



KANSAS LEGISLATIVE
DIVISION *of*
POST AUDIT

Roundtable on Evaluating Economic Development Tax Incentives

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Outline

- Disclaimer: The start of our evaluation of the economic development programs is scheduled for summer 2020, so much of this is hypothetical.
- But we have a plan 😊
- We also have examples from the previous audits of how some things might work.

Our Plan

- Legislators will define the schedule of what programs are evaluated.
- LPA has a lot of flexibility of the methods for evaluating the program.
- We plan to combine data analysis and traditional performance auditing.
- If there is no data – make recommendations on what needs to be collected and still do some type of performance auditing.
- If data is there – great, but even with data-based analysis it makes sense to do performance audit part.

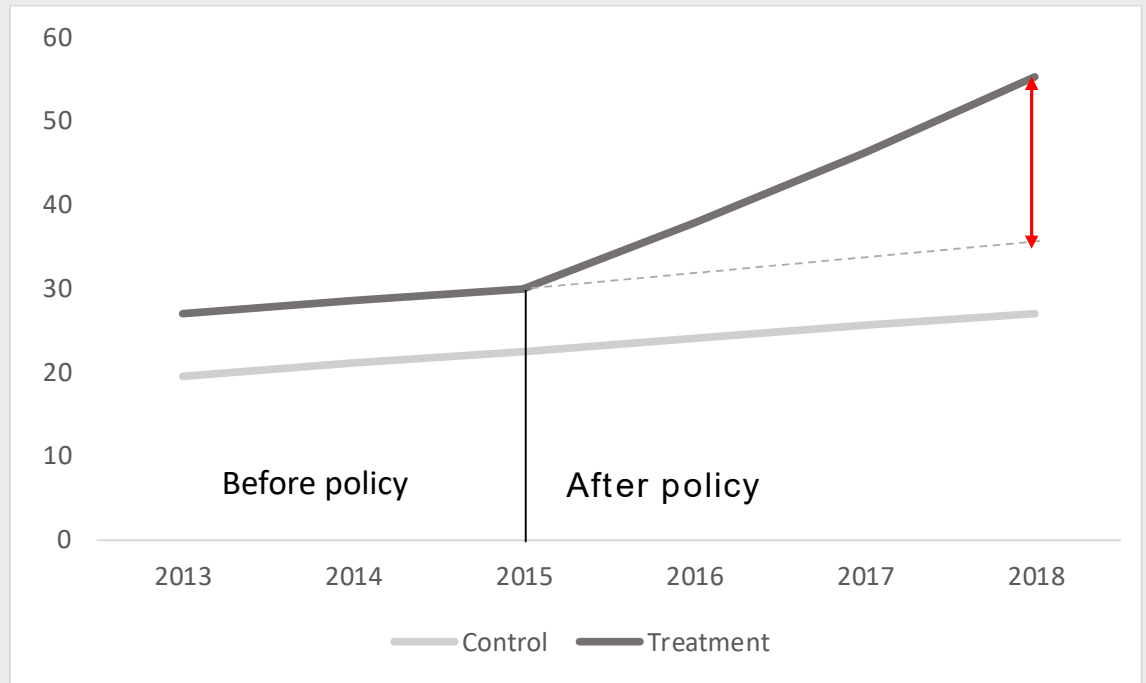
Data analysis

If we have enough data:

(In addition to things like calculating the return on investment)

- Look at opportunity costs
- Difference in difference

Difference in difference



Or...

- Treatment and control
- Before - after
- Trends controlling for other factors

No data analysis

- Example 1 – **EDIF audit:**

Legislators requested to evaluate:

1. Are the programs that receive EDIF funding consistent with the intended use of the fund?
2. Does the state's process to distribute EDIF funding follow best practices?

- Example 2– **JCDF audit:**

Legislators requested to evaluate:

1. Is the Department of Commerce's Process to Administer and Distribute Job Creation Program Funds Transparent and Effective?

No data analysis

- Best practices and current process
 - Both EDIF and JCDF processes didn't follow best practices
- Review of state law
 - Statute didn't define a number of things for EDIF
- Compare to other similar programs
 - EDIF practices compared to Children Initiative Fund
- Compare to other states