

A Budget You Can Afford

SUMMARY

- Gov. Josh Shapiro's 2026–27 budget proposal is unaffordable. It calls for tax hikes that will raise the cost of living, wastes money on handouts to politically selected companies, and drives away jobs.

AN UNAFFORDABLE BUDGET

- Can your family afford another **\$2,100** in state taxes?¹ In fiscal year (FY) 2026–27, Shapiro plans to spend \$3.2 billion more than last year, increasing the structural deficit to just under \$7 billion and setting up Pennsylvania families for tax hikes.
- The budget plan overestimates revenues from new taxes. Pennsylvania's Independent Fiscal Office calculates total revenues at **\$2.4 billion** by FY 2030–31, less than half the governor's estimates.²
- Shapiro abandoned his campaign promise to accelerate Corporate Net Income Tax (CNIT) cuts. His proposal also includes a major energy tax that will double the electricity rates over the next decade.
- Shapiro's [budget proposal](#) spends \$1.7 billion on corporate welfare tax credit and loan programs, which represents a **\$41 million increase** compared to the enacted FY 2025–26 budget.³

AN AFFORDABLE BUDGET

A truly balanced and affordable budget is possible if Harrisburg:

- Controls spending growth. According to the Taxpayer Protection Act index, state spending should grow no more than \$1.53 billion.
- Taps special fund surpluses instead of raising taxes or borrowing and hooking the taxpayers with larger amounts of debt.
- Avoids the illegal use of emergency savings, namely the Budget Stabilization Reserve Fund, or [Rainy Day Fund](#), to ensure financial security for Pennsylvanians against economic downturns and shocks.
- Eliminates wasteful corporate welfare spending and applies the cost savings to reduce the Personal Income Tax rate to 2.82 percent, which equates to annual savings of \$530 per family of four.⁴
- Adopts [legislation](#) to drop the CNIT to 4 percent by 2027. This would instantly make Pennsylvania more competitive, putting the state in a tie for the third-lowest CNIT rate in the nation.⁵

CONCLUSION

Shapiro's proposal overspends, gambles taxpayers' hard-earned money on corporate welfare, and undermines Pennsylvania's long-term economic health and growth. An affordable budget reinvests in taxpayers by putting the well-being of families and communities first through competitive, accountable tax rates that spur long-term prosperity.

¹ Nathan Benefield, “Governor Shapiro’s Reckless 2026–27 Budget Proposal,” Commonwealth Foundation, February 3, 2026, <https://commonwealthfoundation.org/research/governor-shapiros-reckless-2026-27-budget-proposal/>.

² Independent Fiscal Office, “Analysis of Revenue Proposals,” February 2026, https://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/BB_Analysis_of_Executive_Budget_Revenue_Proposals_2026_02.pdf.

³ Pennsylvania Office of the Budget, “2026–27 Governor’s Executive Budget,” February 3, 2026, <https://www.pa.gov/agencies/budget/publications-and-reports/commonwealth-budget>.

⁴ Jacob Custer, “Corporate Welfare in Governor Shapiro’s 2026-27 Budget Proposal,” Commonwealth Foundation, May 1, 2026. <https://commonwealthfoundation.org/research/corporate-welfare-in-governor-shapiros-2026-27-budget-proposal/>.

⁵ Sen. Greg Rothman et al., Senate Bill 207, Pennsylvania General Assembly, Regular Session 2025–26, <https://www.palegis.us/legislation/bills/2025/sb207>.