



State of Wisconsin

Senator Tammy Baldwin | Governor Tony Evers

May 11, 2021

Secretary Janet Yellen
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Yellen:

We are writing to follow up on yesterday's Treasury guidance regarding the State and Local Fiscal Recovery funds as part of your administration's ongoing work to implement the American Rescue Plan. As you know, we have been strong advocates for these funds over the course of the past year, and we supported their inclusion in the legislation.

Under the final allocation announced by the U.S. Department of Treasury yesterday, Wisconsin will receive \$2.5 billion in funds. While these funds will be put to good use helping our state recover, this is a lower allocation than the \$3.2 billion that had been estimated at the time of passage by the Congressional Research Service. We understand this reduced allocation reflects the good work we've done to lower our state's unemployment rate and, more broadly, to ensure workers, businesses, and families bounce back from this pandemic. However, the reduction from anticipated funding, coupled with Treasury's guidance as it relates to the two-tranche structure for states which have been successful in reducing unemployment, is problematic. This will significantly reduce the funding that will be available for Wisconsin's current pandemic response operations and to continue to meet immediate needs and restore economic well-being.

While Congress gave Treasury the ability to withhold a portion of funding for states based on unemployment rates, the proposed tranche structure would split Wisconsin's allocation in half, delaying payment of the second half for 12 months. This split and timing does not necessarily reflect the urgency or the level of need that many businesses, families, workers, and community organizations have right now. Over the past year, we have been clear that our response to the pandemic must be robust and it must be flexible to meet the specific needs that our state faces. We know the Biden Administration shares our goal of delivering help to those most affected by the pandemic and ensuring we can bounce back better than we were before this pandemic hit. A delay of up to a year in being able to access these funds in Wisconsin risks slowing our economic relief and the successful recovery progress we've made to date that the American Rescue Plan intended to provide and ensure through this critical state and federal partnership.

In order to ensure Wisconsin continues to be successful in our economic recovery efforts, we are asking that Treasury reconsider its proposed implementation of the two-tranche structure. We are open to working with the Treasury Department on a solution that works for Wisconsin and meets our shared goal of building back better.

We would welcome the opportunity to meet with you to further discuss the negative impacts of the current approach and work together to identify a path forward.

Sincerely,

Handwritten signature of Tony Evers in blue ink.

Tony Evers
Governor

Handwritten signature of Tammy Baldwin in blue ink.

Tammy Baldwin
U.S. Senator