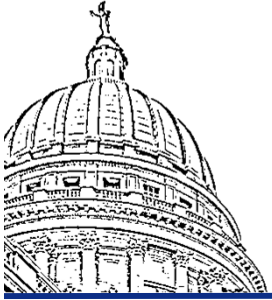


October 24, 2017

A detailed black and white line drawing of the Wisconsin State Capitol dome, showing the ornate architectural details of the dome's exterior, including the base with columns and the top with a statue.

# Wisconsin Economic Development Corporation

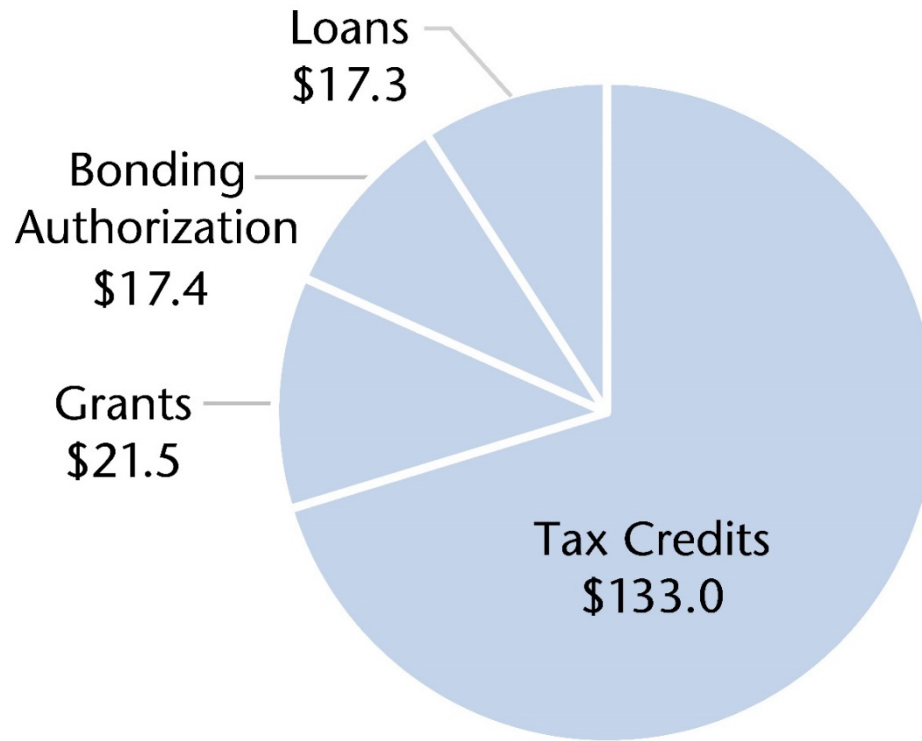
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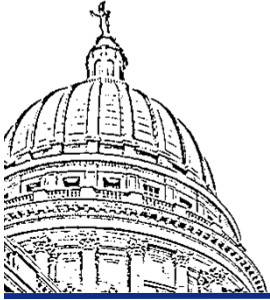


# WEDC's Economic Development Awards in FY 2015-16

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## Award Amounts in Millions





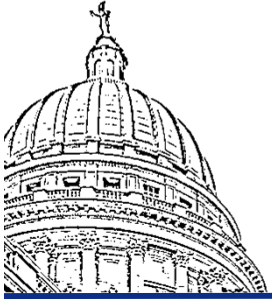
# Administration of Grant, Loan, and Tax Credit Programs

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We reviewed available information for 133 awards WEDC made.

Effective July 1, 2016, WEDC significantly changed how it made awards.

WEDC improved its administration of grant, loan, and tax credit programs during the first six months of FY 2016-17.

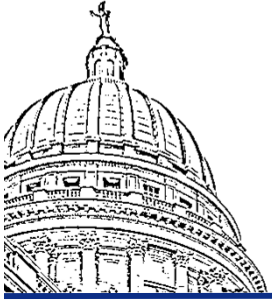


## Monitoring Loans

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The potentially uncollectable balance of loans with repayments 90 days or more past due was:

- \$1.3 million on December 31, 2014; and
- \$11.0 million on December 31, 2016.



