

## Assessing Gov. Tom Wolf's Tenure

Higher spending didn't improve Pennsylvania's economy or public-school performance, while Wolf frequently clashed with the legislature

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### KEY POINTS

- During Gov. Tom Wolf's eight years in office, Pennsylvania ranked below the national average in income growth, job growth, and population growth.
- State government spending increased significantly under Wolf, outpacing inflation, and leaving a structural deficit for his successor.
- State support of public schools increased by \$4.7 billion under Wolf, while enrollment dropped and student performance declined.
- The legislature expanded Pennsylvania's successful tax credit scholarship programs, despite Wolf's initial opposition.
- Wolf vetoed 65 bills passed by the House and Senate, exceeding the number of vetoes of former governors Corbett, Rendell, Ridge, and Schweiker *combined*.

### ECONOMIC TRENDS

From 2015 through 2022, the Keystone State ranked below the national average in income growth, job growth, and population growth.

- Between 2015 and mid-2022, [personal income](#) in Pennsylvania increased by 32.7 percent. That puts Pennsylvania 35th out of the 50 states.<sup>1</sup>
- Total [nonfarm employment](#) increased 3.37 percent since December 2014, which ranks Pennsylvania 34th in employment growth.<sup>2</sup>
- From 2014 to 2022, Pennsylvania's [population](#) increased by 1.44 percent, putting the state 37th in the nation for population growth.<sup>3</sup>

While Pennsylvania's unemployment rate is at a historic low, the labor force participation rate—the percentage of working-age adults employed or looking for work—declined as well.

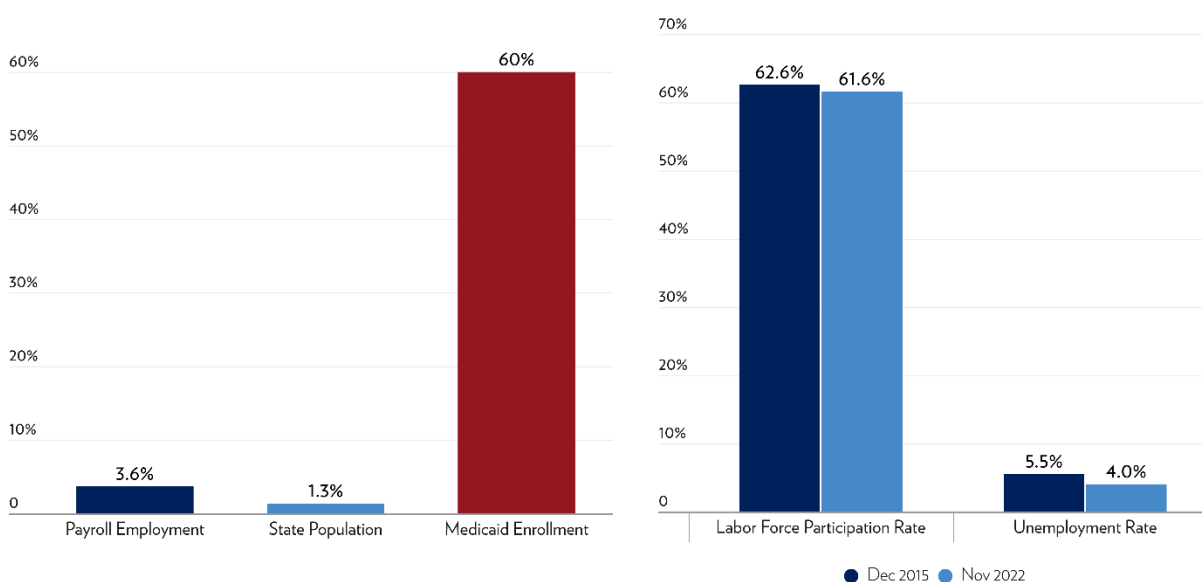
- Approximately 114,000 Pennsylvanians have dropped out of the [labor force](#) between January 2020 and November 2022.

- While 26 states have fully recovered from pandemic-era job losses—[led by Utah and Idaho](#), which have each had approximately 7 percent job *growth* since February 2020—Pennsylvania continues to have [fewer people working](#).
  - Pennsylvania has lost [73,900 payroll jobs](#) since February 2020, a 1.4 percent decline.
  - Only New York and Ohio have lost more total jobs in that time frame.

