



Wisconsin Economic Development Corporation

Background

The Wisconsin Economic Development Corporation (WEDC) is the State's lead economic development organization. It is [funded primarily with state funds](#) and is governed by a [14-member board](#). 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. 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.

Key Findings

To assess WEDC's administration of its programs, we reviewed available information for 133 awards WEDC made. We also analyzed WEDC's revenues and administrative expenditures. We found:

- WEDC improved its administration of grant, loan, and tax credit programs during the first six months of FY 2016-17.
- WEDC did not contractually require grant and loan recipients [to submit information sufficiently detailed](#) to allow it to determine the extent to which jobs were actually created or retained.
- The potentially uncollectable balance of loans [with repayments 90 days or more past due](#) increased from \$1.3 million on December 31, 2014, to \$11.0 million on December 31, 2016.
- WEDC did not collect [sufficiently detailed information from tax credit recipients](#) about their existing employees. Collecting such information will help WEDC determine in future years the extent to which recipients actually created or retained contractually required jobs. In addition, WEDC did not comply with statutes because [it did not annually verify jobs-related information](#) submitted by recipients on the extent to which contractually required results were achieved.
- WEDC indicated that 192 awards it had made since July 2011 ended through September 2016, including [24 awards \(12.5 percent\)](#) that WEDC indicated had an expected result of job creation or retention. Thirteen of the 24 awards [ended before the contractually specified completion dates](#) and, as a result, the recipients were no longer contractually required to create 183 jobs and retain 1,082 jobs. Eight of the 24 awards [reached their contractually specified completion dates](#).
- WEDC [cannot be certain](#) about the numbers of jobs created or retained as a result of its awards. Additional actions need to 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.
- WEDC's [cash and investments balance](#) increased 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 did not need most of these funds immediately.

Recommendations

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