

WEDC's Poor Accountability Record Makes Foxconn a Scandal Waiting to Happen

Written by Citizen Action of Wisconsin, Robert Kraig

Wednesday, 13 September 2017 09:39 - Last Updated Wednesday, 13 September 2017 10:19

<http://newiproggressive.com/images/stories/S5/walker-terry-gou-foxconn-flag-s5.jpg>



Independent analysis reveals 14,000 jobs deficit for existing corporate tax credits and loans is greater than the direct job creation claim for the Foxconn deal. A full 60% of WEDC-supported corporations have failed to meet job creation goals.

STATEWIDE - On a media call Monday, Citizen Action of Wisconsin, State Rep. Amanda Stuck, and State Rep. Jonathan Brostoff released a new analysis of Wisconsin Economic Development Corporation (WEDC) data showing that the troubled economic development agency has an extremely poor record of holding corporate recipients accountable for their jobs promises. The analysis, which comes from the agency's own self-published data, provides additional evidence that WEDC is completely unqualified to manage the gigantic Foxconn deal, which would be by far the largest job creation tax credit program ever issued by an American state. [Audio of the call can be found here](#)

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The Citizen Action of Wisconsin analysis examines job creation tax credits issued by WEDC three years ago and longer to allow time for corporate recipients to execute the hiring plans they submitted to WEDC. The analysis finds a large gap between "Actual Job Creation" (the jobs companies actually reported creating) and "Planned Job Creation" (the jobs that were promised in return for tax credits).

Key Findings

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Of the 337 WEDC awardees with established job creation goals at least 3 years old, 60% (203 awardees) failed to meet their goals. (company list available on our website)

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Of the 203 awardees that have not met their job creation promises, the difference between their actual job creation as reported by WEDC and their goals are 14,744 jobs. This means the WEDC job creation gap is larger than the total number of direct jobs being proposed by Foxconn in the best case scenarios (13,000 jobs).

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The numbers would be even worse if WEDC kept net job creation numbers, because it is [well documented that many WEDC recipients have outsourced other jobs while taking state tax credits](#)

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WEDC has a very poor record of taking back tax credits when corporate recipients fail to fulfill their job creation promises. WEDC has only sought to claw back [\\$9.9 million from 24 companies](#), less than 12% of companies who have not met their job creation goals after 3 years. WEDC does not report how much of this money has been successfully recovered.

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The 203 companies that still have not hit their jobs goal in at least 3 years have already received \$94.8 million in verified tax credits from WEDC, with another \$158 million awarded but not yet dispersed.

“The Walker Administration's abysmal record of holding corporations accountable for their job creation promises makes the Foxconn deal a scandal waiting to happen,” said Robert Kraig, Executive Director of Citizen Action of Wisconsin. “Any Senator or Representative that is thinking of voting for the Foxconn deal this week should think long and hard about whether they want to be held accountable for potentially the biggest economic scandal in Wisconsin history.”

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As both data sets used in this analysis are self-reported by WEDC itself, they indicate the best-case scenario for job creation. The [Legislative Audit Bureau found in May](#) that all of WEDC’s job creation claims should be treated as suspect because the agency has failed to implement basic verification procedures. Given the continued refusal to implement basic accountability procedures, it is highly likely that WEDC’s performance record is much worse. The [Legislative Audit Bureau](#) concluded that WEDC does “not contractually require grant and loan recipients to submit information sufficiently detailed to allow it to determine the extent to which jobs were actually created or retained.” In addition, the Audit Bureau found that “WEDC did not collect sufficiently detailed information from tax credit recipients about their existing employees. Collecting such information will help WEDC determine in future years the extent to which recipients actually created or retained contractually required jobs. WEDC also did not comply with statutes because it did not annually verify jobs-related information submitted by recipients on the extent to which contractually required results were achieved.”

“Given WEDC’s record of scandal, the Foxconn deal does not make sense even if you believe in extreme corporate welfare,”said State Representative Jonathan Brostoff (D-Milwaukee).

“I have been told by WEDC when trying to help my constituents that the agency has no way of verifying with the Department of Revenue which companies have claimed job creation tax credits or how much they’ve recovered from those that don’t follow through on their commitments,” said State Representative Amanda Stuck (D-Appleton). “We have no guarantees that we will get the public’s money back from Foxconn if they do not follow through on their promises. I want to know that we have a system in place to protect our state.”

TABLE 1: Select companies receiving WEDC awards 3 years ago or more

WEDC Award Recipient

Kohl's Corporation

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Was awarded \$62.5 million [Company was notified to create 3,000 jobs. Currently listed as 12/18](#) having allegedly created 473

Kestrel Aircraft Company, Inc.

Was awarded \$20 million [Company announced in 10/2016 to create 1,265 jobs and facility](#) to WEDC's tracking

Plexus Corp

Was awarded \$2 million [company announced in 6/14 and \\$15 million in 6/12 to create 350 jobs. Over the](#) listed as having alle
[operations overseas.](#)

Laserwords U.S. Inc.

Was awarded \$375,000 [June 2017 was to create 286 jobs. Currently listed as 48](#) having allegedly created 42 jobs
[Mexico](#)

Exodus Machines Incorporated

Was awarded \$1.1 million [the company was notified to create 250 jobs. Currently listed as](#) having allegedly created

Hampton Products International

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Was awarded \$420,000 [4/29/12 to create 40 jobs. Currently listed as having allegedly created 3 jobs. In](#)

W.W. Grainger, Inc.

Was awarded \$500,000 [in 7/11 to create 18 jobs. Currently listed as having created 0 jobs and received](#)

Green Box NA Green Bay, LLC

Was awarded \$1.1 million [investigate and \\$95,000 regarding](#) [create all jobs](#) WEDC's records show it as

Oneida Seven Generations Corp.

Was awarded \$2 million [WEDC sought to create 22 jobs. Currently listed as having created 0 jobs. The company](#)

Novation Companies, Inc.

Was awarded \$750,000 [to create 68 jobs. Currently listed as having created 68 jobs. The company was after layoffs](#)

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The [full analysis can be viewed here](#)