



**State of Wisconsin • DEPARTMENT OF REVENUE**

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*Peter W. Barca*  
*Secretary of Revenue*

February 15, 2023

Senator Wimberger, Co-Chair, Joint Legislative Audit Committee  
Representative Wittke, Co-Chair, Joint Legislative Audit Committee

Dear Joint Legislative Audit Committee Co-Chairs,

This letter serves to fulfill our commitment to respond to the recommendations contained in the Legislative Audit Bureau's (LAB) limited-scope review conducted on two of our COVID-era, federally funded small business grant programs. The report dated November 29, 2022 provided two identical recommendations for the We're All In and Wisconsin Tomorrow program grants:

We recommend the Department of Revenue:

- Undertake additional efforts to identify and recover We're All In (Wisconsin Tomorrow) grants it awarded in error; and
- Report to the Joint Legislative Audit Committee by February 15, 2023, on the status of its efforts to implement this recommendation.

We appreciate the opportunity to report back on our efforts to review the grant programs since we received the report. As the report noted, and we acknowledged in our November 16, 2022 response letter, we identified that a small percentage of grants had been issued in error. Upon discovering the errors, the department began an effort to recover those grant funds that were issued to ineligible recipients.

We also took on additional efforts to review grants issued under the programs. Our continued review has been methodical and extensive. We were able to evaluate all of the grants using a combination of automated and manual reviews.

Through that review, a small percentage of additional grants were identified as issued in error, and the department is in the process of seeking recoupment of these funds. For example, issues identified through the review included:

- No business income as reported on a Federal Forms 1065, 1120, 1120-S or 1040 Schedule C;
- Missing 2019 and/or 2020 WI income tax return;
- Business income that was either less than or exceeded the gross receipts requirement
- Business was a farming operation, lessor of real estate, or a not-for-profit organization

The department is sending letters to businesses deemed to have received a grant in error or determined to be ineligible and allowing them to appeal the determination and provide evidence that they indeed qualify. We expect the recovery process to be lengthy, as appeals, payment plans, and collection efforts take time.

Again, we are very proud of the work our staff did administering these grants. The department volunteered to undertake this important task because we recognized that our integrated tax

system would be the quickest way to get money into the hands of business owners who were desperately awaiting assistance. We acted quickly to avoid economic collapse in our state. All told, the department administered \$700M in grants, screening over 200,000 grant applications and awarding 135,000 grants over six programs in an 18-month time span.

This was an impressive feat for our staff given the department had never administered a grant program, and we accomplished it without any additional staff. However, it is important to note that effort stretched our resources and exhausted our staff. In addition to the normal high-call volume during tax season, our staff answered over 60,000 additional calls and 20,000 emails related to grants. All this was above and beyond the processing of over 3.1 million annual income tax returns, tens of thousands of monthly business tax returns and maintaining each of our other essential responsibilities.

Additionally, we had to be extra vigilant, as we encountered and fought against significant attempts at fraud in these programs. The department successfully stopped 28,605 fraudulent grants, saving taxpayers over \$143 million and ensuring federal aid went to Wisconsinites who needed help.

Below are the results of our exhaustive review of each and every grant. As we stated in our November 16 response, our bill back efforts were already under way, and should be completed this spring. As we reviewed grants and found ineligible recipients, we proceeded with billing them back on a rolling basis.

**We're All In Phase 2 Small Business Grants**

	Grants	Dollars	Percentage
Total	36,093	\$180.5M	100%
Eligible	35,611	\$178.0M	99%
Ineligible	482	\$2.4M	1%

**Wisconsin Tomorrow Small Business Grants**

	Grants	Dollars	Percentage
Total grants awarded	60,643	\$303.2M	100%
Eligible grants	59,924	\$299.6M	99%
Ineligible grants	719	\$3.6 M	1%

Our reviews of the We're All In restaurant grants and Wisconsin Tomorrow lodging grants did not result in any additional ineligible grantees.

**We're All In Restaurant Grants**

	Grants	Dollars	Percentage
Total	2,023	\$40.2M	100%
Eligible	2,023	\$40.2M	100%
Ineligible	0	0	0%

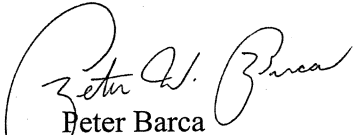
**Wisconsin Tomorrow Lodging Grants**

	Grants	Dollars	Percentage
Total grants awarded	970	\$72.2M	100%
Eligible grants	970	\$72.2M	100%
Ineligible grants	970	\$72.2 M	0%

Both were closed grant programs, which minimized the room for error. We acknowledged in our November 16 response that there was one restaurant grant recipient that had been ineligible; that recipient presented additional evidence to show that they had met the eligibility requirements.

Again, we appreciate the time, effort, and positive working relationship between department staff and LAB as well as the opportunity to take the time to review the grant programs thoroughly.

Sincerely,



Peter Barca  
Secretary

Cc: Joe Chrisman, State Auditor