As the number of workers declined, Pennsylvania experienced a dramatic increase in the number of individuals on welfare programs.

- From the end of 2014 through November 2022, Pennsylvania added 1,368,855 more individuals to the [Medicaid rolls](#), a 60 percent increase.
- Today, more than [one in four Pennsylvanians](#) are on Medicaid, and by the end of 2021, the ratio of workers to Medicaid recipients declined to 1.7.<sup>4</sup>

### ECONOMIC CHANGE UNDER GOV. WOLF (2015 to 2022)



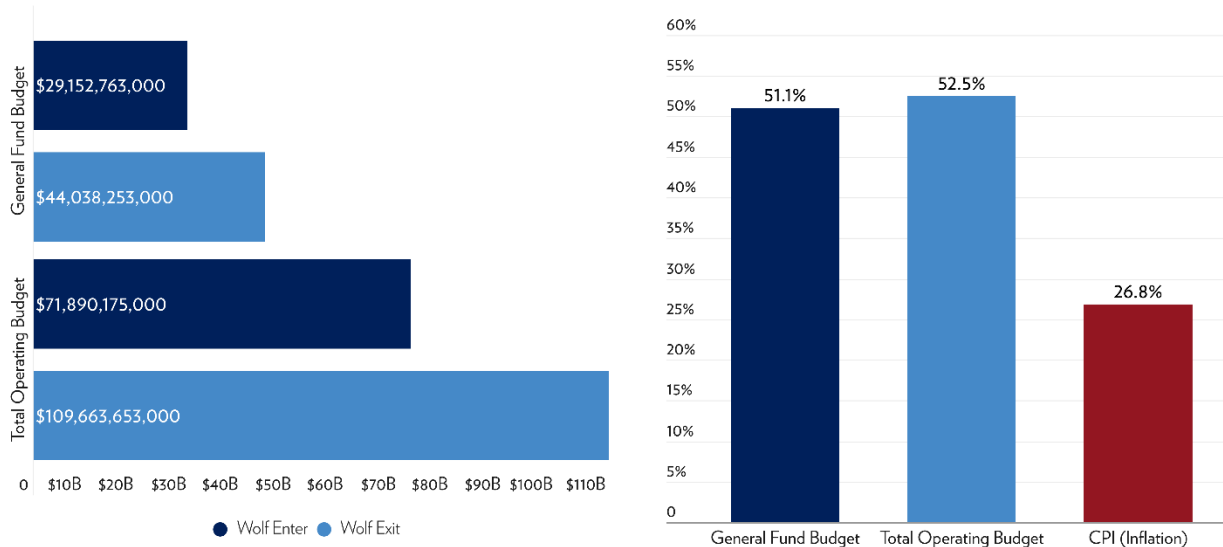
### OVERALL STATE SPENDING

Wolf came into office promising major spending and tax increases. While the budgets passed by the legislature spent significantly less than he requested—and his proposed tax hikes went largely ignored—state spending increased significantly under his watch.

- The state General Fund Budget [increased](#) by 51.1 percent, from \$29.1 billion for the 2014–15 budget to just over \$44 billion for Fiscal Year (FY) 2022–23.
- The commonwealth’s Total Operating Budget [increased](#) at an even faster clip, 52.5 percent, to an estimated \$110 billion this year.<sup>5</sup>

- Both increases have significantly outpaced inflation (26.8 percent).
- Wolf claims to have left behind a surplus, yet this is only due to the use of temporary federal funds. The reality is ongoing spending exceeds actual state revenues, with a [deficit forecast](#) for each of the next four fiscal years.<sup>6</sup>

