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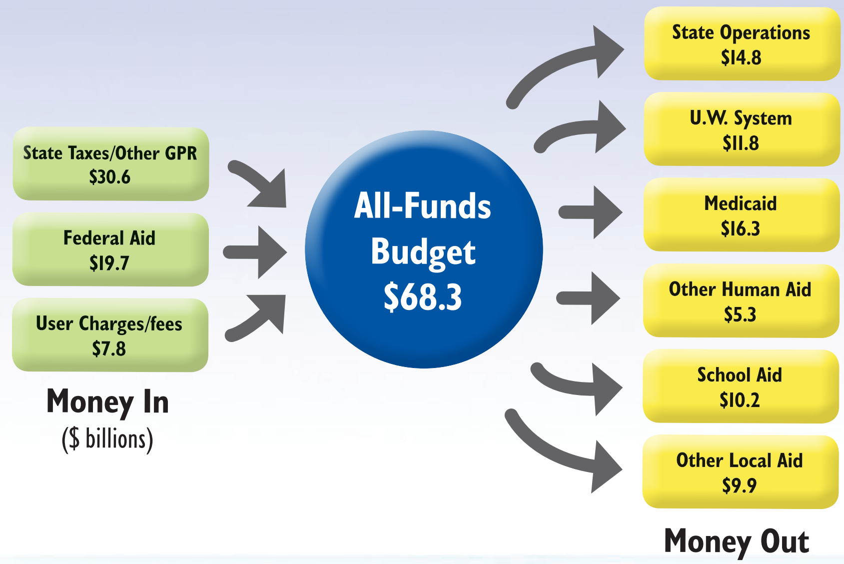

Window on the Wisconsin State Budget

2013-15 Tax-and-Spending Plan In Brief

The recently enacted 2013-15 Wisconsin state budget authorizes the state to spend $70.38 billion over the next two years, including $2.05 billion from new borrowing. By year and excluding bonding, spending rises 3.5% in 2014 and 2.4% in 2015. State general fund expenditures total $30.22 billion, and rise 3.5% and 3.7%, respectively over the next two years. General fund spending exceeds revenues in both years, drawing down reserves from $705.3 million to $192.1 million and creating a $231 million structural imbalance heading into 2015-17.

The casual observer of Wisconsin politics and government probably ignores the state budget. With billions of dollars, sprawling numerical schedules, and obscure statutory references, Wisconsin's budget can be off-putting to say the least.

Yet citizens ignore the budget at their peril. Every Wisconsin taxpayer, local official, student, and teacher needs to understand its fundamentals, because there is almost no aspect of Wisconsin life that the state budget does not impact.

Much of a governor's agenda is pursued through the budget. Most major law changes are included in the budget—not in separate bills, as the public assumes. Whether it is tax policy, health care, school funding, road building, hunting and fishing fees, employee pay, or tuition, the state budget impacts them all—and many other areas, as well.

In a bill that covers more than 1,000 pages, it is nearly impossible to pay attention to, let alone master, every budget detail. But basic questions are worth asking: When is the budget developed? How much money is at stake and where does it come from? Do spending priorities make sense? And, as a plan for the future, is it fiscally sound and sustainable?

PROCESS

The steps in enacting a state budget are relatively straightforward. Because the budget takes effect on July 1 of each odd-numbered year and covers a two-year period (a biennium), work on it begins every other even-numbered year. Thus, the new 2013-15 budget was developed during the last half of 2012 and early 2013 to take effect on July 1, 2013.

The process is circular, as Figure 1 on page two shows. Typically, the governor issues budget instructions to state agencies during the summer prior to enactment. Agencies submit requests to the governor by September (1 in chart). These are combined with initial revenue estimates and released to the public on November 20 of the even-numbered year (2).

