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## **NEWS FOR IMMEDIATE RELEASE**

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### **AG Kaul Sues to Stop Federal Cuts That Threaten Wisconsin's Energy Program**

MADISON, Wis. – Attorney General Josh Kaul today joined a coalition in suing to block a U.S. Department of Energy (DOE) funding cap that could impact Wisconsin's ability to run essential state programs, including its state energy program, and could threaten staffing, grant oversight, and local energy projects.

The DOE's policy caps reimbursement for indirect costs and fringe benefits at 10 percent of a project's total budget. Indirect costs are basic administrative costs needed to run federally funded programs and fringe benefits are non-salary benefits paid to grant-supported agency staff.

In Wisconsin, DOE has applied this policy to Wisconsin's state energy program, which would reduce funding for indirect and fringe costs from nearly \$370,000 to \$130,000. This cut will lead to the diversion of existing funds to replace the missing funding, creating staffing gaps, and limiting the Public Service Commission's Office of Energy Innovation's ability to oversee grants and support statewide energy resilience. DOE has also stated that it intends to apply this policy to all grants to state agencies, which could lead to similar effects on a much larger scale.

"The Trump administration is putting its reckless cost-cutting agenda ahead of sound energy policy," said AG Kaul. "Because it's violating the law in doing so, this policy should be blocked."

For decades, federal law has required agencies like DOE to negotiate fair reimbursement rates for state-run programs, including administrative and staffing

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costs. The coalition argues that DOE's 10 percent cap on indirect costs and fringe benefits violates these rules, ignores previously negotiated cost agreements, and mirrors federal policies that courts have recently struck down as unlawful. The coalition also argues that DOE's cap violates federal regulations regarding negotiated indirect cost rates and fringe benefits. The coalition also notes that every court to have ruled on the merits of such blanket limits on indirect costs has found them unlawful, unjustified, and disruptive to essential public programs.

If allowed to stand, the cap could disrupt Wisconsin ability to provide technical assistance to local governments, support statewide energy planning, and deliver federal energy benefits, slowing projects that help residents and municipalities in Wisconsin save energy and improve resilience.

The coalition is asking the court to vacate DOE's new policy and bar implementation of any unlawful reimbursement caps.

Joining AG Kaul in filing this lawsuit are the attorneys general of California, Colorado, Connecticut, Hawai'i, Illinois, Maine, Maryland, Michigan, Minnesota, Nevada, New Mexico, New York, Oregon, Washington, and the District of Columbia; and the Governor of Kentucky.

A copy of the complaint is available [here](#).