



WISCONSIN LEGISLATURE

P. O. Box 7882 Madison, WI 53707-7882

September 10, 2025

The Honorable Tony Evers
Governor of the State of Wisconsin
115 East, State Capitol
Madison, WI 53702

Dear Governor Evers:

On July 14, 2025 you ordered two of the three veterans homeless shelters funded through Veterans Housing and Recovery Program (VHRP) to close, those being at Green Bay and Chippewa Falls, all while claiming the budget you approved days earlier lacked funding to keep them open. You were wrong in your fiscal analysis and there was no financial reason to put veterans out. Without your immediate action, the shelters will terminate operations at the end of this month, and we call on you to reverse your decision. *The funding is available to you through State appropriations and you simply have to do the exact same thing you did last year to fund the shelters.*

VHRP is a federal program administered by the State and supplemented with State funding. The primary revenue sources are federal per diem reimbursements (GPD), rents from recovering veterans, and a state appropriation. Primary expenses come from a contract with Lutheran Social Services (LSS) to operate the program facilities and provide other supplies and services to support the program. Final revenues and expenses for VHRP in the last biennium are shown in Attachment A.

As you can see in Attachment A, revenues meet expenses. There were apparently facility repairs that caused a per diem revenue reduction in FY 24 and FY25. Fewer residents mean less federal per diem reimbursements. In FY24, you provided a supplement with pandemic ARPA funds. In FY25, you supplemented VHRP with the State appropriation available to you in the Administration of Loans and Aids line item. That account was and can be used to supplement Department of Veteran Affairs (DVA) programs as needed, especially when a program like VHRP has some unpredictability in variable program revenues.

Every year the Legislature replenishes the Administration of Loans and Aids appropriation to about \$8.6 million. And, every year, your administration returns an unspent balance [Attachment B] to the treasury. In FY25 the lapse back to the Treasury was \$608,300, which is less than previous years because you used it for VHRP. Nonetheless, a significant amount still lapsed. The appropriation was replenished on July 5th, and you are simply deciding not to use it anymore. *Operate the program using the same appropriations as you did last year. We ask that you stop sending appropriated money intended for veterans back to the treasury unspent. The Legislature fully funded VHRP. You alone are returning these funds and closing these shelters.*

Compounding problems at VHRP, DVA, despite using the Administration of Loans and Aids appropriation in FY25, failed to pay all of its outstanding obligations and instead deferred costs to FY 26. There was plenty in the account to settle obligations for FY25, but your administration instead returned it to the treasury. That mismanagement will unnecessarily increase expenses in FY26. Thankfully there

will still be enough of a surplus at the end of FY26 to cover both expenses carried forward from FY25 and new expenses in FY26.

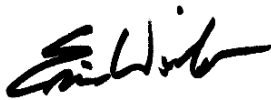
You and Legislative Democrats masquerade as though your false projections are the truth, using that falsehood as a pretext to close the homeless shelters and blame your political opponents. It is a cynical political tactic using homeless veterans to artificially manufacture crisis for media marketing. You did not have to close the shelters and you can reverse your decision at any time.

Moreover, DVA operates the shelters at about 70% capacity. The per diem reimbursement is \$71.54. Variable revenues will increase if you house more veterans, with a maximum capacity of 105 veterans per day. For instance, an 85% capacity will calculate as follows: 89.25 veterans per day x 71.54 daily per diem x 365 days = \$2,330,504. Rent revenue would also correspondingly increase. You can do things to help fund fixed costs by serving more veterans and increasing variable revenues.

While the Legislature funded VHRP at 115%, you may also re-obligate some of the \$373 million in remaining ARPA funding at your discretion to the VHRP. You used that method two years ago and can do it again. Federal rules permit re-obligation of these funds [Attachment D]. Surely you can find some of your discretionary Covid expenditures less of a priority than homeless veterans.

Please do right by Wisconsin's veterans and operate these shelters instead of returning money for the fully funded program back to the treasury. You do not need additional funding. The Legislature deliberately provides an excess funding in the Administration of Loans and Aids line item to ensure continuity when a program partially relies on other variable revenues. Closing the shelters in Green Bay and Chippewa Falls was your choice, and you can also choose to keep them open before it's too late.