Also in this issue:

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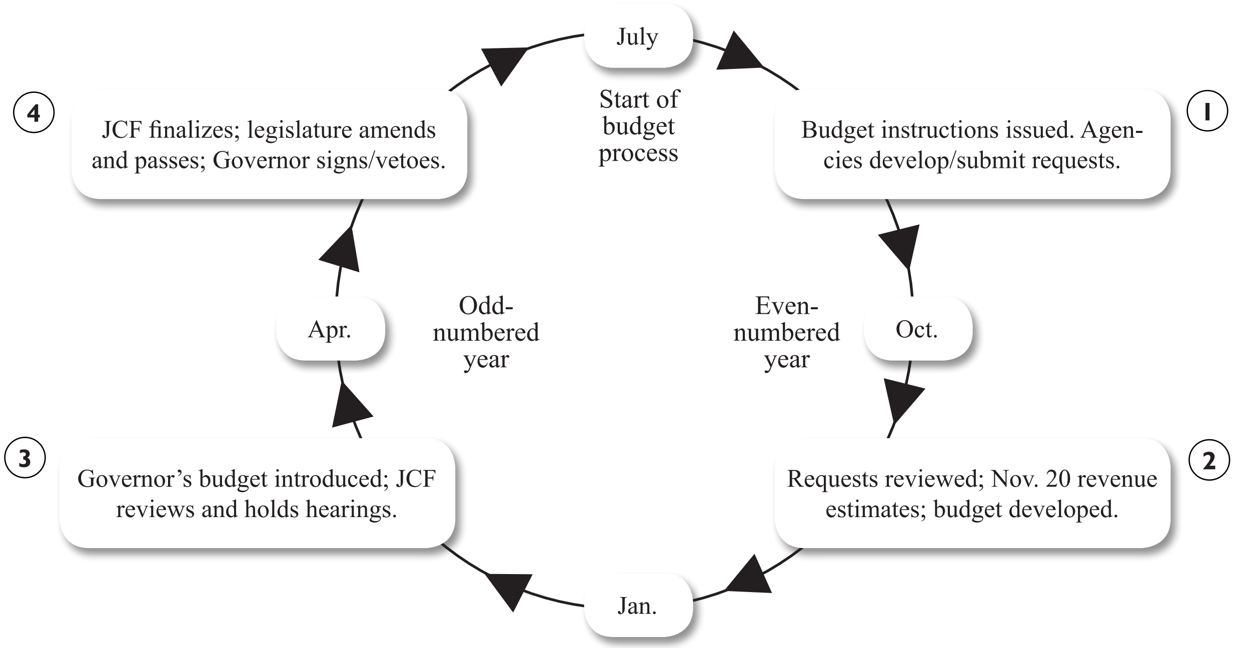
Figure 1: Wisconsin State Budget Process



The governor and his advisors review the requests and unveil a proposed executive budget in late January or early February before a joint session of the legislature (3). Over the next four months, the legislature's 16-member Joint Committee on Finance (JCF) holds hearings on the draft budget, receives staff briefings, and makes budget decisions by late May or early June (4).

The revised budget then goes to party caucuses and to the floor of each house, where the majority party dictates the process and decisions made. The aim is to finish legislative budget work in June.

Once an identical bill passes both houses, it returns to the governor for signature, veto, or partial ("item") veto. Vetoes can be overridden by a vote of both houses. The budget then becomes law, ideally by July 1, when a new fiscal year begins.

BUDGET OVERVIEW

For a citizen wishing to impact state decision-making, knowing *what* to influence (the state budget) and *when* to act (during budget preparation) are key. It is also important to know *where* to focus attention, since the budget relies on multiple sources of revenue.

Budget Elements

Although the biennial budget is usually contained in one bill, it can be thought of in several parts. The capital budget authorizes borrowing for major projects, such as state buildings and roads. Most of the budget funds state operations for the next two years. The general fund budget, financed with general purpose revenues (GPR), receives the most attention. However, it is just one part of the "all-funds" budget

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supported by a combination of GPR, federal funds, and various user charges and fees.

