



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

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Audit Notes WEDC Improvements and Makes Additional Recommendations

MADISON – Today, the nonpartisan Legislative Audit Bureau (LAB) released its third biennial audit (report 17-9) of the Wisconsin Economic Development Corporation (WEDC). WEDC is the State’s leading economic development organization. In fiscal year (FY) 2015-16, WEDC administered 34 economic development programs that provided grants, loans, tax credits and other assistance to businesses, individuals, local governments, and other organizations.

LAB reviewed 133 awards WEDC made and found WEDC improved its administration of grant, loan, and tax credit programs during the first six months of FY 2016-17.

LAB also found WEDC did not contractually require grant and loan recipients to submit information that included sufficient detail to allow WEDC to determine the extent to which jobs were actually created or retained. WEDC did not collect sufficiently detailed information from tax credit recipients about their existing employees and did not annually verify jobs-related information submitted by recipients, as required by statute, on the extent to which contractually required results were achieved. LAB reports that, for these reasons, WEDC cannot be certain about the numbers of jobs created or retained as a result of its awards.

“A cloud will continue remain over the agency until they can accurately verify data being received from award recipients. While WEDC has significantly improved in several areas relating to the administration of its programs, Wisconsin needs to have a precise understanding as to which programs are most beneficial to our economy,” said Senator Robert Cowles (R-Green Bay).

LAB found that WEDC’s online data contained inaccuracies for certain awards, including 1,265 jobs associated with recipients that had sold their operations in Wisconsin, ceased their operations in Wisconsin, or withdrawn from their contracts before the contractually specified completion dates. In addition, at least 699 jobs were double-counted in the online data. LAB recommends additional actions be taken to improve the accuracy of the numbers that WEDC reports in its online data regarding jobs that were created or retained as a result of the awards it made.

“A strict accounting of jobs created or retained is not the only yardstick by which to measure the success of economic development programs,” said Representative Kerkman (R-Salem Lakes). “Clearly, Wisconsin’s efforts are attracting business and facilitating growth and WEDC programs are a significant factor in that success. I look forward to continued improvement by WEDC in its administration of grant, loan, and tax credit programs.”

WEDC's cash and investments balance increase from \$33.1 million as of June 30, 2012, to \$69.9 million as of June 30, 2016, or by \$36.8 million (111.2 percent). The cash and investments balance increased, in part, because WEDC received state funding quarterly and most of those funds were not immediately needed.

Copies of report 17-9 may be obtained from LAB's website at www.legis.wisconsin.gov/lab or by calling (608) 266-2818. Report concerns related to state government activities to LAB by calling the toll-free hotline at 1-877-FRAUD-17.

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