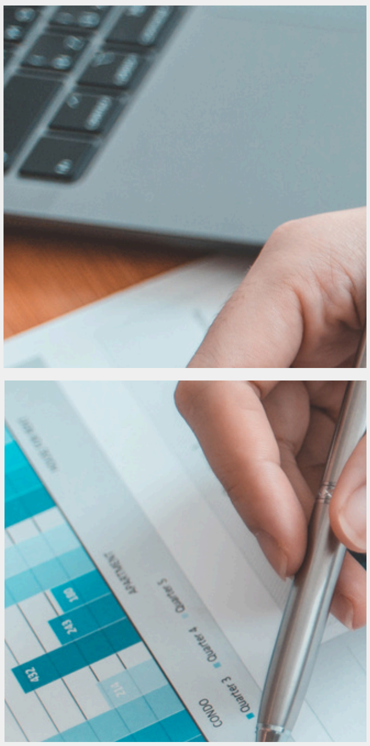
Q3 2026 Issue

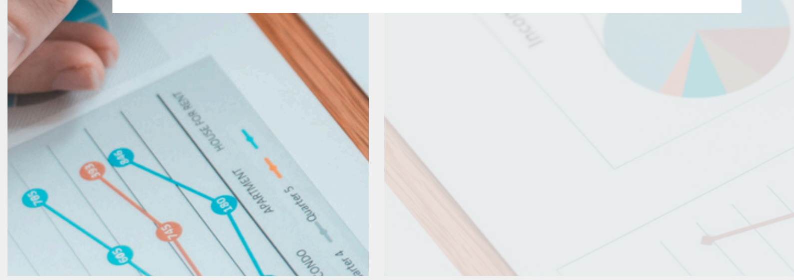
The Institute

Turning Information into Insight

Economy Tracker



In This Issue:



About The Quarterly Economy Tracker:

The Economy Tracker explores economic data, trends, and issues related to our region's economy. Subscribe for free at www.institutepa.org. In all its publications, The Institute uses the most current data available at the time of release.

Lead Editor: Jean Holmgren, Communications & Marketing Manager

Social Security's Future Matters Even More in Northeastern Pennsylvania

By: Ethan Van Gorden, Research Analyst

Social Security is one of the federal government's largest and most important programs, providing income to retirees, people with disabilities, and surviving family members. As policymakers debate its long-term sustainability, the issue carries particular significance for Northeastern Pennsylvania, where older adults account for a large share of the population.

In fiscal year 2025, the federal government spent approximately $1.58 trillion on Social Security, or 22.5 percent of the entire federal budget. About $1.36 trillion went to retirement benefits, with disability and survivor benefits accounting for the remainder. More than 70 million Americans received Social Security benefits in 2025, including nearly 90 percent of Americans age 65 and older.

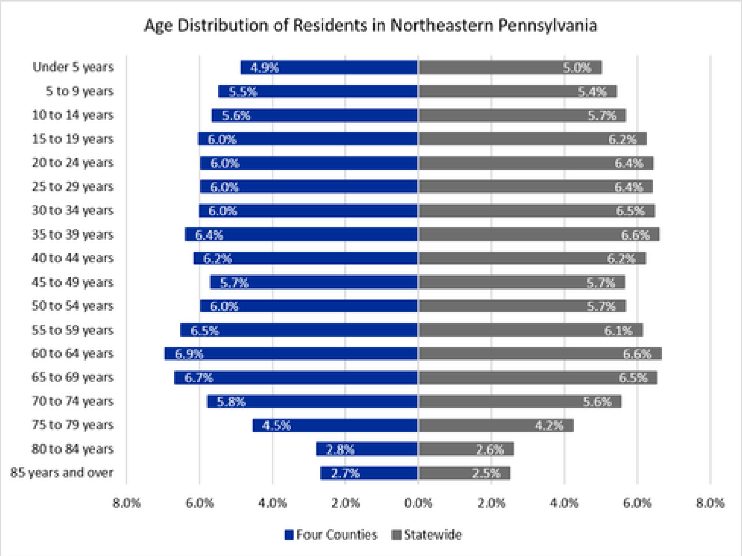
For many households, Social Security is not merely a supplement to retirement savings. It is a primary source of income that helps cover housing, food, health care, and other necessities. The average monthly retirement benefit reached approximately $2,017 in December 2025, while disability beneficiaries received an average monthly payment of about $1,492.

Increasing Pressure on the System

Rising Social Security expenditures reflect long-term demographic trends, including increased life expectancy, the continued retirement of the Baby Boom generation, and slower labor-force growth, which has reduced the number of workers supporting each beneficiary. As a result, Social Security's trust funds have operated at a deficit each year since 2021, with annual benefits now exceeding annual program revenues. Although the Old-Age and Survivors Insurance and Disability Insurance trust funds still held approximately $2.56 trillion at the end of 2025, projections indicate that reserves will be exhausted in 2034. After that point, ongoing revenue would be sufficient to cover only a portion of scheduled benefits, while Social Security spending would continue to rise as a share of the nation's economy.