All-Funds Budget by Revenue Source

Table 1 recaps all revenue sources for the 2013-15 "all-funds" budget, which totals $70.38 billion.

One revenue source merits only quick mention because it is unlike others. As the table shows, the 2013-15 budget authorizes $2.05 billion in borrowing. The bond proceeds will be available to fund scheduled building and transportation projects. However, the money needed to repay bond holders will be appropriated over future years as annual debt service. State borrowing is discussed further on page seven.

Aside from bonding proceeds, the state's 2013-15 all-funds budget appropriates $68.33 billion over the next two years. The single largest source of revenue is general purpose revenue, totalling $30.62 billion, or 43.5% of the $70.38 billion total. Because GPR comes mainly from state income, sales, excise, and business taxes, the expenditures they support are often viewed as a separate budget—the general fund budget (see next section). When state officials and the media mention the state budget, they are usually referring to the general fund budget.

In addition to general fund taxes, the all-funds budget relies on money from the federal government, various program charges, and segregated taxes and fees. In 2013-15, federal aid totals $19.7 billion, or 28.0% of the all-funds total. Program revenues such as university tuition are $10.2 billion (14.5%) and segregated taxes and fees such as gas taxes and vehicle registration fees are $7.8 billion (11.0%).

By year, state spending (excluding bonding) increases 3.5% to $33.76 billion in fiscal 2013-14 (2014) and another 2.4% to $34.57 billion in 2015. Over the biennium, all-funds spending will rise 6.0% from 2011-13, the third smallest increase since 1993. Appropriations rose 4.5% in both 2003-05 and 2011-13, the biennia in which the two most recent governors introduced their first tax-and-spending plans.

All-Funds Budget by Agency

Another way to think about the all-funds budget is by agency. Table 2 (page four) shows how the $68.33 billion in spending will be distributed among agencies.

During the next two years, the Department of Health Services (DHS) will spend nearly 30% of all available funds, with most of that serving low-income and disabled Medicaid clients.

Table 1: Biennial Appropriations, "All Funds"
By Revenue Source, 2013-15, ($ Millions)

Revenue Type	2013-14	2014-15	Total	% of Total
Federal	$9,721.4	$10,012.0	$19,733.4	28.0%
Program	5,113.3	5,099.0	10,212.3	14.5
Segregated	3,873.8	3,890.2	7,764.0	11.0
General Purpose	15,055.9	15,566.4	30,622.3	43.5
Subtotal	33,764.4	34,567.6	68,332.0	97.1
Borrowing			2,048.6	2.9
Total			70,380.6	100.0

Nearly $12.5 billion will be spent by the Department of Public Instruction (DPI), mostly on aid to local school districts. In 2001-03, DPI spending was 22.3% of the total; in 2013-15, it will be 18.3%.

The only other agency spending more than $10 billion is the University of Wisconsin System. It will spend $11.83 billion, or 17.3% of the total. Combined, these three agencies spend almost two of every three state budget dollars.

Two other agencies warrant attention. Transportation finance has been a major issue in the state capitol for years. Excluding borrowing, the Department of Transportation is slated to spend $6.03 billion, or 8.8% of all funds. The Department of Corrections spends $2.54 billion, or less than 4% of the total.

THE GENERAL FUND BUDGET

As mentioned, most discussion of the state budget focuses on GPR expenditures. The general fund condition statement (Table 3 on page four) provides a first look at this "budget within a budget," and is a springboard to discussing some important aspects of the 2013-15 spending plan.

Revenues

GPR taxes totaling $28.53 billion fund the vast majority of general fund spending over the biennium. In addition to taxes, the state will receive over $600 million in other revenues in each of the next two years.

GPR taxes are projected to decline 0.5% in 2014 and rise 3.6% in 2015. The 2014 drop is due primarily to an income tax cut (see below); without it, collections would rise 1.6% in 2014 and 3.6% in 2015.