## PA BUDGET CHANGE UNDER GOV. WOLF (FY 2014-15 to 2022-23)

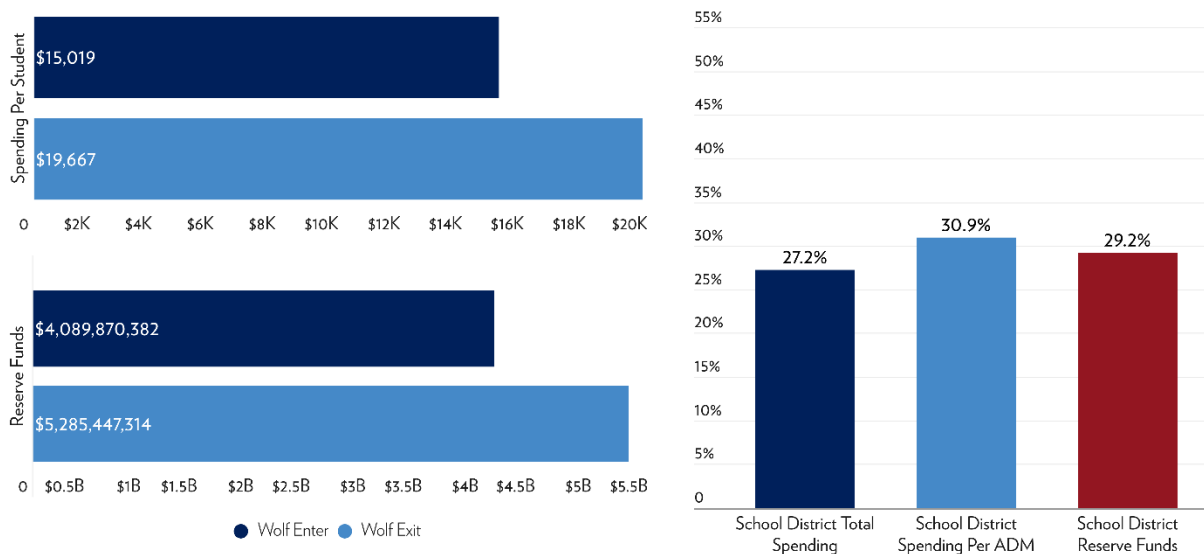


## EDUCATIONAL SPENDING VS EDUCATIONAL PERFORMANCE

Public School spending, along with school district reserve funds, increased dramatically during Wolf's tenure.

- The state budget increased [support of public schools](#) to \$14.7 billion, with a \$650 million increase in FY 2021–22 and a record \$1.5 billion increase for FY 2022–23.
  - State support of public schools has increased by \$4.7 billion since Wolf took office.
  - This represents a 46.9 percent increase in state funding for public schools.
- Total [school district expenditures](#) from all sources (federal, state, and local) increased to \$33.24 billion by 2020–21, up 2.7 percent since FY 2013–14.
  - Pennsylvania per-pupil public school funding increased to \$19,667 in FY 2020–21.
  - Pennsylvania remains among the ten highest-spending states on public schools, spending [\\$4,000 more per student](#) than the national average.
- School districts collectively stockpiled \$5.29 billion in [reserve funds](#) as of June 2021, up 29.2 percent since 2014.<sup>7</sup>

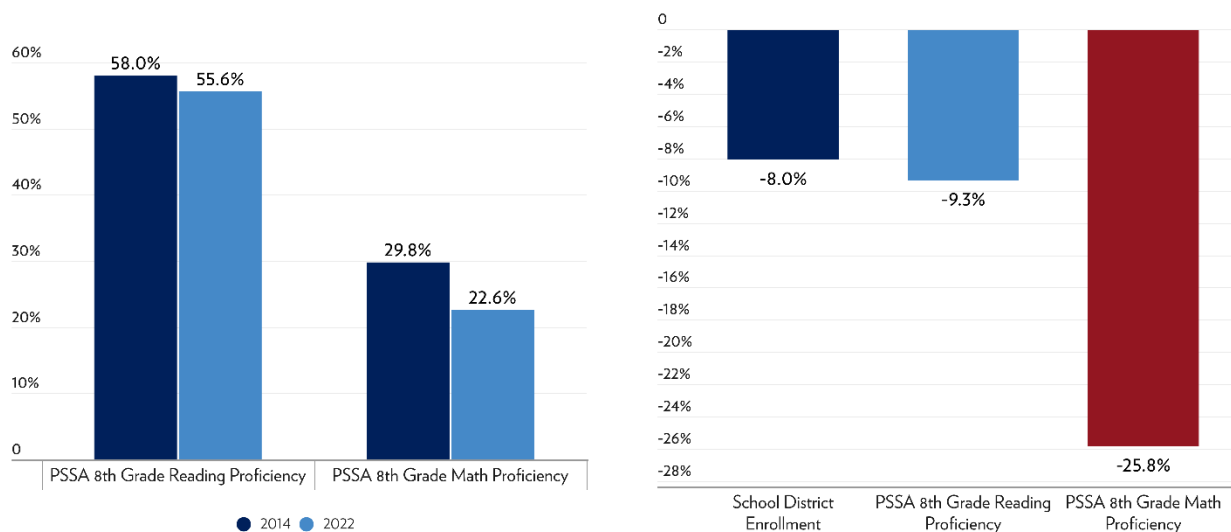
## SCHOOL DISTRICT CHANGE UNDER GOV. WOLF (FY 2013-14 to 2020-21)



