

# After 4-month delay, Pennsylvania Democrats pass pro-corporate austerity budget

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After a 135-day impasse, the Pennsylvania legislature finally passed a \$50 billion budget on November 12. The overdue budget offers little to working class residents grappling with inflation, rising rents, foreclosures and job losses while providing substantial benefits to the corporate sector.

The legislation provides minimal assistance to limited sections of the working class. Starting with the 2025 tax year, low-income workers will be eligible for a new “Working Pennsylvanians Tax Credit,” set at 10 percent of the federal earned-income tax credit. This new state credit, with an estimated cost of \$193 million, would give a single parent with three children earning less than \$61,000 an additional \$800 toward their state tax liability. This pittance is estimated to benefit only about 7 percent of Pennsylvania’s 13 million residents, about 910,000 people.

Public schools received an increase of more than \$665 million, with most of the funding allocated through the state’s new adequacy formula which aims to provide additional funding to poorer districts. The figure represents a fraction of what is needed to reach the “adequacy target” according to a 2023 analysis by Penn State professor Matthew Kelly. His analysis at the time found that an additional \$6.2 billion in funding was required to meet education requirements.

The prolonged budget delay forced schools, counties, and service providers to take drastic measures, such as job cuts, halting services, or taking out costly loans. The financial aftermath continues to be felt across the state, with school districts now responsible for thousands—or in Philadelphia’s case, millions—of dollars in interest, a direct consequence of the statehouse’s paralysis.

The budget also includes a \$21 million increase for home care services, far short of the estimated \$370 million needed to keep the industry above water. This minimal allocation primarily benefits a small segment of the workforce, leaving 94 percent of the industry without the additional funding needed.

In response to the sharp funding drop off, Mia Haney,

CEO of the Pennsylvania Homecare Association, said in a statement “This budget represents a devastating failure of leadership by [Democratic Governor Josh] Shapiro, his administration, and the General Assembly.” “Pennsylvania lags behind all of its neighboring states by nearly \$5 per hour in Medicaid reimbursements, translating to lower wages and increased employee turnover,” in the home care industry she told the *Philadelphia Inquirer*.

The Southeastern Pennsylvania Transportation Authority (SEPTA), which provides transportation for about 800,000 people per day in the Philadelphia region, received no additional funding in the budget. The agency was already forced to draw nearly \$400 million from the Public Transportation Trust Fund in September in order to maintain daily operations.

As a result, SEPTA is burning through funds that were originally intended for infrastructure improvements and long-term capital needs. No stable funding plan has been put forward, and the authority itself projects that without new support the crisis will resurface in 2027 once these reserves are depleted.

The failure to provide adequate funding for SEPTA raises the stakes for its 5,000 transit workers that are currently locked in a contract battle with their employer. Earlier this month, the representatives of Transport Workers Union (TWU) Local 234 forced their membership to remain at work as their contract lapsed.

This was done supposedly in order to avoid disruption in the economically important southeast Pennsylvania region. However, the failure to dedicate new funds has already forced SEPTA to forgo critical upgrades to the bus fleet, such as bulletproof paneling for the drivers who face dangerous conditions at work.

Maintaining a studied silence on the budgetary attacks, the TWU is seeking to isolate the powerful workforce in order to ram through a betrayal at SEPTA along the lines of what the Philadelphia public school teachers union and municipal worker unions did during the summer.

It is necessary for SEPTA workers to take note of and

learn from those betrayals, organizing themselves independently of the union apparatus which is dragging them into a sell out. The Philadelphia Workers Rank-and-File Strike Committee was formed during the course of the critical municipal workers and teachers struggle in order to unite workers throughout the region in a common fight against both their employers, the two big business parties and their corrupt misleadership in the unions.

The attacks on working people throughout the state did not stop Democratic Governor Josh Shapiro—widely considered a top prospective candidate for the United States president in 2028—from taking full credit for “staying at the table” and “getting things done.” In a statement to the *Inquirer*, Shapiro contrasted his approach to the budget with the conduct of national leaders in the federal shutdown last month.

“I think it’s a stark contrast, frankly, with what happened in D.C., where they didn’t stay at the table, they didn’t fight, and they got nothing,” he stated of the congressional Democrats. Shapiro stated of the budget on his social media accounts that “A budget isn’t just a bunch of numbers on a spreadsheet—it’s a statement of our values and our commitment to our fellow Pennsylvanians.”

In fact, Shapiro and the Democratic Party are fully complicit in creating an ongoing crisis in the region. Amid growing economic hardships, both state Republicans and Democrats agreed on yet another objective: lowering the corporate net income tax rate.

Pennsylvania’s corporate net income tax (CNIT) rate is currently 7.99 percent as of 2025, continuing a phased reduction that began in 2022. The 2025–2026 budget will accelerate the original schedule, reducing the rate by 0.75 percent annually to reach 4.99 percent by 2029, two years earlier than originally planned.

As Republicans and Democrats remain unable to find money for programs and services that benefit the working class while simultaneously lowering the corporate tax rate, other potential funding streams were bypassed. Governor Shapiro did not even include his own proposal of a 52 percent tax on skill games, an untaxed form of gambling in the state. Another proposed tax that was omitted from the bill was a tax on online sports betting.

The deliberate removal of possible revenue was presented as part of Josh Shapiro and the state Democrats’ strategy to capitulate to the Republicans and big business. Shapiro claimed that in a divided government, passing a budget requires everyone to “give a little and understand the perspectives of others a little bit better.”

Another part of Shapiro’s “compromise” was to remove the Regional Greenhouse Gas Initiative (RGGI) from the budget, a long-debated set of multi-state climate regulations aimed at reducing emissions from power plants. In 2019, the

previous Democratic governor, Tom Wolf, directed the state’s Department of Environmental Protection to pursue regulations through an executive order that would allow Pennsylvania to join RGGI. The rule was finalized in 2022, but the state was prevented from formally participating due to legal challenges from industry and statehouse Republicans.

Although Shapiro had previously offered general support and paid lip service to the program, he and the Democrats now plan to do nothing in this budget to even attempt to mitigate the climate crisis, even as climate change rages on and Pennsylvania alone contributes 0.7-0.8 percent to the entire global carbon emissions annually. Even the ecological destruction of the planet is up for compromise when it threatens the interests of industry.

“For years, the Republicans who have led the Senate have used RGGI as an excuse to stall substantive conversations about energy production,” Shapiro stated. “Today, that excuse is gone.” Here, Shapiro proudly asserts that, by allowing the oil and gas industry to destroy the planet virtually unchecked, Republicans will no longer have an “excuse” for not having “substantive conversations about energy.”

The role of the Democrats is to provide a facade of opposition to the corporate domination of society. They pay lip service to programs and services that benefit workers, knowing full well that the interests they serve will demand that they be slashed.

A very similar strategy was pursued by the national Democrats in Congress, as they offered Trump an off-ramp from a budget deadlock, a situation in which the vast majority of the population blamed Trump and the Republicans for the shutdown. This followed an election where Democrats had picked up significant victories. Rather than press the advantage, the Democrats decided to give in to Trump and allow the fascist President an opening to continue his assault on living standards and the Constitution.



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