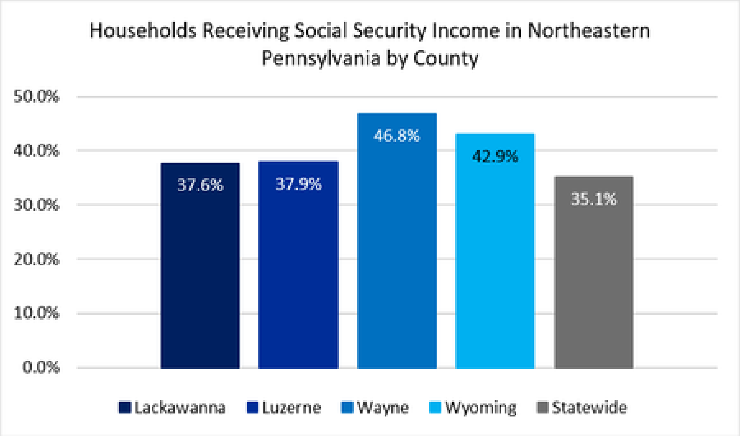
Why Northeastern Pennsylvania Has a Stake

The sustainability debate has special relevance in Northeastern Pennsylvania, where the population is older than Pennsylvania overall. According to U.S. Census Bureau population estimates, residents age 65 and older accounted for 22.4 percent of the population across Lackawanna, Luzerne, Wayne, and Wyoming counties, compared with 21.6 percent statewide. The aging trend was especially pronounced in Wayne County, where 27.2 percent of residents were age 65 and older, and in Wyoming County, where older adults represented 24.3 percent of the population. In 2025, residents age 65 years and older represented over one-fifth of the populations of Lackawanna and Luzerne counties. Because many older Pennsylvanians live on fixed incomes and face significant health care and support-service needs, Social Security benefits play a vital role in maintaining financial stability for thousands of households throughout the region.



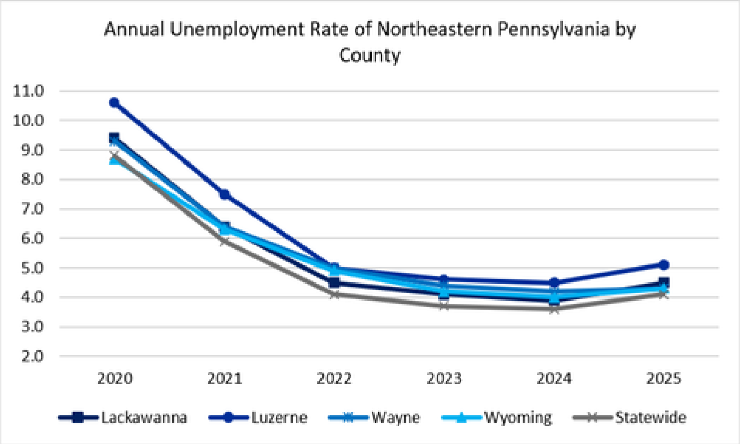
Local income data reinforce that reliance. Households with Social Security income accounted for 37.6 percent of households in Lackawanna County, 37.9 percent in Luzerne County, 46.8 percent in Wayne County, and 42.9 percent in Wyoming County. Mean Social Security income ranged from about $22,755 in Lackawanna County to $24,554 in Wayne County, underscoring the program's role as a reliable and recurring source of income for many older households across the region. While Social Security is not on the verge of disappearing, future efforts to address the program's long-term funding gap through tax increases, benefit adjustments, changes to the retirement age, or other reforms would have significant implications in Northeastern Pennsylvania, where many residents depend on those benefits as a key component of household income and economic security. That reliance is particularly important given the region's broader income profile, which generally lags statewide benchmarks.

Social Security's Future Matters Even More in Northeastern Pennsylvania (cont.)



The broader income picture also points to uneven financial capacity across the region. Median household income in 2024 was approximately $66,223 in Lackawanna County, $63,691 in Luzerne County, $62,381 in Wayne County, and $72,460 in Wyoming County, compared with $77,971 statewide. Per capita income also remained below the statewide level in Lackawanna, Luzerne, and Wayne counties.

