

Governor Tom Wolf 2022 Budget Address as Prepared

February 08, 2022

Budget News, Education, Minimum Wage, Press Release

Today, Governor Tom Wolf delivered the following speech to the General Assembly:

Speaker Cutler, President Corman. . .

Lieutenant Governor Fetterman. . .

Leader Ward, Leader Costa, Leader Benninghoff, Leader McClinton. . .

Members of the General Assembly, invited guests, friends, family—especially my wife, Frances—and my fellow Pennsylvanians:

Seven years ago, I stood here to deliver my first budget address as Governor.

I tried to strike a hopeful tone. But the truth was, we were in rough shape. The Commonwealth was failing to deliver on the fundamental promise of opportunity to all citizens.

The list of challenges was long. We weren't funding our schools adequately or fairly. We were ranked near the very bottom of the country in job creation. Too many Pennsylvanians were going without health insurance. Too many were incarcerated in our state correctional institutions.

And we were in no financial condition to do much of anything about any of it.

As I took the podium that day, we were facing a structural budget deficit of between \$2-3 billion. We had become one of the least creditworthy states in the nation. We couldn't even pay our annual pension bill.

And our Rainy Day Fund was down to its last \$231,800. If you do the math, that's about 20 minutes' worth of the Commonwealth's annual operating budget.

In other words, our finances were a mess. And there was no speech that I, or anyone else, could have given that day that would change that reality.

So all I asked was that we try something different. We needed to acknowledge the failure of the approach Harrisburg had long taken in the face of these challenges, and try to forge a new path forward.

It didn't happen overnight. In fact, our journey began with a nine-month budget impasse that only reinforced Pennsylvanians' skepticism about our ability to get anything done. In the years since, there's certainly been plenty of wrangling, arguing, negotiating, and plain old yelling in the halls of our Capitol.

But we stuck it out, Democrats and Republicans. We didn't give up on each other. We didn't give up on Pennsylvania.

And now look how far we've come.

Over the last seven years, we've invested nearly \$2 billion into our classrooms: investments in early childhood education, investments in pre-K, investments in K-12 education. We even came together to create a bi-partisan public school Fair Funding Formula.

We've driven Pennsylvania's uninsured rate to the lowest level ever.

We've cut our prison population by 11,000 at the same time we cut the crime rate.

We've reduced our carbon footprint and paved the way for a transition to a sustainable energy future.

We've reformed our pension system.

And so much more.

Hey, we can even buy beer and wine where we buy our groceries.

I'm proud of what we've accomplished together. But I also know that we still face significant challenges. If you're a Pennsylvanian worried about how you're going to support your family. . .

. . . or if you don't know how you're going to pay for your kid's college education. . .

. . . or if you're struggling to keep up with the rising costs of everything from groceries to health care. . .

. . . you don't want to hear about how far we've come over the last seven years. You want to know what we're going to do next.

So let's take advantage of the opportunity before us.

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Indeed, these are days of opportunity for our Commonwealth.

That's because, at long last, our fiscal house is in order. Over the past seven years, we've turned that \$2-3 billion structural budget deficit into a \$2-3 billion budget surplus. We've built our Rainy Day Fund to more than \$2.8 billion—more than 12,000 times what it was when I took office. That's the highest it's ever been.

We are no longer digging out of a hole. We're ready to build. And this year's budget does exactly that, making new investments that will build a brighter future for Pennsylvania families.

But let's take a moment to be clear about how we got here. We did not achieve our sound financial position by raising taxes. In fact, we eliminated the Capital Stock and Franchise Tax entirely.

No: We got here by paying our bills.

And when I say that, I'm not just talking about *fiscal* responsibility. I'm talking about taking *personal* responsibility for addressing our challenges instead of passing them off to someone else.

I'll give you an example. For years, we used all sorts of creative ways to avoid fully paying our pension bill—remember “collars”? But we were merely postponing the inevitable, and, in the process, raising the ultimate cost of fulfilling our obligations.

It didn't happen overnight, but we finally took responsibility. Democrats and Republicans came together and decided that we were going to start paying our bill in full, even if that meant overhauling our system to bring it into line with reasonable employee retirement expectations.

For all the innovative policies we've introduced and debated here in Harrisburg over the last seven years, the most radical thing we've done is simply live up to our commitments.

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But there's still one big commitment left unfulfilled.

The Fair Funding Formula was created by a bi-partisan commission chaired by two Republican legislators, and it represents a long-overdue step towards achieving equal opportunity in our Commonwealth. It promises that a child's chance to thrive will not be determined by their zip code.

Now it's time to keep that promise.