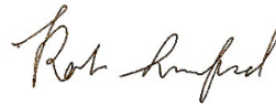
Sincerely,



Senator Eric Wimberger
Senate District 2



Senator Jesse James
Senate District 23



Representative Rob Summerfield
Assembly District 68



Representative Karen Hurd
Assembly District 69



Representative Ben Franklin
Assembly District 88



Representative Clint Moses
Assembly District 92

Table of Attachments

- A LFB Memo 18 August 2025 VHRP Revenues Expenses
- B LFB Memo 4 September 2025 Admin Account Balances
- C LFB Memo 11 August 2025 ARPA Balance
- D Federal Guidelines for Coronavirus Funding



Legislative Fiscal Bureau

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August 18, 2025

TO: Senator Eric Wimberger
Room 409 South, State Capitol

FROM: Jon Dyck, Supervising Analyst

SUBJECT: Funding for the Veterans Housing and Recovery Program

In response to your request, this memorandum provides information on the veterans housing and recovery program (VHRP) administered by the Department of Veterans Affairs (DVA), including: (a) how DVA funded the program in each year of the 2023-25 biennium; (b) expenditures by major category in the 2023-25 biennium; (c) the federal grant and per diem (GPD) payment rates that were effective during the 2023-25 through the present; and (c) the uncommitted (undesignated) cash balance in the veterans trust fund at the end of fiscal year 2024-25.

Background

The veterans housing and recovery program (VHRP) provides transitional housing and support services to homeless veterans and veterans who are at risk of becoming homeless. A veteran is eligible for the program if the veteran's need for services is based on any of the following circumstances: (a) homelessness or conditions that indicate that the veteran is at risk of becoming homeless; (b) incarceration; (c) unemployment or underemployment that significantly limits the veteran's ability to be self-supporting; or (d) an affliction with acute or chronic physical or mental health problems that significantly limits the veteran's ability to be self-supporting.

Services provided under VHRP include: (a) transitional housing; (b) referrals to service providers; (c) financial assistance to veterans who are eligible for residency at a veterans home but lack financial resources; (d) assistance in seeking vocational opportunities; and (e) single occupancy rooms at reduced rent for working veterans.

The program offers residential services in Chippewa Falls and Union Grove, on or near the grounds of the state veterans homes at these locations, and at a leased facility site in Green Bay. Historically, the program has been budgeted from three appropriations, each with a different funding sources: (a) federal revenues the state receives under the GPD program; (b) a state appropriation supported by the veterans trust fund, the revenues to which are almost entirely supported from GPR transfers; and (c) rent payments made by program participants. Veterans who receive transitional

housing or single-occupancy housing assistance may be charged rent, which is capped at 30% of monthly income.

Program Funding and Costs in the 2023-25 Biennium

During the 2023-25 biennium, program costs exceeded the amounts available from the three appropriations. Consequently, DVA charged some program expenses to other SEG DVA appropriations, and used federal funds the state received under the American Rescue Plan Act (ARPA), to support the program in 2023-24. Table 1 shows VHRP program expenses, by funding source, in the 2023-25 biennium.

TABLE 1

**2023-25 Expenditures for the Veterans Housing and Recovery Program,
By Appropriation**

	<u>2023-24</u>	<u>2024-25</u>
VHRP Appropriations		
Federal Grant Per Diem Payments	\$2,020,997	\$1,850,000
VHRP SEG Appropriation (Vet Trust Fund)	475,222	914,957
VHRP Receipts (Rental Payments)	<u>264,067</u>	<u>135,000</u>
Subtotal	\$2,760,287	\$2,899,957
 Other Funding Sources		
Federal ARPA Funds	\$537,162	\$0
General DVA Administration	0	401,377
Facilities (Vet Trust Fund)	0	61,658
Gifts and Grants	<u>0</u>	<u>11,774</u>
Subtotal	\$537,162	\$474,809
 Total, All Sources	 \$3,297,449	 \$3,375,412

As shown in the table, DVA spent \$537,162 FED in ARPA funds to support the program, in addition to the three budgeted funding sources (GPD payments, the state SEG appropriation, and rent payments). This exhausted all available ARPA funding, and so the Department used other funding sources in 2024-25, totaling \$474,809 to support program costs. This includes an allocation of uncommitted funding in the Department's general program operations appropriation (\$401,377), a continuing balance in an appropriation for facilities improvements (\$61,658), and a gifts and grants appropriation (\$11,774).

