programs are eligible; however, currently only two of the grants are being offered:

- SSTS Base Grants
- SSTS Low-Income Grants
- SSTS Incentive Grants (no longer offered)
- SSTS Advanced Inspector Grants (no longer offered)

In addition, a small amount of CFW money (<\$2,500 annually) is utilized to cover the cost of grant administration and reporting.

Specific to the two-year biennium referenced in the legislative reporting charge to the MPCA, the agency distributed \$5,655,107 of CFW monies to county SSTS programs.

Base grants provide general support for county SSTS programs

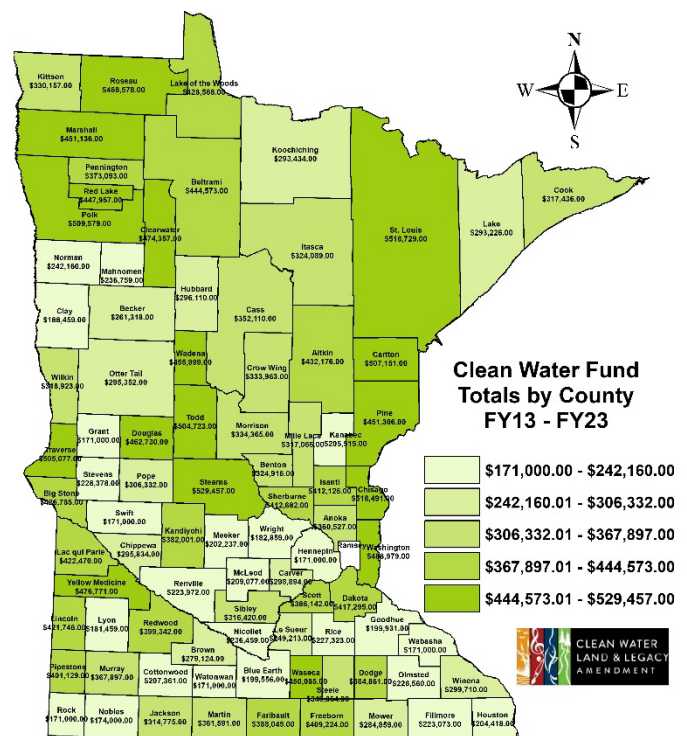
SSTS Base Grants are distributed to counties each year provided three criteria are met. Counties must:

- Administer an SSTS program
- Have an ordinance that meets state rules
- Complete and submit an annual report

Base grants are awarded to counties for activities necessary to implement Minnesota Statutes, sections 115.55 and 115.56, for protecting groundwater. This includes managing SSTS activities such as permitting and inspection programs, resolving disputes between SSTS professionals, developing local SSTS ordinances, and administering low-income grant programs.

For the past ten years, starting in FY14, base grants of \$18,600 per year have been awarded to all 86 counties in Minnesota that administer SSTS programs. Of this amount, \$1,500 is environmental fund money and \$17,100 is CFW money. For each fiscal year from FY14 to FY23, \$1,470,600 (\$17,100 x 86) in CFW money has been distributed annually for enhancing county-level SSTS programs.

Counties that receive base grants must each year report the number of properties in the county without a rule-compliant sewage treatment system where the deficiencies have been corrected, either by SSTS replacement, connection to a centralized sewer system, or by other means, including property abandonment or buy-out.



Counties also must report each year the number of SSTS compliance inspections of existing systems conducted in their jurisdictions. These required reports are sent to the MPCA and compiled into the yearly [Minnesota SSTS Annual Report](#).

In fiscal years 22 and 23, a total of \$2,941,200 CWF money was distributed to counties (\$1,470,600 per year).

Low-income grants help pay for replacing failing systems

The SSTS Low-income Grant program provides funding to counties through a competitive process that counties must apply for each fiscal year. These grants are used by county SSTS programs to provide funding opportunities to low-income homeowners who have failing SSTS that need to be upgraded or replaced.