In contrast, public school enrollment has dropped, and student academic achievement has gotten dismally worse.

- Pennsylvania schools district [enrollment declined](#) by nearly 132,000 students from 2014 to 2021.
  - This represents an 8 percent decline.
- Student test scores on the [Pennsylvania System of School Assessment](#) (PSSA) also fell during Wolf's tenure.
  - The percentage of eighth-grade students proficient in reading declined from 58 percent in 2014 to 55.6 percent in 2022.
  - The percentage of eighth-grade students proficient in math declined from 29.8 percent in 2014 to 22.6 percent in 2022.<sup>8</sup>

## SCHOOL DISTRICT CHANGE UNDER GOV. WOLF (2014-15 to 2021-22)



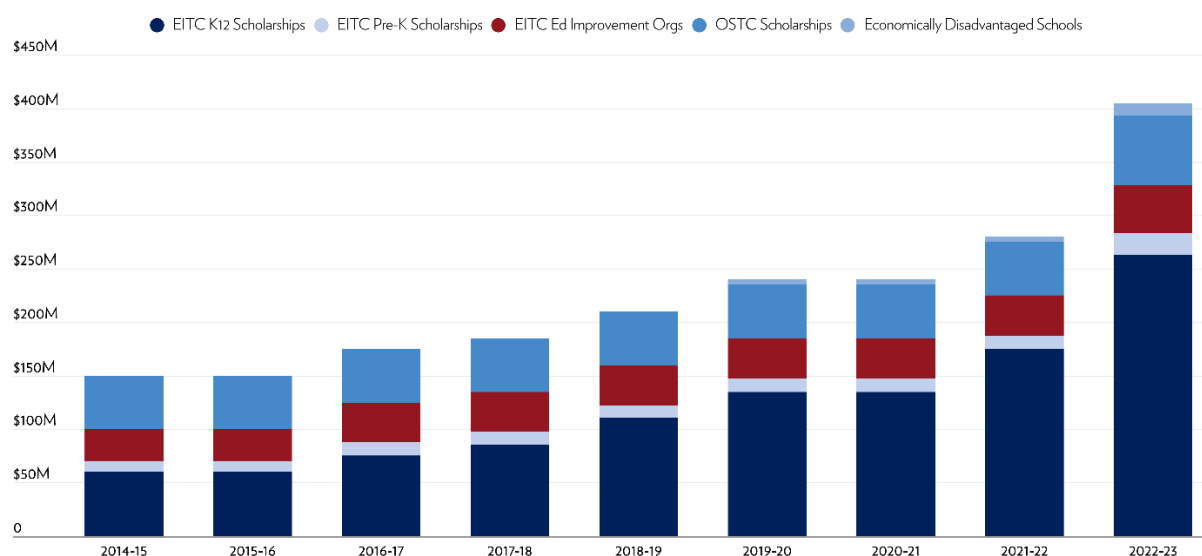
## EXPANSION OF EDUCATIONAL CHOICE

During Wolf's tenure, the legislature expanded Pennsylvania's successful [tax credit scholarship programs](#).

