

September 9, 2015

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# **Wisconsin Economic Development Corporation**

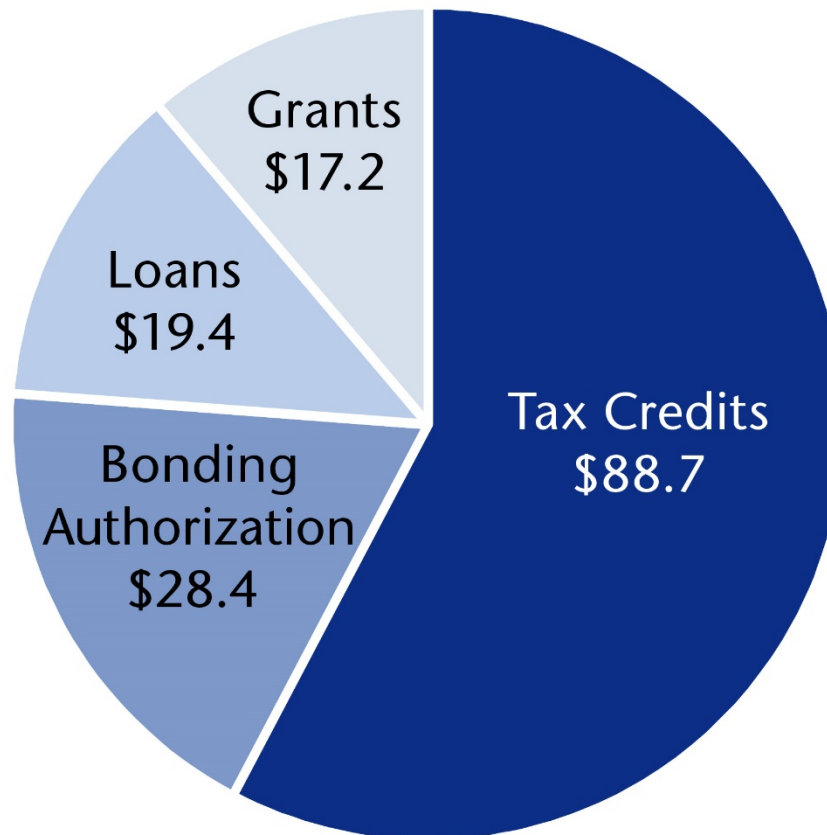
Report 15-3



# WEDC's Economic Development Awards in FY 2013-14

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Award Amounts in Millions





# Our Analytical Methodology

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We assessed WEDC's administration of economic development programs based on statutes and its policies in effect when WEDC:

- decided to make an award, based on the most-recent staff review completed by its underwriters; and
- executed a contract.

In both instances, WEDC did not consistently comply with statutes and its policies.



# Administration of Grant and Loan Programs

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In FY 2013-14, we found that WEDC:

- established additional policies for its programs;
- executed contracts in ways that did not comply with its policies in place when it decided to make the awards or when it executed the contracts; and
- did not contractually require recipients to submit information, such as payroll records, showing that jobs were actually created or retained.



# Monitoring Loans

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In 2014, the potentially uncollectible balance of loans 90 days or more past due decreased by \$4.2 million, largely because WEDC:

- amended 13 loan contracts to defer repayments;
- wrote off 9 loans; and
- forgave 2 loans.



# Administration of Tax Credit Programs

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In FY 2013-14, we found that WEDC:

- still had not established all statutorily required program policies;
- continued to allocate tax credits that did not consistently comply with statutes and its policies;
- did not comply with statutes by verifying information submitted by businesses before awarding tax credits.



# **Program Results and Accountability**

WEDC did not consistently and in a timely manner send past-due notices to recipients that did not submit progress reports on time.

WEDC's verification of performance information submitted by a sample of award recipients did not assess employees' wages or hours worked, which limited WEDC's ability to determine whether award recipients complied with their contracts.



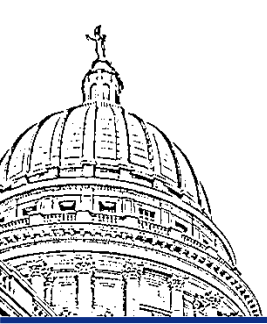
# Reporting Program Results

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WEDC's October 2014 economic development program report:

- addressed certain concerns we had previously identified;
- did not contain clear, accurate, and complete information on program outcomes, including the numbers of jobs created and retained.





# Financial Management

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WEDC improved its financial management practices in FY 2013-14.

We found that WEDC's unassigned fund balance was larger than necessary.

2015 Wisconsin Act 55 requires WEDC to alter its unassigned fund balance policies and reduces the amount of GPR appropriated to WEDC in the 2015-17 biennium.



# Governance Issues

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Policies established by WEDC's governing board did not consistently comply with statutes.

Staff did not consistently comply with all policies established by WEDC's governing board.

If policies do not comply with statutes and staff do not comply with the policies, WEDC may make awards in ways not authorized by statutes or the governing board.

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