



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 currently governed by a 20-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) 2017-18, WEDC administered [30 economic development programs](#) through which it allocated an estimated \$3.1 billion in tax credits, awarded \$25.6 million in grants and \$4.5 million in loans, and authorized local governments to issue \$65.7 million in bonds.

Key Findings

To assess WEDC's administration of its programs, we reviewed available information for 128 awards WEDC made. We also analyzed WEDC's revenues and administrative expenditures. We found:

- WEDC improved a number of aspects of its program administration since our last audit (report 17-9) and had [complied with most of our recommendations related to program administration](#).
- WEDC did not consistently comply with statutes and its contracts because it awarded tax credits to recipients that created or retained jobs filled by individuals who [did not perform services in Wisconsin or were non-Wisconsin residents](#), and because it [annually verified information](#) in the performance reports submitted by a sample of award recipients in only one of the two years in our audit period.
- [WEDC cannot know how many jobs were actually created or retained](#) as a result of awards that ended, in part, because it did not collect sufficient jobs-related information from recipients.
- WEDC's information indicated that recipients of 68 tax credit and loan awards that ended through FY 2017-18 created [2,084 of 5,970 contractually required jobs](#) (34.9 percent) and that 60 such recipients retained [7,806 of 13,272 contractually required jobs](#) (58.8 percent).
- When WEDC [closed awards](#) that involved job creation or retention, it could have revoked \$414,400 in previously awarded tax credits, and it could have required loan recipients to repay \$4.0 million.
- WEDC's [cash and investment balance increased](#) from \$69.9 million as of June 30, 2016, to \$77.0 million as of June 30, 2018. We reviewed selected administrative expenditures and found that WEDC did not consistently maintain sufficient documentation to [demonstrate compliance with its procurement policy](#).

Recommendations

We include [recommendations](#) for WEDC or its governing board to improve program administration, assessment and reporting of program results, and financial management. We also identify six [issues for legislative consideration](#).