- Wolf entered office expressing opposition to the Education Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) programs.
- Remarkably, despite his disdain, these programs grew by \$255 million.
  - The cap for EITC K–12 scholarships has quadrupled, growing from \$60 million to \$263 million.
  - The amount of OSTC K-12 scholarships grew by 30 percent, from \$50 million to \$65 million.
  - Pre-K scholarships increased by \$10.5 million, or 105 percent.
  - Credits for donations to Educational Improvement Organizations increased by \$14.5 million, or 48.3 percent.
  - And lawmakers added \$12 million in tax credits donations for matching scholarships in Economically Disadvantaged Schools (a new program created in 2019).
  - The successful EITC and the OSTC programs realized an [unprecedented](#) \$125 million program increase in the 2022–23 budget.<sup>9</sup>
- Despite these increases, the EITC and OSTC programs are miniscule compared to public school funding.
  - Total EITC and OSTC tax credits represent only 2.7 percent of state support of public schools, and only about one-quarter of the *increase* in state support of public schools this budget.

- Likewise, EITC and OSTC scholarships educate students for a fraction of the cost, with the average K-12 scholarship of \$2,533, compared to \$19,700 per student in public schools.
- The Commonwealth Foundation estimates that these increases, once fully implemented, will provide scholarships to an additional 61,000 children seeking a better education, while increasing the average scholarship amounts for low-income students.

## TAX CREDIT SCHOLARSHIPS UNDER GOV. WOLF (FY 2014-15 to 2022-23)



## WOLF'S VETO RECORD

From day one, Wolf had a shaky relationship with Pennsylvania's General Assembly. In his eight years in office, Wolf vetoed [65 pieces of legislation](#) passed by the House and Senate.

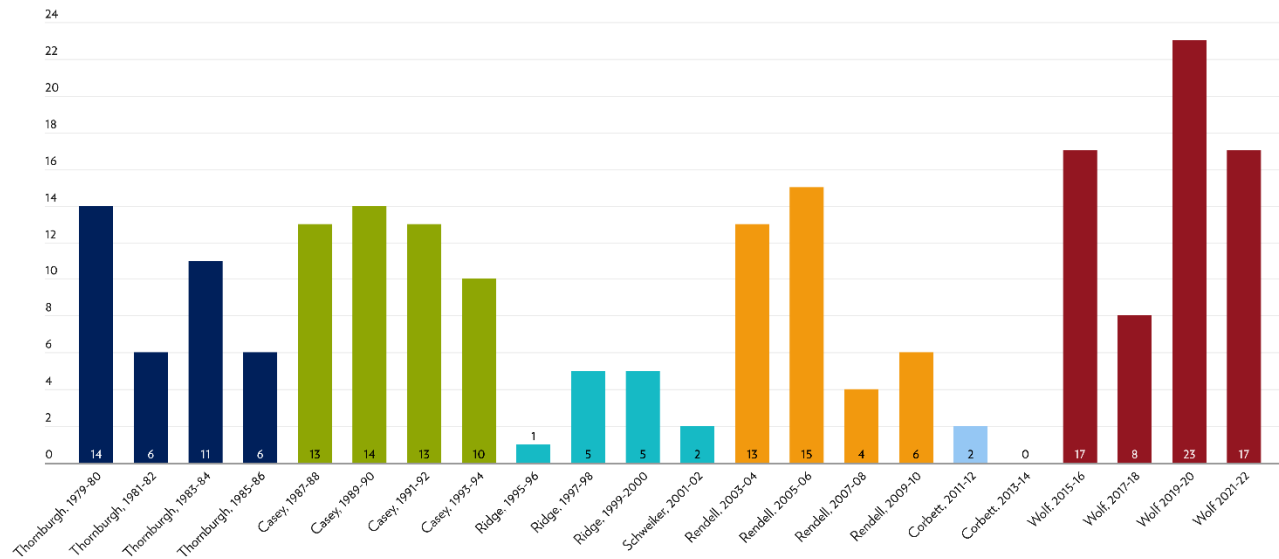
This exceeds the number of vetoes of former governors Corbett, Rendell, Ridge, and Schweiker *combined*. Indeed, since 1978, the three legislative sessions with the most vetoes all belong to Wolf.