Counties that seek and receive these funds must use them in accordance with the following:

- Fix SSTS that have been deemed “failing to protect groundwater” or an “imminent threat to public health or safety” (The homeowner must have been issued a Notice of Noncompliance by a licensed SSTS inspector)
- Funding only for homesteaded single-family homes or duplexes
- Homeowner income must be under low-income threshold determined by the county. Most counties (but not all) use USDA income limits.

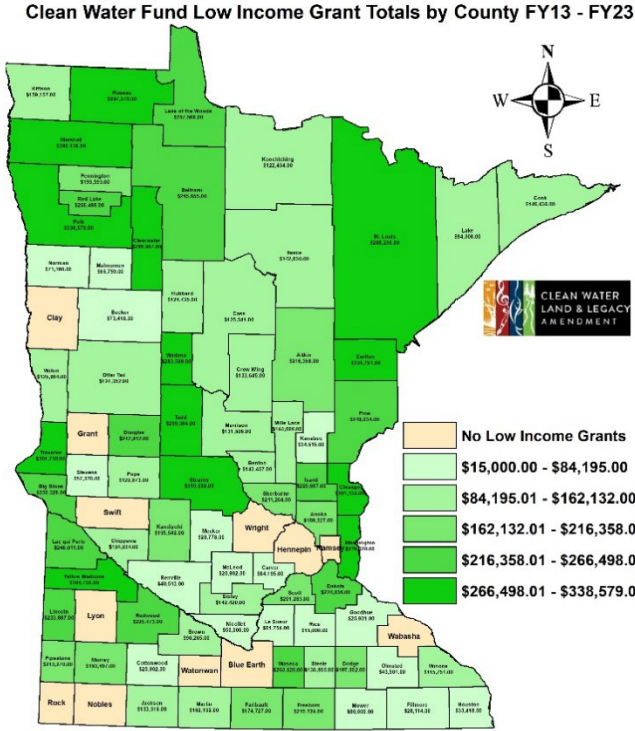
Systems that fail to protect groundwater are generally those where there is insufficient separation between where effluent enters the soil and groundwater for adequate treatment to occur. Imminent threats to public health and safety generally means untreated wastewater effluent is coming to the surface or directly entering a surface water such as a nearby ditch, stream or lake.

Grant amounts available for this program are variable depending on a multitude of factors, including the amount of overall funding available for a particular year, the number of applications, and the amount of unspent funds each county has left over from previous years. Additionally, there is a cap to the amount of funding any one county may receive in a year (currently \$40,000).

Low-Income grant funds have been available and awarded for 11 years, since FY13. Generally, the overall amount of CWF money available for fix-up grants has been about \$1.1 million a year.

Over the past 11 years, distributions to any one county have been capped at no more than \$40,000. The average distribution per county is \$27,703. The total amount of low-income funding distributed since FY13 is \$12,638,543 (\$9,924,636 from FY13-FY21 and \$2,713,907 for FY22-FY23).

Counties that award low-income grants are required to track projects funded by this program. From FY13 through FY21, 1398 projects received funding. The average project received \$7,099 (\$9,924,636 divided by 1398 projects funded).



FY22 and FY23 funding (\$2,713,907) has been distributed as of the time of this report; however, since counties are not required to file their grant program reports until February in the year following the grant expenditure, and because the funding is available until FY25, the total number of projects funded from these distributions will not be known until sometime in 2026.

One way to predict outcomes from this funding program is to consider the number of systems that can be fixed per \$100,000 in grant money spent. Using the numbers from FY13-FY21, we can estimate that every \$100,000 in additional funding will fix another 14 failing systems. In other words, we can expect to see an additional 380 septic system fixes resulting from the \$2,713,907 in FY22-FY23 distributions.

When available, incentive grants support efforts in specific categories

SSTS Incentive Grants were not awarded in FY22 and FY23. See the 2020 Clean Water Fund appropriations for Subsurface Sewage Treatment Report for details on previous awards.

CWF money also helps counties pay for work on advanced systems

SSTS Advanced Inspector Grants were not awarded in FY22 and FY23. See the 2020 Clean Water Fund appropriations for Subsurface Sewage Treatment Report for details on previous awards.