Changing Revenues? Early in the state budget process, the Department of Revenue (in November) and the Legislative Fiscal Bureau (LFB, January) estimate tax collections for the upcoming biennium. In January 2013, the LFB estimated a growing economy would generate $1.17 billion in new revenues during 2013-15.

Table 2: Biennial Appropriations by Agency
Agencies Spending More Than $1 Billion, 2013-15, $ Billions

	All Funds		Gen'l Fund	
Agency	$ Bill.	% Tot.	$ Bill.	% Tot.
Health Services	$20.32	29.7%	$6.50	21.2%
Public Instruction	12.47	18.3	10.74	35.1
U.W. System	11.83	17.3	2.25	7.3
Transportation	6.03	8.8	0.32	1.0
Shared Revenue &Tax Relief	4.83	7.1	4.29	14.0
Corrections	2.54	3.7	2.32	7.6
Children and Families	2.25	3.3	0.71	2.3
Administration	1.87	2.7	0.84	2.7
Natural Resources	1.15	1.7	0.28	0.9
Subtotal	63.30	92.6	28.23	92.2
All Other	5.03	7.4	2.40	7.8
Total	68.33	100.0	30.62	100.0

LFB updated its projections in May, estimating tax collections would be $215 million higher in 2013 and $360 million higher in 2013-15 than it estimated in January. Thus, lawmakers would have $575 million more than originally thought, bringing total new revenues to $1.75 billion.

Tax Law Changes. The governor's budget proposed cutting income taxes $353 million over two years. The legislature increased that to $648 million by reducing tax rates in all five brackets: 4.60% to 4.40%; 6.15% to 5.84%; 6.50% to 6.27%; 6.75% to 6.27%; and 7.75% to 7.65%. The tax cuts are retroactive to January 2013. However, withholding tables are not being updated, so taxpayers will not benefit from the cut until they receive a refund next spring.

The distribution of the tax cut resembles the distribution of income taxes paid. According to LFB, filers with incomes under $50,000 will get 14.6% of the $353 million tax cut; in 2011, this group paid 14.4% of state income taxes. Filers with incomes from $50,000 to $100,000 will receive 30.9% of the cut; they paid 30.4% of 2011 state income taxes. Finally, those with incomes above $100,000 paid 55.2% of 2011 income taxes and will receive 54.5% of the tax reduction.

Lawmakers made other small changes to the tax code. When combined with the income tax cuts, GPR tax reductions total $678.2 million. Subtracting this from the new money available leaves about $1 billion in new tax revenue to spend on other GPR programs.

Expenditures

Overview. Spending on GPR programs (technically, gross appropriations plus spending approved in earlier legislation) is $14.99 billion in 2014 and $15.44 billion in 2015. Lawmakers are using $210 million in GPR over two years to help pay for transportation and veterans programs, not normally financed from the general fund. Another $212 million is set aside for employee raises (compensation reserves). Finally, lapses (often unspent appropriations) total $630.2 million. Net general fund spending rises 3.5% to $14.84 billion in 2014 and 3.7% to $15.39 billion in 2015.

By Agency. Like all-funds spending, general fund appropriations by agency reflect state priorities. DPI ($10.74 billion, 35.1% of GPR) is the largest user of the general fund (see Table 2), followed by DHS ($6.5 billion, 21.2%). These two agencies comprise over 56% of general fund expenditures. Although not an agency, several property tax relief programs—shared revenue and tax relief—claim 14.0% of GPR. No other agency claims more than 8% of the general fund.