Wolf's failure to work collaboratively with the legislature led him to attempt legislating by executive order or regulation. At least nine of these actions were struck down, or remain delayed, by courts—including his school [mask mandate](#),<sup>10</sup> proposed [bridge tolling](#) by the Department of Transportation,<sup>11</sup> and orders from the Secretary of State to [count undated](#) mail-in-ballots.<sup>12</sup>

On three occasions the legislature passed resolutions to disapprove Wolf administration regulations—but in all three of those, Wolf vetoed the resolution, allowing his regulation to proceed unilaterally. One of those, his charter school regulation, was later blocked by budget legislation Wolf signed. And notably, Wolf's unilateral decision to enter Pennsylvania into the Regional Greenhouse Gas Initiative (RGGI) is [currently](#)

enjoined, awaiting court action.<sup>13</sup>

## GOVERNOR'S VETOES BY SESSION



## MAJOR POLICY ACHIEVEMENTS UNDER WOLF

Several major pieces of legislation did become law during his Wolf's tenure, but most of these were legislative priorities, not the policies Wolf campaigned on. Indeed, some became law without his signature, and in the case of constitutional amendments, occurred by voter referendum without his involvement.

- **Pension Reform.** Wolf signed [landmark pension reform](#) in 2017 that created 401(k)-style options for state workers, lowered future state pension liabilities, and made retirement savings portable for new employees.<sup>14</sup> This reform passed after Wolf vetoed a similar pension reform bill in 2015.
- **Wine and beer in grocery stores.** Wolf signed a [modest liquor privatization](#) measure that allows wine and beer sales in some grocery stores. This happened after Wolf vetoed a bill to fully privatize the state-run liquor stores in 2015.<sup>15</sup>
- **Cutting Corporate Net Income Tax (CNIT) Rate.** The budget deal includes a plan to [reduce Pennsylvania's corporate tax rate](#) from 9.99 percent—the [second highest rate in America](#), behind New Jersey—to 4.99 percent over 10 years.<sup>16</sup> This 4.99 percent would rank as the 35th highest top rate in 2021. The governor and Democratic and Republican lawmakers all agree on the need for a reduction in our uncompetitive corporate taxes to spur economic growth.
- **Increasing the Rainy Day Fund.** The last two state budgets signed by Wolf included \$4.6 billion in deposits into the State Rainy Day Fund. That will bring Pennsylvania closer to the national average and best practices, helping prepare for future recessions. Pennsylvania [ranked](#) 49th in the nation in Rainy Day Fund balances as recently as 2019. Pennsylvania's \$4.996 billion could fund the government [for 42.6 days](#).<sup>17</sup>

- **Zuckerbucks ban.** Wolf also [signed legislation](#) in 2022 that bans “Zuckerbucks”<sup>18</sup>—private, outside [funding for running elections](#). This is a crucial measure to shore up election integrity in our commonwealth. In 2020, private groups distributed an [estimated \\$22 million](#) to Pennsylvania counties with favorable treatment given to some counties over others on purely political grounds.<sup>19</sup>
- **Criminal justice reforms.** Wolf signed the Clean Slate law and a package of bills that were part of the second Justice Reinvestment Initiative, including addressing parole practices. These are policies aimed at increasing public safety and reduce recidivism with the possibility of [saving taxpayers \\$45 million](#).<sup>20</sup>
- **Union Reform.** While Wolf has generally kowtowed to government union executives, who repeatedly ranked among the largest donors to his campaigns, he’s gone along with two reforms curtailing union abuses. In 2015, [Act 59](#)—opposed by the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)—[removed a bizarre legal exemption](#), that had allowed parties in a labor dispute to stalk, harass, and threaten to use weapons of mass destruction as part of their activities.<sup>21</sup> And 2016’s [Act 15](#)—opposed by the Service Employees International Union (SEIU) and the American Federation of State, County and Municipal Employees (AFSCME)—[requires a cost estimate](#) of every union collective bargaining agreement signed by the governor.<sup>22</sup>
- **Constitutional Amendments limiting gubernatorial powers.** At the height of COVID-19, Wolf used unilateral emergency powers to arbitrarily close businesses. In 2021, Pennsylvania passed two constitution amendments—through voter referendum—that limit the governor’s emergency declaration powers. Pennsylvania became the [first state](#) to rein in executive authority via constitutional amendment.<sup>23</sup>