In addition to using other appropriations to support the program, DVA has indicated that it will defer some VHRP costs incurred in 2024-25 to 2025-26. While it is normal for some costs incurred late in the year to be paid in the next fiscal year, the Department will need to defer more than usual in order to avoid exceeding budgeted funding for the program. Final 2024-25 program expenditures will be available in mid-September, 2025.

VHRP Expenditures by Category

Table 2 shows VHRP expenditures by major category for each year of the 2023-25 biennium. As shown in the table, a large majority of the program's costs are for paying the program's contractor for transitional housing services, accounting for about 70% of the total.

TABLE 2

2023-25 VHRP Expenses by Major Category

	<u>2023-24</u>	<u>2024-25</u>
Contractual Services	\$2,278,379	\$2,368,193
Repair/ Maintenance	298,576	350,769
Utilities	299,253	250,319
Salary/ Fringe	142,685	139,311
Building Lease	146,760	143,502
Other	<u>131,796</u>	<u>123,318</u>
Total	\$3,297,449	\$3,375,412

VA GPD Payment Rates

Table 3 shows the GPD payment rates that have been in effect, beginning in state fiscal year 2023-24. The table shows that different GPD payment rates apply for Union Grove and Green Bay sites than at the Chippewa Falls site. The table also shows that during the COVID-19 pandemic, the GPD rates were increased on temporary basis through May 11, 2023.

TABLE 3

GPD Federal Per Diem Rates

<u>Period</u>	<u>Union Grove and Green Bay</u>	<u>Chippewa Falls</u>
October 1, 2022 through May 11, 2023	\$134.71	\$98.75
May 12, 2023 through September 30, 2023	64.52	64.52
October 1, 2023 through January 31, 2024	68.65	60.22
February 1, 2024 through December 31, 2024	68.65	68.65
January 1, 2025 to the Present	71.54	71.54

Veterans Trust Fund Cash Balances

State agencies must finalize fiscal year appropriation revenues, expenditures, and balances by September 15 following the end of each state fiscal year. The State Controller's Office uses this information to finalize information on the revenues, expenditures, and balances of each of the state's

government, proprietary, and fiduciary funds, which it publishes in its Annual Comprehensive Financial Report. It is anticipated that this information, as it relates to state fiscal year 2024-25, will be available in mid-October, 2025.

While the biennium-ending balance for the veterans trust fund will be available at that time, this balance is of less significance than for other segregated funds. For most segregated funds, the fund balance and anticipated revenues determine the amounts that can be spent from the fund. So, for instance, if revenues are higher than expected, or expenditures are lower than expected, the fund may have a balance that can be used to increase appropriations in a future fiscal year. By contrast, the veterans trust fund is primarily supported by quarterly transfers from the state's general fund, which are made from a sum sufficient GPR appropriation. The Department of Administration determines the amount to transfer based on updated estimates of expenditures from veterans trust fund appropriations, while maintaining enough of a fund balance to avoid a deficit. So, for the veterans trust fund, it is the expenditures that ultimately determine the revenues (the GPR transfers) to the fund. If the fund balance is either higher or lower than what DOA considers to be a prudent margin, the Department would either decrease or increase transfers in future quarters accordingly.

Please contact me if you require additional information on this matter.

JD/ml



Legislative Fiscal Bureau

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September 4, 2025

TO: Senator Eric Wimberger
Room 409 South, State Capitol

FROM: Jon Dyck, Supervising Analyst

SUBJECT: Department of Veterans Affairs Appropriation for Administrative Functions

At your request, this memorandum provides information on the Department of Veterans Affairs' appropriation for general administrative functions. Specifically you asked for response on three questions; (a) the allowable uses of that appropriation under state statute; (b) DVA's use of the appropriation to support costs of the veterans housing and rehabilitation program in 2024-25; and (c) the amount of unexpended budget authority in the appropriation for the past five fiscal years.