This is one of those cans it would be easy to kick down the road. We could make it someone else's problem, leave it for another governor and another legislature to figure out.

But we know better. We know that putting off the inevitable is not a victimless crime. The truth is, the longer we go without paying this bill, the more it will wind up costing us.

Refusing to fund education equitably does not save us money. It just means we wind up spending more on social services, remedial programs, even prisons. And that calculation doesn't even take into account the opportunity costs of failing to invest in our kids: the skills our workforce doesn't develop, the products and services that never become reality, the business growth and tax revenues that vanish.

We're going to have to pay this bill eventually. And there's never been a better time to take a giant step forward than right now.

We can afford to invest a whole lot more in the fair funding formula without raising one penny in state taxes. And we can afford to do it without asking any school district, anywhere in Pennsylvania, to sacrifice one penny in state funding.

Let's not waste this opportunity. Let's not force our successors in public office—not to mention our kids and grandkids—to pay the price for our failure to act.

Last year, we made a historic investment in our schools. This year, we have an opportunity to build on that momentum and make a generational difference for students all across the commonwealth.

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Speaking of paying our bills, we should also make this the year we make it a little easier for Pennsylvania families to pay theirs.

Most states across the nation have a higher minimum wage than Pennsylvania.

In fact, on January 1 this year, minimum wage workers in our neighboring states of Ohio, Delaware, Maryland, New Jersey, and New York all got a raise. Most of the states in our region are on their way to a \$15 minimum wage.

Not here. Pennsylvania's minimum wage is still stuck at \$7.25. Pennsylvanians haven't gotten a raise in thirteen years. Adjusted for inflation, they've actually taken a \$2 an hour pay cut.

We are literally surrounded by states that are giving minimum wage workers a better deal.

This is embarrassing. And just like school funding, refusing to address the problem won't make it go away.

In fact, quite the opposite. Our failure to increase the minimum wage is costing us dearly. It's very simple. When people are able to earn a decent wage, they can contribute to the economic life of their communities – and the commonwealth. On the other hand, when they work full time but still don't earn enough to pay for bare necessities like food, shelter, clothing, and heat, taxpayers wind up footing the bill.

This is not complicated. And it isn't abstract, either. If we adopted, for example, Senator Tartaglione and Representative Kim's plan to raise our minimum wage, the economic benefit to our commonwealth would amount to over \$77 million in the first year. That includes not only increased revenues, but also savings from state benefits programs – because when more Pennsylvanians get paid fairly, reliance on public benefits goes down.

It's time to do the right thing. It's time to do the smart thing. It's time to raise our minimum wage.

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The truth is, the experience we've had here in Harrisburg over the last seven years—digging out of a massive financial hole—is familiar to a whole lot of Pennsylvanians. In recent years, we've faced a once-in-a-lifetime financial crisis and a once-in-a-century pandemic. Working people have been dealt some really tough cards.

We've weathered those storms relatively well. We're going to be okay.

But when it comes to their families' economic futures, we cannot ask Pennsylvanians to settle for just "okay." Now that we're out of the hole, it's time to start building something better.

And we're in a position to help families in our Commonwealth do just that.

In fact, we owe it to them. Because they have carried us through these difficult times and laid the foundation for our Commonwealth's comeback.

Thanks to our workers and businesses, Pennsylvania's economy is thriving. If we were our own independent nation, that nation would have the 18th-largest economy in the entire world.

We're strong in manufacturing, in natural resources, in human capital. We've seen explosive growth in traditional industries like tourism and agriculture, and in cutting-edge industries like robotics, life sciences, and petrochemicals.

We didn't get here by slashing taxes for corporations—in fact, I think our corporate tax rate is too high, and this year I'm once again calling for a reduction.

No: We got here by investing in our people.

For example: We have made our institutions of secondary and post-secondary education better and more relevant to the career needs of all Pennsylvanians by making major investments in STEM education, dual enrollment programs, and Career and Technical Education programs.

We've also invested heavily in our Pennsylvania state universities, which are transforming themselves for a brighter future.

These investments have allowed us to expand registered apprenticeship programs into new industries and expand these opportunities to more people. And we've been able to develop more educational and training offerings tailored to the specific needs of Pennsylvania businesses.

Our budget surplus is not an excuse for a spending spree—but it is a chance to make more investments that can open the doors to opportunity for more Pennsylvania families.

More investments in job training and small business assistance so people can find not just a job that pays, but a career they're passionate about.

More investments in clean energy and infrastructure so we can lay the foundation for another generation of economic success.

More investments in health care so we can fight the opioid epidemic and improve mental health.