## WOLF’S CAMPAIGN PRIORITIES

Due to Wolf’s inability to work with the legislature, many of the issues he campaigned on went nowhere. These include:

- Raising the minimum wage.
- Creating “universal pre-K.”
- Enacting campaign finance limits.
- Imposing another tax on natural gas extraction.
- Creating a progressive income tax in Pennsylvania.
- Cutting funding for charter schools.

Most notably, the [legislature blocked 12 of Wolfs tax hike proposals](#).<sup>24</sup> If those proposals had passed, families would now be paying about **\$1,400 more** in state taxes every year.

## CONCLUSION AND LESSONS FOR SHAPIRO

Wolf’s legacy is that of a governor who couldn’t work with the legislature, resulting in numerous vetoes, overreliance on executive action, and—other than increasing government spending (particularly around



public school funding)—legislative achievements primarily driven by the legislators’ goals rather than Wolf’s priorities.

Like Wolf, Governor-elect Josh Shapiro, a Democrat, will enter office with divided government—with a Senate controlled by Republicans and a nearly evenly-divided House. There are lessons Shapiro should take from the last eight years.

First, Shapiro will need to collaborate with the legislature to achieve policy goals. Having worked in government his entire life—including serving in the Pennsylvania House from 2004 to 2012—Shapiro should have a greater understanding of how to negotiate, compromise, and make deals in a political world. At the very least, it seems unlikely Shapiro would repeat the same out-of-the-gate mistake Wolf made—vetoing an entire state budget leading to a nine-month stalemate.

Further, we can learn from the Wolf years that dramatic increases in government spending don’t create more jobs, attract new residents, or improve educational outcomes. There is widespread agreement that Pennsylvania suffers from stagnant economic growth, population loss, and underperforming public schools. But the last eight years have seen differences in solutions to those problems.

There’s some reason for optimism that Shapiro can learn this lesson as well. Shapiro campaigned more [as a moderate, citing lower taxes and less regulation](#) as the means to grow Pennsylvania’s economy, while [condemning Wolf’s business lockdowns](#), and [supported school choice](#) to serve the academic needs of every child.

Indeed, there are several aspects of Shapiro’s [campaign platform](#) than coincide with Republican legislative priorities, including [Lifeline Scholarships](#), increasing the [ETC and OSTC](#), working [with the legislature](#) on energy issues rather than unilaterally implementing RGGI, enacting [permitting reform](#), and [accelerating reductions](#) to Pennsylvania’s business taxes.<sup>25</sup>

While Wolf’s legacy was one of conflict and economic stagnation, Shapiro can take lessons from this to find common ground with the legislature on policies that will benefit Pennsylvania families, businesses, and students.

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<sup>1</sup> Bureau of Economic Analysis, Annual Personal Income and Employment by State, “Personal Income, Population, Per Capita Personal Income, Disposable Personal Income, and Per Capita Disposable Personal Income (SAINC1/SAINC51),” 2015 through 2019. <https://www.bea.gov/data/income-saving/personal-income-by-state>.

<sup>2</sup> U.S. Bureau of Labor Statistics, “State and Area Employment, Hours, and Earnings,” Total Non Farm, All Employees in Thousands, Not Seasonally Adjusted, 2015 through 2019, <https://www.bls.gov/sae/data/>.

<sup>3</sup> U.S. Census Bureau, “Annual Estimates of the Resident Population for the United States, Regions, States, and Puerto Rico,” April 1, 2010 to July 1, 2019, <https://www.census.gov/data/tables/time-series/demo/popest/2010s-state-total.html>.

<sup>4</sup> Commonwealth Foundation, “Pa’s Wayward Welfare State,” October 27, 2022, [https://www.commonwealthfoundation.org/research/pa-wayward-welfare-state/#\\_edn9](https://www.commonwealthfoundation.org/research/pa-wayward-welfare-state/#_edn9).