DVA's appropriation for the general administrative functions is established under s. 20.485 (2)(u) of the statutes, with the title "administration of loans and aids to veterans." The authorizing language specifies that the appropriation is for "the administration of loans and aids for veterans." In addition, the statute authorizes expenditures for two specific purposes: (a) for "the services and facilities of state agencies and county veterans service officers, including legal services furnished to the Department by the Department of Justice;" and (b) for the cost of conducting a study required by 2009 Act 28.

In response to your second question, the Department expended \$401,377 from the administration of loans and aids to veterans appropriation in 2024-25 for costs associated with the veterans housing and recovery program.

In response to your third question, the following table shows the amount of unexpended budget authority in the administration of loans and aids to veterans appropriation at the end of the fiscal year for the past five years.

**Year-End Unexpended Budget Authority,
Administration of Loans and Aids to Veterans Appropriation**

<u>Fiscal Year</u>	<u>Unexpended Authority</u>
2019-20	\$1,961,900
2020-21	1,238,800
2021-22	1,730,700
2022-23	1,389,500
2023-24	1,403,600
2024-25	608,300

Please let me know if you have additional questions.

JD/lb



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August 11, 2025

TO: Senator Eric Wimberger
Room 409 South, State Capitol

FROM: Noga Ardon, Fiscal Analyst

SUBJECT: State Fiscal Recovery Funds Received from the Federal American Rescue Plan Act

At your request, this memorandum provides information on the uses of the state's allocation of State Fiscal Recovery Funds (SFRF), received from the federal American Rescue Plan Act (ARPA) of 2021.

Wisconsin received a total of \$2,533.3 million from the SFRF. These funds may be used generally to respond to the coronavirus pandemic or its negative economic impacts; to replace revenues lost as a result of the pandemic, for the purposes of providing government services; to make investments in water, sewer, or broadband infrastructure; to provide premium pay to certain eligible workers; or to transfer funds to certain organizations or other units of government. Subsequent federal legislation expanded the allowable uses of the SFRF monies to include relief from natural disasters, surface transportation projects, and Title I projects. Funds received from the SFRF must be obligated by December 31, 2024, and expended by December 31, 2026. More detailed information on the allowable uses of funds received from the SFRF can be found in the Legislative Fiscal Bureau's Informational Paper #101 entitled "State Discretionary Funds from Federal Coronavirus Relief Legislation."

States are required to submit quarterly reports to the U.S. Department of Treasury, which must include the uses of funds received from the SFRF, as well as the amounts allocated, obligated, and expended. Allocated amounts are the budgeted amounts that each program expects to receive, while expended amounts are the amounts that have been spent. Obligated amounts refer generally to the amounts that the state has incurred a legal obligation to pay. Subsequent guidance provided by the Department of Treasury has amended the definition of "obligated amounts" ahead of the December 31, 2024 deadline. Under the amended definition, an "obligation" would include orders placed for property and services, entering into contracts or similar transactions that require payment, or requirements under federal law or regulation to which a government becomes subject as a result of receiving or expending SFRF monies. As a result of the amended definition of "obligation," governments may use SFRF monies to fund certain personnel costs for employees whose salary was paid under an otherwise eligible use of SFRF monies prior to December 31, 2024.

Any SFRF monies that are not obligated by the deadline of December 31, 2024, are required to be returned to the Treasury. However, governments are not obligated to return SFRF monies that are expected to be used for certain legal and administrative expenses in 2025 and 2026. In order to use funds in this way, governments must submit an estimate of the amounts of these expenses. State governments were required to submit such estimates by July 31, 2024.

The most recent quarterly report submitted to the Treasury summarized the state's uses of SFRF monies through June 30, 2025. The report indicates that the state's entire \$2,533.3 million SFRF payment has been allocated and obligated, and that \$2,160.3 million has been expended. Thus, as of June 30, 2025, \$373.0 million remained unexpended. The attachment to this memorandum indicates the expended amounts of the SFRF that were reported to the Treasury through June 30, 2025, along with the amounts allocated to date for each program.