By Program. Drilling down to individual programs further highlights state priorities. State aid to local school districts claims the largest share of GPR spending (see Table 4). However, at one-third of the total, it claims a smaller share than in the recent past; in 2004, school aids accounted for 44% of GPR spending. Prior to large school aid increases in

Table 3: Shrinking Budget Balances
General Fund Condition, 2013-15, $ Millions

	2013-14	2014-15
Revenues		
Opening Balance*	$705.3	$499.3
Taxes	14,013.5	14,517.5
Tribal Gaming	26.3	27.0
Other	590.1	534.2
Total Available	15,335.2	15,578.1
Appropriations		
Gross Appropriations	14,977.1	15,433.4
2013 Act 9	9.2	10.7
Transfers to:		
Transportation Fund	60.9	143.8
Veterans Trust Fund	5.3	0.0
Comp. Reserves	78.8	133.1
Less Lapses	-295.3	-334.9
Net Appropriations	14,835.9	15,386.0
Balances		
Gross Balance	499.3	192.1
Less Req. Reserves	-65.0	-65.0
Net Balance	434.3	127.1

*Includes additional $35.75 million due to unanticipated 2013 tax collections.

1995-97, school aids were less than 30% of general fund spending.

Medicaid (also called Medical Assistance, or MA) is the second largest GPR program at more than $4.6 billion—and the fastest growing. Prior to 2004, Medicaid claimed between 8% and 12% of GPR funds. In 2012, that figure was over 13%, and it will account for more than 15% of general fund spending in 2013-15. Nearly half of the general fund budget is devoted to either K-12 schools or Medicaid.

Four other programs each claim more than 5% of the GPR budget. The U.W. System receives over $2.2 billion and corrections over $2.1 billion. Shared revenues, which aid municipalities and counties, total $1.8 billion; various property tax credits are similar in cost.

Balances

The ending balance—money left over at the end of a fiscal year—provides a cushion for state officials in case tax revenues do not meet expectations or spending exceeds the budget. Small balances have been a problem in state budgets for more than a decade.

As Table 3 shows, the state expects to carry over from 2013 a balance of $705.3 million, one of the largest beginning balances ever. However, because expenditures exceed revenues in both 2014 and 2015, the ending balance is estimated at only $192.1 million, or 1.2% of gross appropriations plus compensation reserves. This is well below the 4% to 5% that many budget experts suggest, and below the 2% requirement passed in 1999 but never implemented.

Relative to recent budgets, however, a balance of this size is an improvement. Over the past seven budgets, only two (2003-05 and 2009-11) had higher ending balances (Figure 2, page six).

Recent experience suggests the importance of sufficient reserves. In four of the six budgets since 2001, tax collections were less than budgeted amounts, highlighting the unpredictability of the economy. Two of the four (2001-03 and 2007-09) had small ending balances, and an adjustment bill was needed to balance the budget. In two other biennia (2003-05 and 2009-11), tax revenues were less than expected, but budget repair legislation was not needed due partly to higher budgeted balances.

Tax collections can also exceed forecasts. That occurred in 2011-13 when GPR tax collections were 1.9% ($524 million) more than budgeted. This pleasant surprise explains the large opening balance for 2013-15.

Table 4: School Aids Top GPR Appropriation
Top Ten GPR Spending Areas, 2013-15, ($ Millions)

Program	Amount	Pct. of Total
K-12 School Aids	$10,125.1	33.1%
Medical Assistance	4,616.6	15.1
U.W. System	2,247.3	7.3
Corrections	2,058.1	6.7
Shared Revenues	1,811.5	5.9
Property Tax Credits	1,793.2	5.8
Subtotal	22,651.9	73.9
All Other Programs	7,970.4	26.1
Total	30,622.3	100.0

Changing Priorities

Over the past 10 to 15 years, state spending priorities have changed. The state's Medicaid program is consuming an increasing share of the general fund budget, while aid to local governments and schools is declining in share.

