

Citizen Action of Wisconsin: New Analysis: WEDC's poor jobs accountability record makes Foxconn deal a scandal waiting to happen

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14,000 jobs deficit for existing corporate tax credits and loans is greater than the direct job creation claim for the Foxconn deal

60% of WEDC-supported corporations have failed to meet job creation goals

STATEWIDE: On a [media call today](#), Citizen Action of Wisconsin, State Rep. Amanda Stuck, and State Rep. Jonathan Brostoff released a new analysis of Wisconsin Economic Development Corporation (WEDC) data showing that the troubled economic development agency has an extremely poor record of holding corporate recipients accountable for their jobs promises. The analysis, which comes from the agency's own self-published data, provides additional evidence that WEDC is completely unqualified to manage the gigantic Foxconn deal, which would be by far the largest job creation tax credit program ever issued by an American state. [Audio of the call can be found here.](#)

The Citizen Action of Wisconsin analysis examines job creation tax credits issued by WEDC three years ago and longer to allow time for corporate recipients to execute the hiring plans they submitted to WEDC. The analysis finds a large gap between

“Actual Job Creation” (the jobs companies actually reported creating) and “Planned Job Creation” (the jobs that were promised in return for tax credits).

Key Findings

- Of the 337 WEDC awardees with established job creation goals at least 3 years old, 60% (203 awardees) failed to meet their goals. (company list available on our website)
- Of the 203 awardees that have not met their job creation promises, the difference between their actual job creation as reported by WEDC and their goals are 14,744 jobs. This means the WEDC job creation gap is larger than the total number of direct jobs being proposed by Foxconn in the best case scenarios (13,000 jobs).
- The numbers would be even worse if WEDC kept net job creation numbers, because it is [well documented that many WEDC recipients have outsourced other jobs while taking state tax credits](#).
- WEDC has a very poor record of taking back tax credits when corporate recipients fail to fulfill their job creation promises. WEDC has only sought to claw back [\\$9.9 million from 24 companies](#), less than 12% of companies who have not met their job creation goals after 3 years. WEDC does not report how much of this money has been successfully recovered.
- The 203 companies that still have not hit their jobs goal in at least 3 years have already received \$94.8 million in verified tax credits from WEDC, with another \$158 million awarded but not yet dispersed.

“The Walker Administration’s abysmal record of holding corporations accountable for their job creation promises makes the Foxconn deal a scandal waiting to happen,” said Robert Kraig, Executive Director of Citizen Action of Wisconsin. “Any Senator or Representative that is thinking of voting for the Foxconn deal this week should think long and hard about whether they want to be held accountable for

potentially the biggest economic scandal in Wisconsin history.”

As both data sets used in this analysis are self-reported by WEDC itself, they indicate the best-case scenario for job creation. The [Legislative Audit Bureau found in May](#) that all of WEDC’s job creation claims should be treated as suspect because the agency has failed to implement basic verification procedures. Given the continued refusal to implement basic accountability procedures, it is highly likely that WEDC’s performance record is much worse. The [Legislative Audit Bureau](#) concluded that WEDC does “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.” In addition, the Audit Bureau found that “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. WEDC also 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.”

“Given WEDC’s record of scandal, the Foxconn deal does not make sense even if you believe in extreme corporate welfare,” said State Representative Jonathan Brostoff (D-Milwaukee).

“I have been told by WEDC when trying to help my constituents that the agency has no way of verifying with the Department of Revenue which companies have claimed job creation tax credits or how much they’ve recovered from those that don’t follow through on their commitments,” said State Representative Amanda Stuck (D-Appleton). “We have no guarantees that we will get the public’s money back from Foxconn if they do not follow through on their promises. I want to know that we have a system in place to protect our state.”

TABLE 1: Select companies receiving WEDC awards 3 years ago or more

WEDC Award
Recipient

- Kohl's Corporation Was awarded \$62.5 million in 7/12 to create 3,000 jobs. Currently listed as having allegedly created 473 jobs and received \$18.3 million. [Company outsourced 67 employees to India in 12/13.](#)
- Kestrel Aircraft Company, Inc. Was awarded \$20 million in credits and loans in 1/12 to create 1,265 jobs according to WEDC's tracking. Currently listed as having allegedly created 45 jobs and received \$717,500 in verified credits. [Company announced in 10/16 they will not create the facility.](#)
- Plexus Corp Was awarded \$2 million in 8/11 and \$15 million in 6/12 to create 350 jobs. Currently listed as having allegedly created 43 jobs and received \$8.9 million in combined verified credits. In 7/12 the [company announced layoffs of 116 workers and moved their operations overseas.](#)
- Laserwords U.S. Inc. Was awarded \$375,000 in 12/13 to create 286 jobs. Currently listed as having allegedly created 42 jobs and received \$51,168 in verified credits. In [June 2017 was certified as having outsourced 48 out of 55 jobs to Mexico](#)
- Exodus Machines Incorporated Was awarded \$1.1 million in loans in 10/12 to create 250 jobs. Currently listed as having allegedly created 35 jobs. In 9/16 [the company was certified as having outsourced 20 jobs.](#)
- Hampton Products International Was awarded \$420,000 in 9/12 to create 140 jobs. Currently listed as having allegedly created 3 jobs. In [4/2015 was certified as having 29 jobs](#) outsourced
- W.W. Grainger, Inc. Was awarded \$500,000 in 7/11 to create 130 jobs. Currently listed as having created 0 jobs and received \$50,000 in verified credits. In 8/15 the [company was certified](#) as having outsourced jobs to Panama
- Green Box NA Green Bay, LLC Was awarded \$1.1 million in loans and \$95,000 in grants to create 116 jobs. WEDC's records show it as having created 41 jobs in one record and 64 jobs in another record. The company owner was [investigated in 2016 for defrauding](#) financial institutions.
- Oneida Seven Generations Corp. Was awarded \$2 million in loans to create 22 jobs. Currently listed as having created 0 jobs. The company was listed as in default and [WEDC sought to recover](#) \$1.99 million in 9/14, to date it is not clear how much WEDC has recovered.

Novation
Companies, Inc.

Was awarded \$750,000 to create 88 jobs. Currently listed as having created 68 jobs. The company was [revealed to have not been located in the Sherman Park](#) neighborhood of Milwaukee where WEDC listed them, and was actually purchased by another company [after layoffs](#).

The [full analysis can be viewed here](#)

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