



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:

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State Representative Samantha Kerkman

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Audit Examines WEDC Operations

MADISON – Today, the nonpartisan Legislative Audit Bureau (LAB) released its fifth statutorily required biennial audit of the Wisconsin Economic Development Corporation (report 21-7). In FY 2019-20, WEDC administered 31 programs under which it allocated \$56.5 million in tax credits; awarded \$27.5 million in grants and \$2.2 million in loans; and authorized local governments to issue \$170.2 million in bonds.

In this audit, LAB found that WEDC largely complied with statutes and its contracts when administering its programs in FY 2019-20, but it should improve how it oversees tax credit contracts and assesses program results. LAB also found that WEDC's online data contained inaccuracies and were incomplete.

"This audit report of WEDC shows that consistent and transparent accountability efforts have had an impact on improving aspects the administration of WEDC. While I still have ongoing concerns at WEDC, particularly with the early closure of job creation awards and believe there is still much work to be done, I look forward to working with the members of the Joint Legislative Audit Committee on several of the recommendations and considerations identified in this report to continue this trend of improved accountability at WEDC," said Senator Robert Cowles (R-Green Bay).

WEDC's information indicated that 681 awards closed from FY 2011-12 through FY 2019-20, including 151 tax credit and loan awards that contractually required the recipients to create jobs and 131 tax credit and loan awards that contractually required the recipients to retain jobs. Recipients created 36.2 percent of the planned number of jobs and retained 59.3 percent of the contractually required jobs. LAB also found that WEDC's total available funding for grants, loans, and administrative costs continued to exceed its total payments.

"There are opportunities here for WEDC to further tighten their program administration and oversight," said Representative Samantha Kerkman (R-Salem Lakes). "I'd like to see more timely action when it comes to tax credit revocations, an embrace of the LAB recommendations to assess award effectiveness and program results, and I am looking forward to receiving follow-up information from WEDC on how it awarded funds under each public health emergency-related program."

LAB makes a number of recommendations to improve WEDC's administration of its programs, including by modifying its written procedures for the Enterprise Zone program to require it to award program tax credits only for the wages paid to employees for services provided in enterprise zones, as is statutorily required. LAB also offers three issues for legislative consideration, including directing WEDC to spend some of its available funding, such as on businesses affected by the public health emergency.

Copies of LAB's report (report 21-7) may be obtained from its 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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