
Introduction

In 1992, the Center for Rural Pennsylvania funded its first study to estimate the cost of living in Pennsylvania counties, and to explore urban-rural cost differentials in the state. The Center has subsequently funded two additional updates for that study (published in [2000](#) and [2018](#)). This fact sheet provides new and current data on the cost of living in Pennsylvania's rural and urban areas, how those data have changed over time, and how Pennsylvania compares to other states.

Key findings include:

- For 2023, the cost of living in Pennsylvania was 2.1 percent above the national average.
- The Commonwealth had the third lowest cost of living among the border states of New York, New Jersey, Delaware, Maryland, West Virginia, and Ohio, and it was the lowest-cost state in the northeast region to reside in.
- Regionally, Forest County had the lowest cost of living (6.2 percent below the national average), while Philadelphia County had the highest cost of living (28.5 percent above the national average).
- It costs 6.3 percent more to reside in an urban county compared to a rural one, on average.
- Since the last update of this study (2018), prices in Pennsylvania have grown by 23.2 percent. However, the Western (26.7 percent) and Southern (25.3 percent) regions of the U.S. had comparatively stronger increases in prices.

Background

The Cost-of-Living Index (COLI) data are produced by the Council for Community and Economic Research (C2ER) on a quarterly basis and are the most widely used source of place-based, cost-of-living data in the country. The C2ER uses raw price data collected from approximately 300 urban communities each quarter to compute an index. These raw price data are then utilized in the development of a model to estimate the cost-of-living indices at the county level. The index has a base of 100, which is equivalent to the average for communities nationwide. As such, a state or county with an index greater than 100 can be stated to have a higher cost of living than the national average, while a state or county with an index less than 100 can be stated to have a lower cost of living than the national average.

Included in the index are costs related to groceries, housing, utilities, transportation, health care, and other miscellaneous expenses. However, these underlying data are only available at the metropolitan level and cannot be used to compare with more rural areas of the state. As such, this report does not include the specific costs underlying these

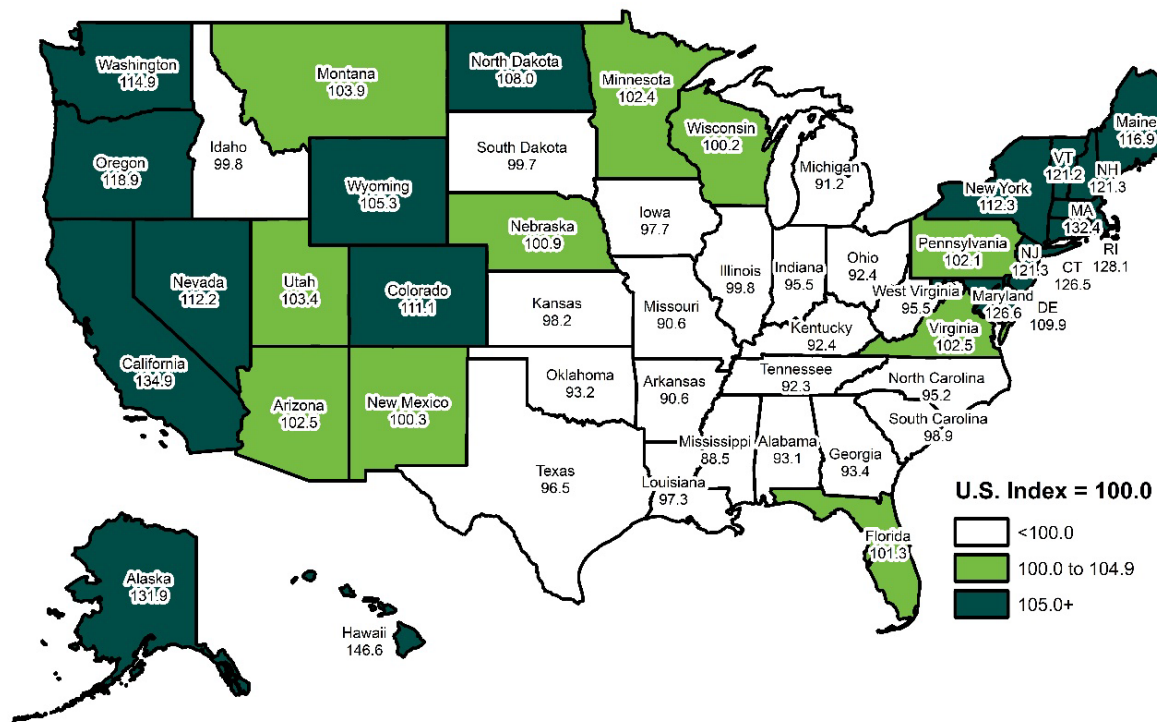
indices and instead focuses on the composite index, which combines all these expenses into a single index.