NA/lb
Attachment

ATTACHMENT

SFRF Program Allocations (\$ in Millions)

<u>Use of Funds</u>	<u>Allocated</u>	<u>Obligated</u>	<u>Expended</u>
Economic Support			
Neighborhood Investment Fund Grants	\$235.2	\$235.2	\$202.2
Child Care Counts	172.6	172.6	159.1
Broadband Access Grant Program	102.4	102.4	84.3
Main Street Bounceback Business Grants	97.0	97.0	97.0
Equitable Recovery Grants	88.5	88.5	84.4
Wisconsin Small Business Grants	88.4	88.4	88.4
Back to School Supplemental Aid	75.0	75.0	75.0
Hotel and Lodging Grants	72.3	72.3	72.3
Diverse Business Assistance Grants	70.7	70.7	61.0
Beyond the Classroom Grants	48.2	48.2	48.2
Food Security Grants	44.9	44.9	44.9
Diverse Business Investment Grants	42.2	42.2	38.1
Targeted Community Projects	36.6	36.6	34.9
Event Venue and Live Event Small Business Grants	30.9	30.9	30.9
Multifamily Housing	25.0	25.0	25.0
Transit Services Investment	25.0	25.0	25.0
UW System Tuition Freeze	25.0	25.0	25.0
Tourism Capital Grants	22.1	22.1	18.6
Well Compensation Grant Program	15.7	15.7	9.3
Destination Marketing Organization Grants	15.0	15.0	15.0
Northridge Mall Demolition and Redevelopment Initiative	15.0	15.0	15.0
Low Income Home Energy Assistance	13.4	13.4	13.4
Safe Shelter and Homelessness Grants	11.2	11.2	7.6
Movie Theater Grants	10.1	10.1	10.1
Meat and Poultry Supply Chain Resiliency Program	9.5	9.5	8.3
Wisconsin Forest Products Cluster Initiative	8.0	8.0	4.7
Main Street Bounceback Technical Assistance	5.2	5.2	1.7
Meat Talent Development Program	5.1	5.1	3.2
Concordia 27	5.0	5.0	5.0
Keep Wisconsin Warm Fund	5.0	5.0	3.2
Veterans Rental Assistance Program	5.0	5.0	4.2
Natural Resources Conservation Projects	4.5	4.5	2.2
Community Resources Grant	4.0	4.0	0.4
Park Falls Water Main Improvements	3.8	3.8	3.8
PartnerUp! Program Expansion	3.6	3.6	3.3
Early Childhood Education and Workforce Training	3.0	3.0	0.0
Broadband Intelligence	3.0	3.0	2.9
Minor League Sports Team Grants	2.8	2.8	2.8
Dream Up! Child Care Supply-Building Grant Initiative	2.5	2.5	2.5
Summer Camp Grants	2.0	2.0	2.0
Increased Utility Cost Initiative	1.7	1.7	1.7
Wisconsin Forward Agriculture Engine Initiative	1.0	1.0	0.0
Jobs for America's Graduates	1.0	1.0	0.5
WHEDA Foundation Housing Grant Program Supplemental Funding	1.0	1.0	1.0
Wisconsin Historical Society Reopening	1.0	1.0	1.0

