http://newiprogressive.com/images/stories/S5/walker-signs-rtw-s5.jpg



The most recent LAB report again points out that WEDC does not collect the information necessary to report on the jobs promised when taxpayer dollars are used. Is our money effectively and efficiently invested?

MADISON – Our state spends a great deal of money on economic development. The Wisconsin Economic Development Corporation (WEDC) is responsible for overseeing much of the taxpayer money that goes to job creation.

A recently released audit by the nonpartisan Legislative Audit Bureau (LAB) found that “WEDC cannot be certain about the number of jobs actually created or retained as a result of any awards that ended.”

By law, WEDC is required to report jobs created or retained. The agency meets the requirement through reports posted on its website. However, auditors found these data inaccurate.

“We found that the on-line data in January of 2017 included 183 jobs created and 1,082 jobs retained by recipients that had sold their operations in Wisconsin, ceased their operations in Wisconsin, or had withdrawn from their contracts before the contractually specified completion dates.

For example, WEDC claimed credit for retaining 340 jobs for a company that ceased operations

in Wisconsin; claimed credit for creating 68 jobs for another company that sold its operations in Wisconsin; and claimed 485 jobs retained for a third company that withdrew from its contract years before it was to deliver the created and retained jobs.

In addition, auditors found WEDC double counted jobs created and retained. For example, one company received awards in both June 2012 and September 2012 for the same 305 jobs created and 284 jobs retained. Another company signed two different contracts in July of 2011 but the company claimed they would retain the same 110 jobs for both awards.

Auditors also looked at 192 contract awards made since July 2011 through the end of September 2016. Presumably, at the end of a contract one would know if the promised results were achieved. Upon review of the 192 awards, LAB found only 12.5% (24) even had an expected result of job creation or retention.

Of those 24 with expected results, three of the contracts did not actually require the company to create or retain jobs; 13 contracts ended before their completion date (meaning the requirements were not fulfilled). Of the eight contracts completed, WEDC did not collect sufficient information to verify that promised jobs were created.



Without accurate information about WEDC program results, lawmakers and taxpayers cannot know if the investment in job creation and retention was money well spent.

WEDC authorized hundreds of millions in tax credits, grants and loans since its 2011 inception. The most recent audit is the third report that raises ongoing concerns about the lack of independent verification of jobs created or retained.

Some WEDC problems were corrected, such as establishing accounting policies and procedures for the agency (the lack of which was a finding in 2013). But other problems identified in prior audits continue. For example, in 2015 auditors found WEDC kept a reserve of state money larger than necessary. In the most recent audit, auditors found WEDC's cash and investment reserves more than doubled over four years.

Prior problems with administering its loan program caused legislators to phase out any further loan activity by WEDC. In this most recent audit, the potentially uncollectable loan balance nearly tripled and auditors found a substantial rise in the loan delinquency rate.

Just days before the release of the audit, the Legislature's budget writing committee voted, along partisan lines, to restart WEDC's troubled loan program. The committee also voted along partisan lines to increase state taxpayer dollars going to WEDC.

Both of these actions should be stopped.

For nearly six years, Wisconsinites asked whether WEDC lived up to the promises made at its inception. The Legislative Audit Bureau continues to tell us that WEDC does not collect adequate information to provide lawmakers and citizens with accurate information on whether promises of job creation and retention were delivered

Most of WEDC's money is state taxpayer dollars, a precious resource that is used to fund many other programs. A dollar spent on unverified job creation/retention programs means a dollar is not available for critical investments like transportation infrastructure, public schools or local government.

It is time for all of us to demand that the Governor and the WEDC Board step up and correct the ongoing problems documented in three separate audits of WEDC over the last six years. Job creation is important, but so is the most effective and efficient investment of state taxpayer dollars.

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The audit briefing sheet and full audit can be viewed online.