<sup>5</sup> Pennsylvania Office of the Budget, “Commonwealth Budget 2022–23,” accessed December 12, 2022, <https://www.budget.pa.gov/Publications%20and%20Reports/CommonwealthBudget/Pages/default.aspx>.

<sup>6</sup> Pennsylvania Independent Fiscal Office (IFO), “Pennsylvania Economic & Budget Outlook, Fiscal Years 2022–23 to 2027–28,” November 15, 2022, [http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/Five\\_Year\\_Outlook\\_2022.pdf](http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/Five_Year_Outlook_2022.pdf).

<sup>7</sup> Commonwealth Foundation, “Pa. Back to School Education Trends,” August 26, 2022. <https://www.commonwealthfoundation.org/research/pa-back-to-school-education-trends/>

<sup>8</sup> Commonwealth Foundation, “2022 PSSA Test Scores Still Below Pre-Pandemic Levels,” news release, November 29, 2022, <https://www.commonwealthfoundation.org/2022/11/29/2022-pssa-test-scores/>; Pennsylvania Department of Education, 2022 PSSA Results, accessed November 28, 2022, <https://www.education.pa.gov/DataAndReporting/Assessments/Pages/PSSA-Results.aspx>.

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- <sup>9</sup> Commonwealth Foundation, “Tax Credit Scholarship Expansion Big Win for Waitlisted Pennsylvania Kids, Amid Growing Demand,” news release, July 8, 2022, <https://www.commonwealthfoundation.org/2022/07/08/pennsylvania-budget-tax-credit-scholarship/>.
- <sup>10</sup> Maddie Hanna, “Pa. Supreme Court Strikes Down School Mask Mandate Imposed by Wolf Administration,” *Philadelphia Inquirer*, December 10, 2021, <https://www.inquirer.com/news/pa-school-mask-mandate-supreme-court-lawsuit-20211210.html>.
- <sup>11</sup> Jon Moss, “Pa. Commonwealth Court Permanently Blocks Gov. Tom Wolf’s Bridge Tolling Plan,” *Pittsburg Post-Gazette*, July 1, 2022, <https://www.post-gazette.com/news/state/2022/06/30/pa-bridge-tolling-plan-blocked-commonwealth-court-judges-governor-tom-wolf-pennndot/stories/202206300111>.
- <sup>12</sup> Jonathan Lai and Jeremy Roebuck, “Pa. Supreme Court Orders Counties to Set Aside Undated and Wrongly Dated Mail Ballots and Not Count Them,” *Philadelphia Inquirer*, November 1, 2022 [update], <https://www.inquirer.com/politics/election/pennsylvania-supreme-court-undated-mail-ballots-20221101.html>.
- <sup>13</sup> Stephen Lee, “Judge Reinstates Order Blocking Pa. From Climate Group (1),” *Bloomberg Law*, July 25, 2022, <https://news.bloomberglaw.com/environment-and-energy/judge-reinstates-order-blocking-pennsylvania-from-climate-group>; Cassie Miller, “Pa. Appeals Court Hears Oral Arguments in Fight over RGGI,” *Philadelphia Capital-Star*, November 16, 2022, <https://www.penncapital-star.com/energy-environment/pa-appeals-court-hears-oral-arguments-in-fight-over-rggi/>.
- <sup>14</sup> Elizabeth Stelle, “Gov. Wolf Signs Historic Pension Reform,” the Commonwealth Foundation, June 13, 2017, <https://www.commonwealthfoundation.org/2017/06/13/gov-wolf-signs-historic-pension-reform/>.
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- <sup>17</sup> Transparency Portal, “Rainy Day Fund Balance,” Pennsylvania Office of the State Treasurer, accessed December 20, 2022, <https://www.patreasury.gov/transparency/fiscal-health-rdf.php>.
- <sup>18</sup> Pennsylvania General Assembly, 2022 Act 88 “Pennsylvania Election Code – Public Funding of Elections, Powers and Duties of County Boards, Establishing the Election Integrity Grant Program and Violation of Public Funding of Elections,” July 11, 2022, <https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2022&sessInd=0&act=88>.
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