<u>Use of Funds</u>	<u>Allocated</u>	<u>Obligated</u>	<u>Expended</u>
Economic Support (continued)			
Cooperative Network	\$0.9	\$0.9	\$0.9
PATHS Youth Services	0.8	0.8	0.8
Veteran Housing Recovery Program Initiative	0.5	0.5	0.5
Homeless Case Management Services	0.5	0.5	0.5
Wisconsin Eye	0.3	0.3	0.3
Wisconsin Out of School Time Alliance Grant	0.2	0.2	0.1
YWCA Green Bay Grant	0.2	0.2	0.0
MATC Office of Workforce Solutions Early Childhood Pathway	0.1	0.1	0.1
Just Recovery for Racial Equity	0.1	0.1	0.1
Subtotal	<u>\$1,463.8</u>	<u>\$1,463.8</u>	<u>\$1,342.7</u>
Health Initiatives and Support			
Healthcare Infrastructure Capital Investment Grants	\$100.4	\$100.4	\$84.4
Local And Tribal Health Department Response And Recovery Support	58.5	58.5	53.6
Emergency Medical Services Investment	45.0	45.0	44.5
Get Kids Ahead K-12 Mental Health Initiative	31.9	31.9	31.9
Milwaukee County Forensic Science and Protective Medicine Facility	24.0	24.0	24.0
COVID-19 Testing	21.8	21.8	21.8
COVID-19 Vaccination	16.9	16.9	16.9
Maternal and Child Health Initiative Program	16.0	16.0	12.3
Great Lakes Inter-Tribal Council Adolescent Recovery and Wellness Center	15.0	15.0	4.1
Health Care Surge Staffing	7.7	7.7	7.7
Ventilators Assistance (DHS)	7.5	7.5	7.5
Services for Children With High Acuity Needs	7.5	7.5	6.7
Behavioral Telehealth Services	5.0	5.0	4.4
Comprehensive Health and Wellness Initiative	5.0	5.0	4.8
Enhanced Youth Mental Health Services	5.0	5.0	4.3
UW System Student Mental Health Support	5.0	5.0	4.9
Long-Term Care Facility Infection Prevention Control	4.8	4.8	3.2
Milwaukee County Mental Health Emergency Center	4.5	4.5	4.5
Personal Protective Equipment	4.2	4.2	4.2
Covering Wisconsin	4.0	4.0	3.4
Veterans Mental Health Grant Programs Initiative	3.9	3.9	3.5
Ryan White Part B Supplemental Funding	3.5	3.5	1.1
Veterans Outreach and Recovery Program Initiative	1.6	1.6	1.3
Project Resiliency	1.6	1.6	1.6
County and Tribal Veterans Service Offices Initiative	1.5	1.5	1.5
COVID Oral Antivirals	1.1	1.1	1.1
COVID-19 Vaccination Match	0.9	0.9	0.9
Lao Veterans of America Initiative	0.1	0.1	0.1
Subtotal	<u>\$403.7</u>	<u>\$403.7</u>	<u>\$360.2</u>
Workforce Development			
Workforce Innovation Grants	\$126.7	\$126.7	\$110.5
Worker Advancement Initiative	31.4	31.4	20.2
Worker Connection	11.2	11.2	9.5
Behavioral Health Workforce Expansion and Capacity Building Initiative	10.1	10.1	10.1
Job Center Staffing Resources	3.6	3.6	3.6
Improving Workforce Training Programs	2.1	2.1	2.0
Rural Wisconsin Entrepreneurship Initiative	1.0	1.0	0.4
Hire Heroes Workforce Development Program	0.5	0.5	0.5
Subtotal	<u>\$186.6</u>	<u>\$186.6</u>	<u>\$156.8</u>