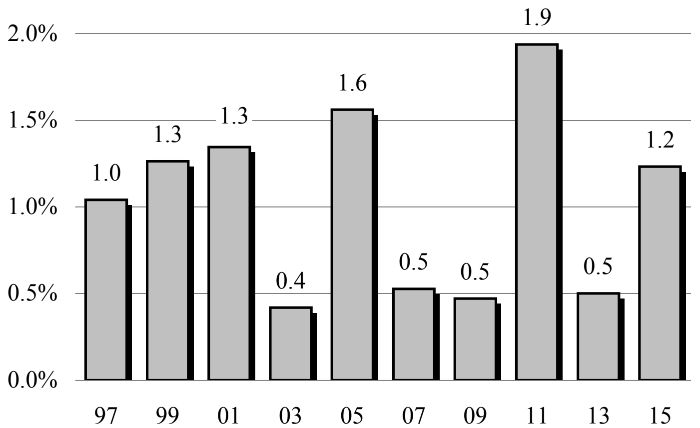
Between 1985 and 2003, MA's share ranged from 9% to almost 12% of GPR spending. From 2004 through 2012, it topped 13% three times (2005, 2007, and 2012). As Table 4 shows, MA consumes more than 15% of general fund resources in 2013-15, a record high.

In broad terms, aid to local governments and schools has been hit hardest by rising Medicaid costs. From 1985 through 2005, local assistance averaged 58% of GPR spending. That percentage fell below 57% over the next seven years, and then dropped under 53% in 2012. Local assistance claims 49.9% of spending in 2014 and 49.3% in 2015.

The decline is due largely to two areas. The first is shared revenue to counties and municipalities. In 1996, shared revenues accounted for 12.4% of state spending. That percentage dropped to 6.5% in 2012 and will drop further to 6.0% in 2014 and to 5.8% in 2015.

The second factor in declining local assistance is school aid. During 1995-97, the state significantly increased school aid so that by 1997, it claimed 38.0% of GPR spending. That percentage continued to climb over the next seven years, reaching 44.1% in 2004, but then began to decline. Large cuts to school aid in 2012 dropped it below 36%. Despite school aid increases in the new budget (see next section), Medicaid increases are much larger. Thus, the percentage of GPR devoted to school aid will fall to 33.2% in 2014 and to 33.0% in 2015.

Figure 2: Budgeted Ending Balances
Second Year Balance, 1995-97 Through 2013-15, % of Expenditures



K-12 Education

Nevertheless, school aid remains the largest GPR expenditure. Beyond aid funding, this budget makes several other significant changes to K-12 education.

Revenue Limits. First, after cutting school revenue limits 5.5% in 2012 and holding them unchanged at that level in 2013, the budget allows districts a $75 per student increase in each of the next two years. Revenues limited under state law are the sum of state general aids and local school property taxes, and typically represent at least 80% of district revenues. The $75 per student increase averages about 0.5% for the typical district.

The legislature also created a special aid payment not affected by revenue limits. When combined with revenue limit increases, total funding increases are $100 per student in 2014 (about 1%), and another $150 per student (1.5%) in 2015.

Choice and Charter. The new budget also altered Wisconsin's parental school choice (Choice) and charter school programs. First, the Choice program was expanded. In 2013, students from low- and moderate-income (under 300% of the federal poverty level) families in Milwaukee and Racine could attend private schools using a state "voucher." Beginning in 2013-14, the program is expanded to the rest of the state, though participation outside Milwaukee and Racine is limited to 500 students in 2014 and 1,000 in 2015. The income cutoff for these students is 185% of poverty.

In addition to geographic expansion, per student payments for Choice are increasing. For 2014, the amount is unchanged at $6,442 for all grades. However, for K-8 students, it increases $768 (11.9%) in 2015 to $7,210; for high school students, it increases $1,413 (21.9%) to $7,856. For independent charter schools, payments rise $150 per student (about 1.9%) each year, from $7,775 to $7,925 in 2014 and to $8,075 in 2015.

School Aids. After an 8.1% cut in 2012 and a 1.4% increase last year, total school aids will rise 1.5% ($74.8 million) in 2014 and another 2.8% ($139.5 million) in 2015. The 2015 increase is the largest since 2006. However, because independent charter schools and part of Choice costs are funded with school aids, about 5% of the aid increase ($13.0 million of $289.1 million) will not go to traditional public schools.

