



STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor  
Kathy Blumenfeld, Secretary

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**VIA EMAIL**

January 12, 2024

State Senator Eric Wimberger  
Co-chair, Joint Legislative Audit Committee  
104 South, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882

State Representative Robert Wittke  
Co-chair, Joint Legislative Audit Committee  
18 West, State Capitol  
P.O. Box 8953  
Madison, Wisconsin 53708-8953

RE: Recording of Interest Earnings

Dear Co-Chairs Wimberger and Wittke:

I write in response to your inquiry regarding an item of interest included in the Legislative Audit Bureau's (LAB) report on the State of Wisconsin's FY 2022-2023 Financial Statements (Report 23-26) related to whether interest earned on Wisconsin's allocation of State and Local Fiscal Recovery Funds (SLFRF) advanced by the U.S. Department of Treasury (Treasury) should be recorded in the Department of Administration (Department) federal aid program revenue appropriation or recorded as general purpose revenues.

As indicated in the Corrective Action Plan associated with this item, the Department's position is based on Treasury's guidance that interest earned may be used for eligible SLFRF purposes, including to defray the costs of administrative expenses associated with running SLFRF-funded programming. In addition, the Department has reason to believe that Treasury intends to exercise oversight on the use of interest, which would necessitate it being tracked and managed consistent with the SLFRF funds themselves. For example, following the issuance of Report 23-26, LAB shared with the Department the communication it had with Treasury related to this issue, in which Treasury stated that earned interest not used for SLFRF purposes would not need to be reported on the Schedule of Federal Awards (SEFA). This statement implies, conversely, that earned interest spent for SLFRF purposes must be reported on the SEFA. There would be no reason to require reporting earned interest on the SEFA if Treasury did not consider these funds as federal in nature or plan to exercise some level of oversight with respect to these funds.

DOA has treated interest earnings on advanced SLFRF funds consistently since they began accruing in May 2021, and was only first advised the auditors believed the treatment to be inconsistent with state statutes during the FY 2022-23 financial statement audit. Once the Department learned of LAB's position in December 2023, it sought additional guidance from Treasury related to the conditions of use, which has not yet been

received. The anticipated additional clarification from Treasury will allow the Department to engage further with LAB and make a final determination on the appropriate treatment of these funds.

I hope you find this information helpful. Please do not hesitate to contact my office if you have questions.

Sincerely,

A handwritten signature in black ink that reads "Kathy Blumenfeld". The script is cursive and fluid, with the first name "Kathy" and last name "Blumenfeld" written in a single line.

Kathy Blumenfeld  
Secretary