U.S. State-Level Indices

Figure 1 presents the cost-of-living indices by U.S. state for 2023. With the average across the nation equating to 100, 29 states (and the District of Columbia, not shown) exceeded the U.S. index, led by Hawaii (149.6), California (134.9), and Massachusetts (132.4). States with the lowest cost-of-living indices included Missouri (90.6), Arkansas (90.6), and Mississippi (88.5).

With an index of 102.1, Pennsylvania was the 25th-costliest state in the nation. Among border states (New York, New Jersey, Delaware, Maryland, West Virginia, and Ohio), Pennsylvania was the third least expensive area to reside in, and it was the lowest-cost state in the northeast region. Arizona (102.5), Virginia (102.5), Minnesota (102.4), and Florida (101.3) had relatively similar costs of living compared to the Commonwealth.

Figure 1: Cost-of-Living Indices by U.S. State, 2023



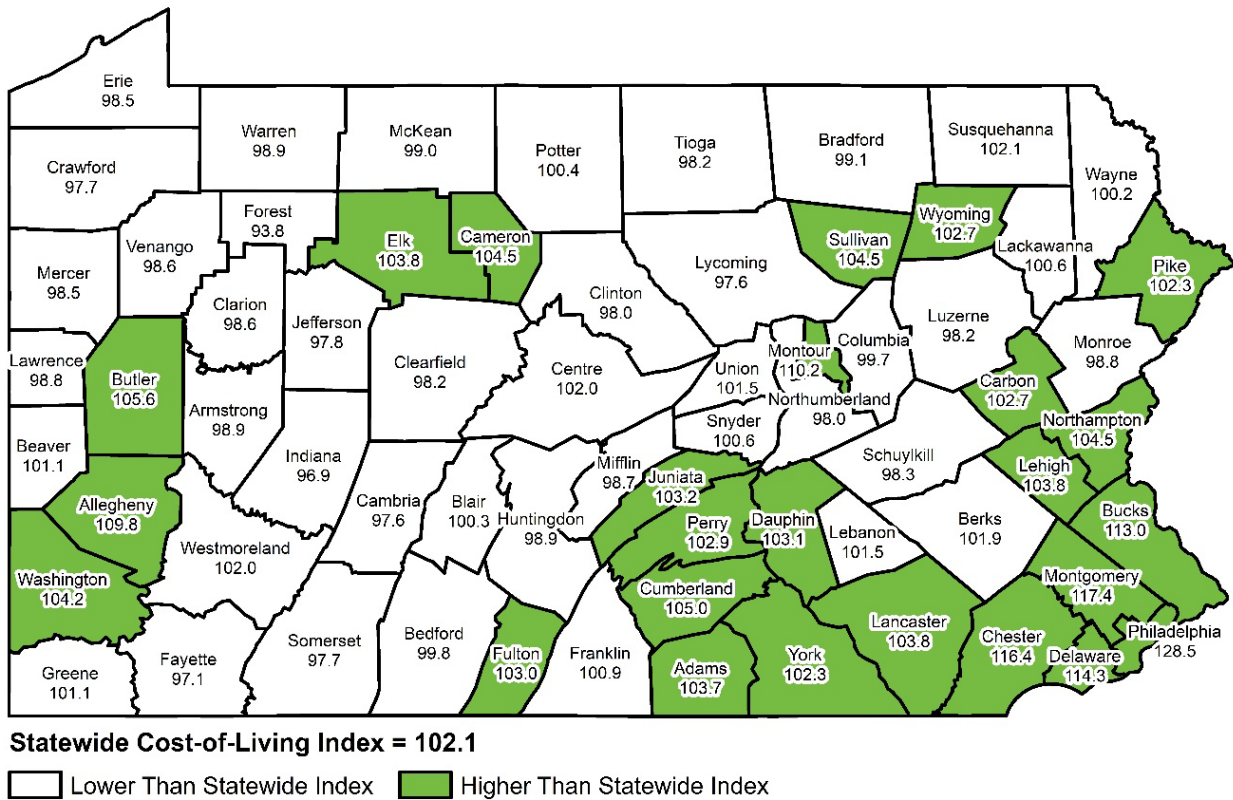
Source: Council for Community and Economic Research.