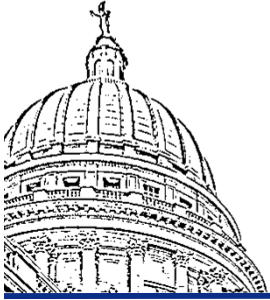
## Verification of Jobs

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Statutes require WEDC to annually verify information submitted by tax credit recipients on the extent to which contractually required results were achieved.

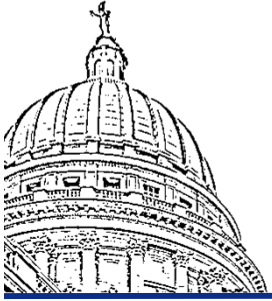
For example, s. 238.399(6)(f), Wis. Stats., states that WEDC “shall annually verify the information submitted” by businesses claiming tax credits under the Enterprise Zone program.

WEDC did not annually verify jobs-related information.



# Jobs-Related Information Submitted by a Tax Credit Recipient

Employee ID	Hours Worked - Period	Hourly Wage (If Applicable)	Period Wages	Employment Start Date	Termination Date	PT/FT	Residency (State)	Comment
								(Please provide a response if any employee listed has less than 2080 hours worked. For reporting periods less than one year, please provide a comment for any employee that would not pro-rate to 2080 hours.)
xxx1	2,080	45.52	93,345	4/18/2006		FT	WI	
xxx2	2,080	41.77	85,827	3/1/2006		FT	WI	
xxx3	2,080	32.12	74,219	5/2/1994		FT	WI	
xxx4	2,080	16.73	59,831	5/14/2012		FT	WI	
xxx5	2,080	21.48	52,106	10/29/2006		FT	WI	
xxx6	2,080	20.69	45,518	4/24/2006		FT	WI	
xxx7	2,080	18.92	38,624	3/9/2000		FT	WI	
xxx8	2,080	30.15	80,963	8/15/1988	7/10/2015	FT	WI	Left Company
xxx9	813	11.66	11,718	4/27/2015		Trainees	WI	Hired this Period - not eligible PT
xx10	250	12.48	3,599	8/27/2015		Trainees	WI	Hired this Period - not eligible PT

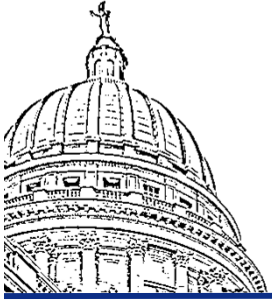


# Annual Verification of Performance Information

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WEDC paid a consultant to conduct the 2016 verification effort, which excluded grant recipients.

The consultant did not verify that award recipients actually created or retained contractually required jobs that paid at least 150.0 percent of the federal minimum wage.



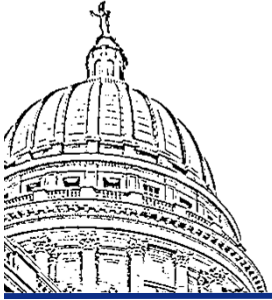
## Assessing Award Effectiveness

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WEDC indicated that 192 awards had ended through September 2016, including 24 awards for which it indicated that job creation or retention was an expected result.

WEDC cannot be certain about the numbers of jobs actually created or retained as a result of any awards that ended.



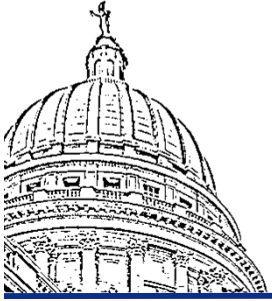


## Reporting Program Results

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WEDC cannot be certain about the accuracy of jobs information in its online data because:

- it did not verify jobs-related information submitted by tax credit recipients; and
- it did not contractually require grant and loan recipients to submit information sufficiently detailed to allow it to determine jobs created or retained.

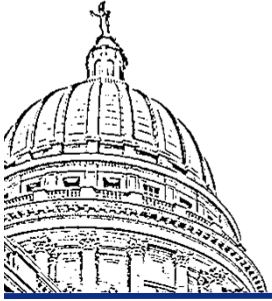


# Financial Management

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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 111.2 percent.

We include recommendations related to WEDC's fund balance policy and credit card management.



# Issues for Legislative Consideration

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The Legislature could consider modifying statutes to:

- require WEDC to deposit all tax credits repaid to it with DOA within one week; and
- clarify that WEDC's governing board should report on only created or retained jobs that meet statutory and policy requirements.

October 24, 2017

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# Wisconsin Economic Development Corporation

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