We're no longer near the bottom in job creation. But a job is just the beginning of what people need, what people want, what people should expect. We can do so much more for our people.

And we can do it without raising taxes one penny.

That is the opportunity we've earned. Now it's time to seize it.

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Paying our bills and investing in our people put us on the road to our Commonwealth's comeback.

And paying our bills and investing in our people will pave the way for many more days of opportunity ahead.

What got us here will move us toward the future we want, the future Pennsylvanians deserve.

But I want to suggest one more principle that will help us continue down the right path, a principle that applies not just to elected officials here in Harrisburg, but to every citizen watching or reading this speech, today or in the future.

It's about our brand of partisan politics.

Now, I'm not naïve. And I know partisanship is a part of our jobs. It's what democracy is all about. People disagree. People argue. And then we move on with policies that have been made better by all that arguing and disagreeing.

I know that, as soon as I'm done here, folks are going to run out into the hallway to take shots at the pieces of my budget they don't like. And that's okay. Because a lot of those same people have brought some really good ideas to the table, and some of those good ideas are already part of my proposal.

I may not get everything I want in this budget. And that's okay too. Because there's nothing we can't get done if we stick with it and refuse to get discouraged.

In our political system, the future belongs to the coalition-builders and the consensus-seekers. Those who understand our true impact can only be measured by the work we actually get done and the people whose lives we actually improve.

That's a good thing. Those are the people you want in charge.

But: What we're seeing happen in the country right now—that's something different. A significant number of our political leaders are turning against the very idea of democracy itself. And that kind of nihilism is poisonous. It denies the whole idea of civil disagreement. It denies the whole idea that we can eventually find common ground without force. It denies that democracy can ultimately bring us to a better place.

After all, we can choose to be cooperative or we can choose to be intransigent, but when we walk away from the very idea of democratic governance, we wind up somewhere we can't come back from. We lose the only mechanism we have for resolving our disagreements fairly, or even peacefully. And without it, we become irrevocably fragmented, a nation where we have no responsibility to work alongside our neighbor, just an incentive to gain and wield power at any cost.

This is the last opportunity for this group to convince Pennsylvanians that we can work together to do some truly important things for the people we were sent here to serve. We have a chance here in Pennsylvania to make a substantial contribution to our democracy.

Let's remind the world that democracy works. And let's do that with this budget.

By all means, let's argue over it. But in the end, let's roll out an on-time budget that continues on the path we've traveled for the last seven years. Let's agree on a budget that continues to make Pennsylvania better for the people who live and work here. Let's remind the world that a democracy can, in fact, deliver.

This is important, because I know we all love this commonwealth.

I can't tell you what a gift it's been to be able to serve for two terms as Governor. Not every day has been easy, but every day has been rewarding. It has been a privilege to do this noble work—the greatest privilege of my life.

I'm so, so grateful.

I'm grateful to my Cabinet and my staff, who have worked so hard and committed so much of their lives to this work.

I'm grateful to the people who work here in Harrisburg—not just the legislators and their staffs, but the people who keep this building going and the people who keep us safe.

And while I'm at it, I want to say a special thank-you to all the employees of the Commonwealth all across the state who typically receive too much blame when things go wrong and get too little credit when things go right.

From the day I took office, I've been impressed by the dedication and selflessness of our state employees. And I've worked to make sure we do a better job of rewarding them for their hard work.

Over the last seven years, I've implemented changes to make the Commonwealth a premier employer, with benefits and policies to support workers that keep up with changes in the private sector. We've raised the minimum wage for state workers, implemented a telework policy that has increased productivity, established paid parental leave, and modernized the hiring process—and this year's budget includes funding for two new child care options to help them balance career and family.

We've taken big steps towards making Pennsylvania a model employer for one simple reason: we are blessed to have model employees.

I also want to thank my family, who have been my source of strength and wisdom and joy. This has been their service, too, and it's been lengthy and hard—I have grandkids now that I didn't have when I was first sworn in, and I can't wait to spend more time with them.

I'm especially excited to spend more time with Frances. And I think it says something about how lucky I am that, after 47 years of marriage, we're hoping to spend *more* time together in the years ahead.

Frances didn't sign up for this. When I proposed to her in that subway station all those years ago to ask her to marry me, I didn't know our journey would lead to public office. But she's not only come along on this journey with me, she's encouraged me every step of the way, and made me a better public servant and a better person every day.

She is the love of my life. She is my best friend. She has been an incredible First Lady.

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Finally, I'm grateful to the people of Pennsylvania, for entrusting me with their families' future.

I offer this last budget proposal more confident in their future than I have ever been, and more excited than I have ever been to help build it.

Thank you.