The state pays for the Choice program using some general school aid along with separate GPR monies. When this added funding is accounted for, the state is increasing spending on Choice and independent charter schools by $87 million over the next two years and spending on traditional K-12 schools by $276.1 million.

Medicaid

Total Medicaid spending from all funding sources (roughly 60% federal and 40% state) is rising 11.5% in 2014 and another 6.0% in 2015. State GPR support for the program is increasing 14.1% and 8.0%, respectively. Compared to the 2013 base, state MA expenditures claim an additional $751 million of GPR over the next two years.

Medicaid now consumes a major part of any new tax dollars available. Three basic reasons are: (1) healthcare costs rising more than inflation; (2) the expense of serving the neediest MA populations, the disabled and elderly poor; and (3) the state's near tripling of recipient numbers since 1998 due to welfare reform and the extension of coverage to virtually all children.

A new factor in 2013-15 is state decisions made with the onset of federal health reform (Affordable Care Act, or ACA). Although Wisconsin's MA coverage of children and pregnant women is far more generous than the ACA's, the new budget had to decide how to cover parents and childless adults with incomes up to 1.33 times the federal poverty level.

ACA allows states to cover these individuals, but the new state budget only covers those with incomes at or below the poverty level, with the remaining near-poor eligible for federally-subsidized coverage through health exchanges. This means greater GPR expense for the state since it gave up 100% federal funding of the adults in question by not extending coverage to the ACA level (1.33 times poverty level).

UNRESOLVED ISSUES

Budgets are prepared by governors and lawmakers who concentrate on immediate problems and postpone, if they can, complex issues or politically risky decisions. One only needs to review past biennial budgets with their precarious balances, fund "raids," and structural imbalances. In the 2013-15 budget, transportation finance, borrowing, and long-term fiscal sustainability are further examples of postponed decisions.

Transportation

Wisconsin has had trouble financing highways and other forms of transportation for over a decade. The symptoms are many: gas tax revenues eroded by inflation and fuel-efficient vehicles; transportation revenues used to fund schools, health care, and other programs; and more recent general fund subsidies of the transportation fund.

A recent gubernatorial commission recognized these many signs in recommending new or increased sources of transportation revenue. They pointed to stagnant to declining gas taxes and increased use of transportation fund revenues to finance debt service.

The 2011-13 budget financed transportation, in part, by relying on monies from other funds, including the general fund ($275 million), the environmental fund ($21 million), and the petroleum inspection fund ($39 million).

The 2013-15 budget continues this pattern, shifting money to the transportation fund from the general fund ($213.7 million) and from the petroleum inspection fund ($44.5 million). It also pays for $200 million in transportation bonding funded with GPR. Combined, more than $450 million of transportation spending is paid for with money not from the transportation fund.

Borrowing

Borrowing for transportation in the 2013-15 budget ($991.4 million) raises a second long-term issue that state officials prefer to overlook—increased debt.

State budgets typically include borrowing for major capital projects, often buildings and environmental projects, as well as roads. The new budget authorizes the state to borrow an additional $2.05 billion.

Of that, $1.64 billion is general obligation (GO) borrowing; i.e., debt paid for with GPR taxes. State debt paid for with general fund dollars more than tripled between 1999 and 2012.

Three factors played a role. First, during the past decade, the state began issuing GO bonds to fund transportation projects. Second, in 2004, the state sold $1.8 billion of bonds to cover unfunded pension and sick leave liabilities. Some of those bonds were refinanced in 2009, adding about $500 million to state debt. Third, in 2009, the state also issued $1.5 billion of debt to refinance state tobacco bonds, originally sold in 2002 to "securitize" a stream of legal settlement payments from tobacco companies and used to balance the 2001-03 state budget.

Growing debt from this and past budgets will result in more GPR dollars used for debt service, rather than operating programs, such as school aid and Medicaid. Over the next two years, general fund debt service is expected to claim 5.26% and 4.88% of revenues, respectively. The state's historical target is 4%.

