

Joint Audit Committee: Audit reviews decisions about the use of supplemental federal funds

Posted on Wednesday, Dec 14, 2022

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MADISON - Today, the nonpartisan Legislative Audit Bureau (LAB) released a limited-scope review about how the Department of Administration (DOA) used supplemental federal funds provided in response to the public health emergency (report 22-23). These funds were provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Consolidated Appropriations Act; and the American Rescue Plan Act (ARPA). In February 2022, the Joint Legislative Audit Committee directed LAB to evaluate the State's administration of supplemental federal funding received in response to the public health emergency, including how the supplemental federal funds were allocated among state programs and how the amounts allocated to particular state programs were determined.

From March 2020 through June 2022, DOA was provided \$5.7 billion in supplemental federal funds. LAB indicates that DOA paid \$2.2 billion to other state agencies for programs these agencies administered and DOA spent \$1.5 billion on its own programs. As of June 30, 2022, \$1.9 billion was remaining.

The State has the discretion to spend \$4.5 billion of the \$5.7 billion in supplemental federal funds, but federal law requires that \$1.1 billion be spent for specified purposes. Statutes provide the Governor with the authority to decide how to spend discretionary federal funds provided to the State. As of June 30, 2022, \$1.8 billion in discretionary funds were remaining. In December 2022, DOA indicated it had plans for using most of these funds.

"LAB's continuing effort to unravel this web of federal funding has highlighted that the administration spent billions of tax dollars with little to no input. When asked to

provide documentation of the information that was considered in decisions for the use of discretionary federal funds, they did not. Unfortunately, the Governor has rejected any contribution from the Legislature on priorities for the use of federal funds. However, it is the role of the Legislature to serve as the state's fiduciary, where tax dollars are allocated in open forum through the committee process. It is evident that the Legislature should have greater involvement on the allocation of federal funds and receive consistent reporting about ongoing spending efforts," said Senator Robert Cowles (R-Green Bay).

"Over the past few years, the Republican legislature has been blocked in their attempts to exercise legislative oversight into targeting these federal funds to where they were needed most. It is clear that DOA operated with limited transparency and distributed these funds with little discretion. Wisconsinites deserve to know how these funds were distributed and how the remaining will be allocated," Representative John Macco (R-Ledgeview).

Federal law permits some supplemental federal funds to be spent through December 2026. LAB recommended that DOA increase the transparency and clarity of the State's use of supplemental federal funds, including by documenting how decisions were made to use discretionary funds for particular state programs. LAB also recommended that DOA include on its website additional information about plans for spending remaining supplemental federal funds and how such plans change over time.

Copies of LAB's report (report 22-23) may be obtained from its website at www.legis.wisconsin.gov/lab or by calling (608) 266-2818. Report concerns related to state government activities to LAB by calling the toll-free hotline at 1-877-FRAUD-17.