<u>Use of Funds</u>	<u>Allocated</u>	<u>Obligated</u>	<u>Expended</u>
Public Safety			
Violence Prevention Initiative	\$26.4	\$26.4	\$16.4
Tribal and Local Law Enforcement Agency Initiative	20.9	20.9	20.9
Victim Services Initiative	20.7	20.7	20.7
State Public Defender Initiative	14.0	14.0	13.7
Security Personnel Add-on Pay	13.9	13.9	13.9
Civil Legal Services	13.1	13.1	7.7
Milwaukee Criminal Justice and Community Safety	13.1	13.1	13.1
Domestic Violence Prevention and Resources Initiative	13.0	13.0	2.9
Wisconsin State Crime Laboratories	10.8	10.8	10.8
School Safety Resource Center	3.2	3.2	3.2
City of Racine Public Safety Video Surveillance Solutions	1.5	1.5	0.5
Capitol Police Protection Initiative	1.2	1.2	0.3
Part-Time Criminal Justice-Law Enforcement Academy	1.0	1.0	0.8
City of Racine Blueprint for Peace Initiative	0.7	0.7	0.5
Legal Services Initiative	0.6	0.6	0.6
Capitol Police Canine Investment	0.1	0.1	0.1
Subtotal	\$154.3	\$154.3	\$126.1
Public Sector Capacity			
Unemployment Insurance Modernization	\$80.8	\$80.8	\$46.0
DHS COVID Operations	46.8	46.8	39.2
Administrative and Operations Expenses	21.6	21.6	14.1
Keeping Kids Safe & Putting Families First Initiative	15.0	15.0	0.0
Assistant District Attorney Initiative	13.3	13.3	10.7
Employment and Training System Application and Upgrades	12.9	12.9	4.1
State of Wisconsin Office of Violence Prevention	10.7	10.7	0.0
Collective Bargaining Agreement Administration and Oversight	9.6	9.6	0.0
Safety and Professional Services Licensing	7.7	7.7	7.3
City of Racine Municipal Operations	7.5	7.5	3.1
Department of Tourism Marketing	7.5	7.5	7.5
Key Strategic Partnerships for Lasting Economic Development Initiative	7.1	7.1	0.0
Department of Health Services Office of Grants Management	5.9	5.9	0.0
Safety and Professional Services Customer Support Service Center	5.7	5.7	5.6
Transforming Human Resources Initiative	5.7	5.7	1.0
Milwaukee Public Schools Independent Audits and Implementation	5.5	5.5	2.0
Corrections Operational Efficiency and Safety	5.3	5.3	0.8
Front Door Constituent Services Initiative	5.2	5.2	0.0
HEAB Wisconsin Grant Supplement Program	5.0	5.0	5.0
Equal Rights Division ALJs and IT	4.1	4.1	3.4
Safety and Professional Services Staff Augmentation	4.1	4.1	4.1
WISCOM Independent Verification and Validation	4.0	4.0	0.0
HEAB Information Technology Modernization Program	3.2	3.2	1.7
Wisconsin State Patrol Overtime	3.0	3.0	3.0
Graduation Alliance	2.7	2.7	2.7
Cybersecurity and Data Privacy Initiative	2.6	2.6	0.1
Social Development Commission Response	2.4	2.4	0.2
Grants to Bad River and LDF	2.0	2.0	2.0
Noise Mitigation Study	2.0	2.0	1.4
WTCS IT Modernization Initiative	2.0	2.0	1.2
Workforce Data Quality Initiative	1.8	1.8	1.2
Children and Families Staff Augmentation	1.7	1.7	0.0
Governor's Office Federal Oversight Staffing Plan	1.7	1.7	0.1

<u>Use of Funds</u>	<u>Allocated</u>	<u>Obligated</u>	<u>Expended</u>
Public Sector Capacity (continued)			
Secretary of State Improvements	\$1.6	\$1.6	\$0.8
Equivalency Diploma System Automation	1.4	1.4	1.4
DHA Case Management System	1.2	1.2	0.8
Improving Service Delivery for Worker's Compensation	1.2	1.2	1.2
Municipal Services Payment Program Supplementation	0.8	0.8	0.8
Meat Inspection Supplemental Funding	0.7	0.7	0.7
Title V Air Permit Supplemental Funding Program	0.5	0.5	0.5
Town of Silver Cliff Public Safety Building Investment	0.5	0.5	0.5
Air Services Replacement Parts	0.4	0.4	0.0
Local Government Investment Pool System Modernization	0.2	0.2	0.1
Safety and Professional Services Website Redesign	0.2	0.2	0.1
Substance Abuse Prevention Compliance Database	0.1	0.1	0.1
State-Managed Parking Lot Services	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>
Subtotal	\$324.8	\$324.8	\$174.5
Total	\$2,533.3	\$2,533.3	\$2,160.3

Source: DOA SFRF Quarterly Compliance Report, submitted to U.S. Department of Treasury July 31, 2025
-- Totals may not add due to rounding

Guidance will be updated to provide additional information on reporting requirements associated with this option.

Recipients may also cover contract cost increases after December 31, 2024, in the scenarios outlined above using (1) SLFRF funds that the recipient does not use as initially reported to cover particular projects, for example if a reported project is performed under budget or is determined to be an ineligible activity (as discussed further in [FAQ 17.19](#)), or (2) program income (as discussed in [FAQ 17.21](#)).

