



## Wisconsin Economic Development Corporation

### Background

The Wisconsin Economic Development Corporation (WEDC) is the State's lead economic development organization. WEDC became fully operational in July 2011. Although WEDC is not a state agency, it is funded almost entirely with state funds. In fiscal year (FY) 2013-14, WEDC [administered 29 economic development programs](#) that provided grants, loans, tax credits, and other assistance to businesses, individuals, and organizations. Statutes require the Legislative Audit Bureau to conduct biennially a financial audit of WEDC and a program evaluation audit of WEDC's economic development programs.

### Key Findings

We reviewed information for [more than 100 awards](#) made by WEDC. We also analyzed WEDC's financial management in FY 2013-14. We found:

- WEDC's contracts for grants and loans did not contain all [statutorily required provisions](#) and did not consistently comply with WEDC's policies. Grant and loan recipients that were contractually required to create or retain jobs [were not contractually required](#) by WEDC to submit information, such as payroll records, showing that the jobs were actually created or retained.
- In 2014, the potentially uncollectible balance of loans with repayments 90 days or more past due [decreased by \\$4.2 million](#) largely because WEDC amended loan contracts to defer loan repayments, wrote off loans, and forgave loans.
- WEDC did not [establish all statutorily required policies](#) for its tax credit programs, did not consistently evaluate whether businesses met all [eligibility requirements](#) in its tax credit policies, and allocated tax credits in ways that did not consistently [comply with statutes](#) and its [policies](#).
- WEDC's October 2014 economic development program report [addressed certain concerns](#) we had noted in report 13-7. However, it did not contain clear, accurate, and complete information on program outcomes, including the numbers of jobs created and retained as a result of awards it made. In addition, [WEDC's data likely did not fully reflect](#) the numbers of jobs created and retained through FY 2013-14, and award recipients had additional time to create and retain the expected jobs.
- Although [WEDC improved its financial management](#) practices in FY 2013-14, its policy for managing its fund balance allowed it to maintain an [unassigned fund balance](#) of \$15.6 million as of June 30, 2014, which was larger than necessary.
- Staff did not [consistently comply with policies established by the governing board](#), and the policies did not [consistently comply with statutory requirements](#).

### Key Recommendations

We include [recommendations for WEDC](#) to improve its administration of grant, loan, and tax credit programs, and for its governing board to improve its program oversight and financial management. We also include [recommendations to the Legislature](#) and identify [issues for legislative consideration](#).