

Steps to Address Jobs Agency Shortfalls

Written by Wisconsin Assembly, Laura Smith

Tuesday, 21 July 2015 08:43 -

http://newiprogressive.com/images/stories/S5/walker_waves_s5.jpg



Governor Walker Departs as Chairman of Distressed WEDC to Focus on Presidential Run.

OSHKOSH – Gov. Scott Walker abandoned his post as WEDC Chairman here Monday to focus on his presidential run and we need to address major shortfalls at his flagship jobs agency, the Wisconsin Economic Development Corporation (WEDC).

The Governor and Republicans in the legislature removed Gov. Walker as Chairman of the WEDC Board in the 2015-17 state budget, amidst poor job creation performance and scandalous reports on many fronts.

"By abandoning his seriously troubled jobs agency, Gov. Walker is again prioritizing his political career over the state of Wisconsin," Assembly Democratic Leader Peter Barca (D-Kenosha) said. "Rather than digging in and solving the problems with his jobs agency, Gov. Walker is choosing to escape the bad headlines and instead campaign for president."

Since its hasty creation in 2011, WEDC has faced numerous problems that have resulted from poor planning and leadership and management failures. Those problems have never been as pronounced as they have been in recent months. Recently WEDC has been characterized by scathing audits and bad headlines detailing the agency's inability to follow state laws and policies, and allegations of possible pay-to-play practices at the agency. WEDC has also failed to recoup taxpayer funds that have gone to companies that outsource jobs.

In response to the issues at WEDC, Rep. Barca and Sen. Julie Lassa (D-Stevens Point) took major steps, including:

- Calling for the Joint Audit Committee to meet ([May 14 letter](#))
- Calling for an emergency WEDC board meeting ([May 14 letter](#))

Steps to Address Jobs Agency Shortfalls

Written by Wisconsin Assembly, Laura Smith

Tuesday, 21 July 2015 08:43 -

- Calling for a federal investigation into WEDC and specifically the Building Committee Inc. (BCI) loan (May 20 [release](#))
- Demanding all records related to: loans made without underwriting (partially provided), loans made over the objections of underwriters (not provided) (June 24 [release](#))
- Calling for WEDC Secretary and CEO Reed Hall to step down (June 24 [release](#))

WEDC continues its practice of stonewalling board members from receiving financial information, which they need to perform their duties to protect taxpayers of Wisconsin. As a result, it has been difficult for board members and journalists to determine whether corruption and wrongdoing occurred related to loans made to Gov. Walker's campaign donors.

Today Rep. Barca and Sen. Lassa will offer further resolutions to WEDC improve policy and address some of the critical issues at the agency. The amendments would:

- Address key issues with recently-identified problematic loans (Green Box, BCI) by requiring WEDC staff to report any fraud observed to the district attorney, and requiring WEDC staff to verify if a potential award recipient has any pending or recent legal action prior to the execution of a contract. (View the resolution [here](#))
- Adopt the major recommendations of the Legislative Audit Bureau audit, to ensure the agency complies with state law and WEDC policies including: prohibiting contracts that don't contain current laws and policies, requiring a full staff review before a contract is executed, requiring companies and WEDC to take steps to verify that jobs have been created and retained when job creation/retention is part of the contract. (View the resolution [here](#))

"It is deeply concerning to me that WEDC is still not following the law or demonstrating full accountability to taxpayers," Rep. Barca added. "Instead of addressing WEDC's issues with outsourcing and giving money to people with troubled legal and financial backgrounds, Gov. Walker is abandoning this sinking ship to run off to Iowa and New Hampshire to court primary voters."

Wisconsin now ranks 38th in the nation in private-sector job growth over the past year. Wisconsin continues to lag neighboring states in job growth, ranking dead last in the Midwest during Gov. Walker's first term and the first four years of the Republican legislative majority. During that time, WEDC has failed to stimulate the economy and create jobs. The Kauffman Institute recently reported that Wisconsin ranks dead last in the nation in new business start-ups.