17.17. The Obligation IFR states that recipients may enter into replacement contracts and subawards after the obligation deadline in certain circumstances. May the recipient commit additional funds to the replacement contract or subaward to account for price increases from the time the original contract or subaward was awarded?

After the obligation deadline, recipients are permitted to replace a contract or subaward that was entered into prior to December 31, 2024, under the three circumstances outlined in the Obligation IFR, which includes a contractor or subrecipient going out of business. The replacement contract or subaward must be within substantially the same scope and for substantially the same purpose as the contract that was entered into by December 31, 2024. In such cases, recipients may use SLFRF funds to cover increased costs of the replacement contract or subaward.

For example, in replacing a contractor, it may be necessary to execute a contract for a greater amount than the original contract, or with adjustments to the scope of the project, due to changed circumstances such as: the need to rebid the contract, increased costs, the unavailability of materials, and developments such as the discovery of adverse environmental impacts. However, a contract with a substantially different scope or purpose would not be considered a replacement contract, and SLFRF funds could not be used to cover the costs of such a contract after December 31, 2024.

Recipients may pay for the increased costs of the replacement contract after December 31, 2024, (1) by applying funds from the amount estimated to be necessary to cover changes or contingencies to the original contract through the expenditure period, which was included in the final obligation reported for the project as of December 31, 2024 (as discussed in [FAQ 17.16](#)), (2) using SLFRF funds that the recipient does not use as initially reported to cover particular projects (as discussed in [FAQ 17.19](#)), or (3) using program income (as discussed in [FAQ 17.21](#)). The SLFRF Compliance and Reporting Guidance will be updated to provide additional information on reporting requirements associated with this option.

17.18. Does the obligation deadline apply to subrecipients?

Subrecipients are not subject to the December 31, 2024, obligation deadline. The obligation deadline applies to the recipient of SLFRF funds. Neither subrecipients nor contractors need to take additional steps to obligate SLFRF funds after entering into a subaward or contract

with the recipient.

17.19. After December 31, 2024, may a recipient use SLFRF funds that were initially obligated but ultimately not expended for an eligible activity?

After the December 31, 2024, obligation deadline, recipients may have excess funds that were obligated as of the deadline but ultimately not expended on an eligible activity. For example, a subrecipient or contractor may perform work under-budget, thereby freeing up previously obligated funds. As another example, the recipient, an auditor, or Treasury may determine that a recipient's planned project is not an eligible activity. In such cases, the recipient may reclassify the SLFRF funds from the original activity to another project that would be eligible under the SLFRF program rules, including the requirement that the recipient incurred an obligation by December 31, 2024, to expend funds on the activity.

As a further example, in a recipient's Single Audit covering fiscal year 2024, the auditor identifies that a project classified as responding to the public health and negative economic impacts of the pandemic is grossly disproportionate to the type or extent of harm experienced, and thus not in compliance with the 2022 SLFRF Final Rule. The recipient may withdraw SLFRF funds from the project and reclassify the funds to a workforce training program that the recipient initially had been financing with local funds but which is an eligible use under the SLFRF program as well. In this case, the recipient must have incurred an obligation (e.g., by entering into a contract) to fund the program by December 31, 2024, in accordance with SLFRF program rules.

The recipient may also use such funds to pay for any permissible upward cost adjustments in other contracts or subawards, as described in FAQs [17.16](#) and [17.17](#), including for indirect cost rate increases in a replacement subaward, as described in [FAQ 17.20](#); to cover expenses that are necessary to meet certain legal and administrative requirements of SLFRF, as described in [FAQ 17.10](#); and to cover personnel expenses obligated by December 31, 2024, as described in [FAQ 17.7](#), including personnel expenses in excess of the initial estimate.

17.20. If a recipient replaces a subaward after the obligation deadline in accordance with the Obligation IFR and these FAQs, can the recipient accept the new subrecipient's indirect cost rate if it differs from the previous subrecipient's, resulting in a change in costs?

Yes, if the recipient is using funds to cover the cost of a subaward that was entered into as a replacement for a previous subaward in compliance with Treasury's guidance, the recipient can include the new indirect cost rate in the replacement subaward. See [FAQ 17.19](#) for a discussion of SLFRF funds that may be available for this purpose.