Sustainability

Earlier, it was mentioned that general fund expenditures exceed revenues over the next two years. That creates a first-year structural imbalance of $231 million heading into the 2015-17 biennium. In other words, the first $231 million of new tax dollars in 2015-16 will be used to pay for commitments made in 2013-15. The state faced much larger imbalances over the past decade, ranging from $589 million in 1999 to $1.34 billion in 2003. However, the 2011-13 budget eliminated the structural imbalance and left the state with a surplus heading into 2013-15. The new budget represents a return to the past practice of passing on structural imbalances, though on a smaller scale.

FINAL THOUGHT

All three of these examples are a reminder that this state budget, like its predecessors for over a decade, leave unresolved issues for the next governor and legislature to confront. In an environment where concern for political career success trumps long-term state fiscal health, financial decisions are made with an eye on future months—and the next election—rather than on the next decade. ☐

DATA SOURCES:

Wisconsin Legislative Fiscal Bureau; Wisconsin Departments of Administration, Public Instruction, Revenue, and Transportation.

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WISTAX NOTES

■ **School District Size Compared.** Despite its modest size, Wisconsin has more school districts (424) than all but 10 states, according to the U.S. Census Bureau. Texas (1,031), California (1,000), and Illinois (859) have the most, while Hawaii (1), Nevada (17), and Delaware (19) have the least. Neighboring Michigan (547) has more than the Badger State, while Iowa (358) and Minnesota (340) have fewer.

Because Wisconsin has many districts, the average district has relatively few students. In 2011, the average district had 2,038 students, 43% less than the average nationally (3,579). The average district size was smaller in 13 other, mostly rural, states.

More telling is the median district size (half of the districts larger, half smaller), since state averages can be skewed by several large districts. In Wisconsin, the median district had only 958 students. Nineteen states had smaller medians, including neighboring Iowa (660) and Minnesota (918).

■ **State Tax Collections Surprise.** State general fund tax collections totaled $14.09 billion in 2012-13, according to the Wisconsin Department of Revenue. The final figures were 2.2%, or $306 million, higher than the estimate used to build the 2011-13 state budget. Collections were significantly above original estimates for taxes on individual income (3.8%), corporate income (5.5%), and insurance premiums (6.5%). Tax collections on cigarettes, other tobacco products, and beer were all at least 4% less than originally estimated.

Over the 2011-13 biennium, general fund tax collections were 1.9%, or $524 million, above estimates.

■ **Metropolitan Output Varies.** In 2012, growth in inflation-adjusted output ("real GDP") in the Eau Claire metro area (4.3%) topped all 10 other metropolitan areas in the state and ranked 40th of 381 areas nationally. GDP, or gross domestic product, is a measure of total output of all industries in a state or nation.

GDP in six other Wisconsin metro areas grew faster than the nation (2.5%): Fond du Lac, Janesville-Beloit, La Crosse, Oshkosh-Neenah, Racine, and Sheboygan. The Milwaukee-Waukesha-West Allis metropolitan area was the weakest performer in Wisconsin, according to new figures from the Bureau of Economic Analysis. Its inflation-adjusted output was down slightly and ranked 306th of 381.

Over a slightly longer period (2009-12), Oshkosh-Neenah (14.3%, 21st) was the top state performer, growing at more than twice the national rate (6.7%). Eau Claire, Fond du Lac, Janesville, La Crosse, Madison, and Racine also outperformed the nation during the period. Milwaukee (3.3%) and Sheboygan (3.0%) grew the least.

Metro areas in Indiana and Texas claimed eight of the top 12 spots in 2009-12. Kokomo and Elkhart-Goshen, Indiana occupied the top two spots. Four of the 12 worst-performing metro areas were in California, with El Centro, California declining 8.4%. □

In FOCUS . . . recently in our biweekly newsletter

- New Census figures provide updated tax rankings (#14-13)
- Government spending in Wisconsin compared to other states (#15-13)