County-Level Indices

Figure 2 presents the cost-of-living indices by county for 2023. The indices ranged from 93.8 in Forest County to 128.5 in Philadelphia County. The southeastern region of the state was generally the costliest area in which to reside, with an average index of 117.9 in 2023, while the lowest-cost areas in the western part of the state had indices less

than 100 on average. The overall index for rural counties was 100.3, essentially on point with the national average, and the index for urban counties was 106.6. This means that it was roughly 6.3 percent more costly to reside in an urban county as compared to a rural one.

Figure 2: Cost-of-Living Indices by County, 2023

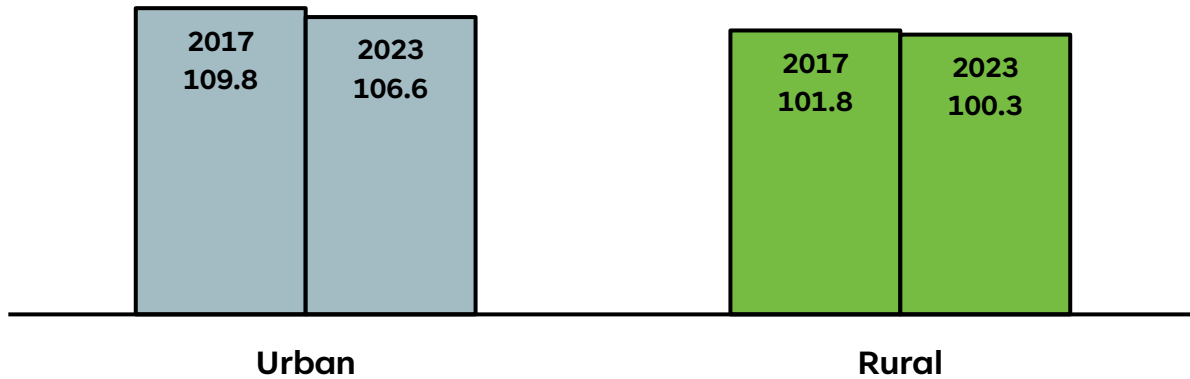


Source: Council for Community and Economic Research.

Price Trends

Figure 3 tracks the cost-of-living indices for urban and rural counties from 2017 (the data year from the most recent study) to 2023. Overall, the statewide cost-of-living index declined from 104.1 in 2017 to 102.1 in 2023. This change was driven by urban areas, which showed a decline from an index of 109.8 in 2017 to 106.6 in 2023. The average cost of living for rural counties also fell, but at a much slower rate (101.8 to 100.3).

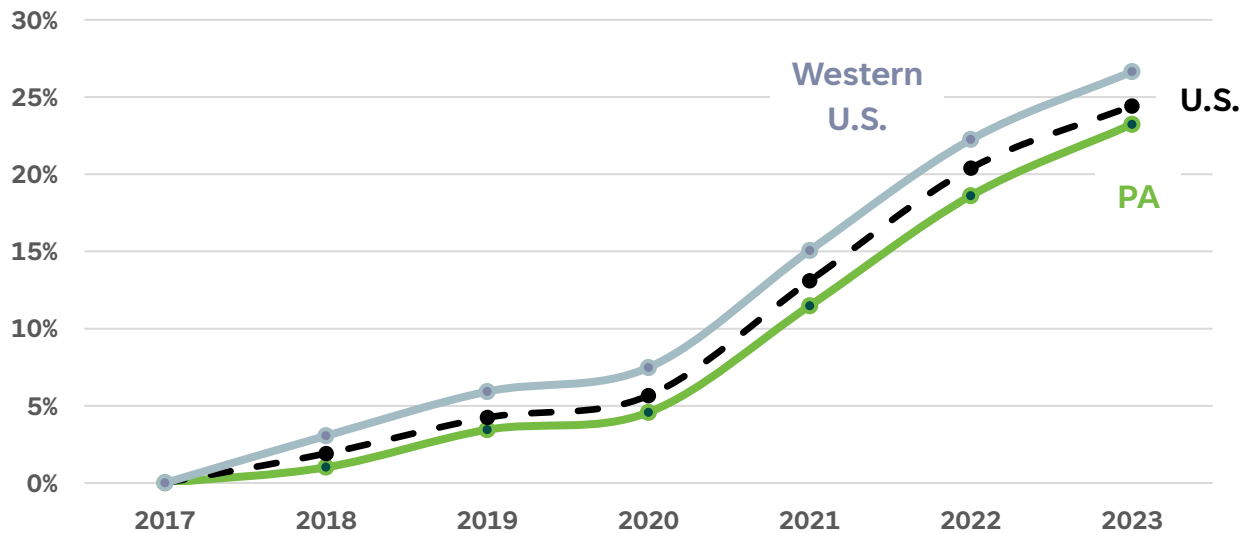
Figure 3: Change in Cost-of-Living Indices, 2017 to 2023, Urban v. Rural



Source: Council for Community and Economic Research.

However, even though the cost-of-living index fell for Pennsylvania since 2017, this should not be interpreted as a decline in expenses, but rather that the Commonwealth’s cost of living in comparison with the rest of the nation declined. In other words, the cost of living for areas outside of Pennsylvania increased at a more rapid rate. Figure 4 illustrates this point by tracking the growth in inflation for Pennsylvania and the U.S. since 2017. These data show that while prices have continued to increase in Pennsylvania, compared to the U.S. average, the increase has been slower. The graph also includes the trend for states within the western region of the country, which drove much of the increase across the U.S.

Figure 4: Percent Change in Consumer Price Index (CPI-U), 2017 to 2023 (Pennsylvania, U.S., and Western U.S.)



Note: CPI-U for Philadelphia-Camden-Wilmington region used to represent Pennsylvania.

Source: U.S. Bureau of Labor Statistics.

Conclusion

This update to the 2018 study shows that prices rose by 3.5 percent each year on average in Pennsylvania. However, compared to other states in the nation, these data suggest that the Commonwealth is within the national average. In addition, it is generally cheaper to reside in Pennsylvania than in any other state in the northeast. The distribution of these indices was not even across the Commonwealth, with rural counties being 6.3 percent less expensive to reside in than urban ones.

Similar to the 2018 study, this fact sheet highlights one of the many factors that draw new residents and businesses to rural areas. Relocation to a place with a lower cost of living can mean an immediate increase in “real” (price-adjusted) income or standard of living, which can make rural areas more attractive. Combined with other factors like quality of life, proximity to family, recreational opportunities, and many others, cost of living could be the deciding factor for individuals considering relocation. As policymakers and the public consider policies to address Pennsylvania’s projected population decline through 2050, consideration should be given to the relatively lower cost of living in rural areas, which may incentivize people and businesses to move there.

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Kyle C. Kopko, Ph.D., J.D., Executive Director

Laura R. Dimino, Ph.D., Assistant Director

Jonathan Johnson, Senior Policy Analyst

Michaela Miller, Quantitative Data Analyst

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625 Forster St., Room 902, Harrisburg, PA 17120

717-787-9555 | www.rural.pa.gov