Labor market conditions add another layer of vulnerability. Preliminary 2025 unemployment rates were higher than Pennsylvania's 4.1 percent statewide rate across all four counties, including 4.5 percent in Lackawanna County, 5.1 percent in Luzerne County, and 4.3 percent in both Wayne and Wyoming counties. The gap was most pronounced in Luzerne County, while Wayne and



Economic Impact Beyond Retirees

The implications extend beyond beneficiaries themselves. Social Security payments support local businesses, health care providers, housing markets, and service organizations, while also providing a stabilizing economic effect because benefits continue to flow regardless of economic conditions. In communities across Northeastern Pennsylvania that are already facing workforce shortages and an aging population, any reduction in benefits could create ripple effects throughout the regional economy. Conversely, preserving the program's long-term solvency would help protect a major source of consumer spending, economic stability, and financial security for local residents.

Looking Ahead

Social Security is not on the verge of disappearing, but experts agree that action will eventually be required to address the long-term funding gap. Potential solutions frequently discussed include adjusting payroll taxes, modifying benefits, raising the retirement age, or implementing a combination of reforms. For communities such as Northeastern Pennsylvania, where the population is older than much of the state and nation, those decisions will have an outsized impact. Whether through retirement income, disability benefits, or survivor support, Social Security remains a cornerstone of economic security for tens of thousands of regional residents and an important driver of the local economy.

Sources

Congressional Budget Office. CBO's 2024 Long-Term Projections for Social Security. Washington, DC: Congressional Budget Office, 2024.

The Institute. "Programs for Seniors (Population 65 or Older)." Indicators. Accessed August 25, 2026. https://indicators.institutepa.org/social-services/programs-for-seniors-population-65-or-older/.

The Institute. "Social Services." Indicators. Accessed August 25, 2026. https://indicators.institutepa.org/social-services/.

Social Security Administration. 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds: Summary. Washington, DC: Social Security Administration, 2026.

USAFacts. "How Much Does the US Spend on Social Security? Is It Sustainable?" June 19, 2026. https://usafacts.org/articles/how-much-does-the-us-spend-on-social-security-is-it-sustainable/.

Cost of Living Index Update

By: Emily Bauer, Administrative Coordinator

The Cost of Living Index (COLI) is a nationwide project that benchmarks the cost of living across specific regions. Prices are collected and calculated for various goods and services within six categories. The national average, based on 252 participating regions, is set at 100.

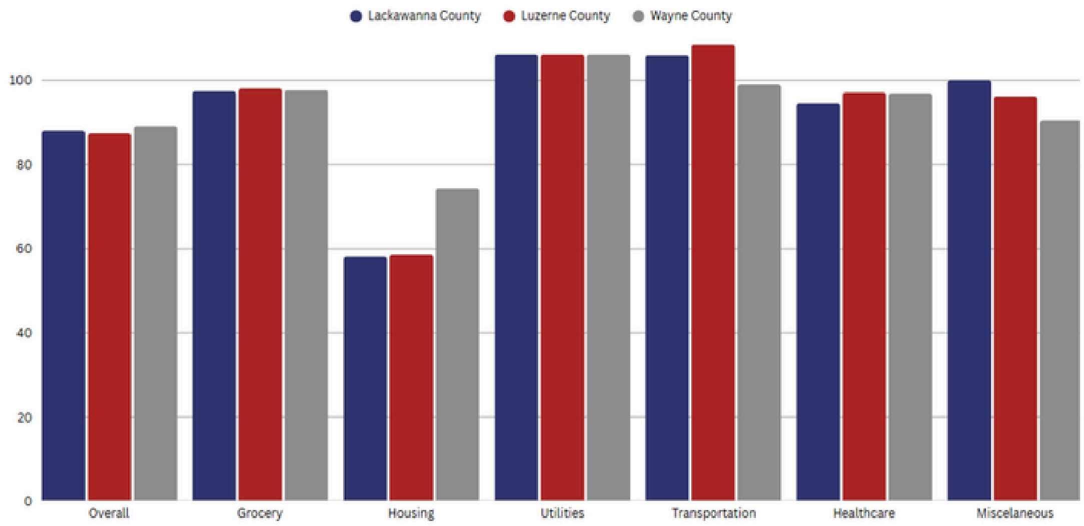
The Q1 2026 COLI annual report has been released by the Council for Community and Economic Research. In Q1, the overall cost-of-living scores were 88.1 in Lackawanna County, 87.4 in Luzerne County, and 89.1 in Wayne County. In 2025, the overall cost-of-living scores were 89.6 in Lackawanna County, 87.1 in Luzerne County, and 88.8 in Wayne County. Lackawanna County had a higher margin in 2025 than in Q1 2026, while Luzerne and Wayne Counties reported lower margins in comparison.

Among the three counties, the scores were nearly equal. Lackawanna County has the lowest overall cost of living (93.0), Luzerne County has a score of 93.2, and Wayne County has the highest score, at 93.4. All three counties have overall scores below the national average. Compared with other participating metro areas in Pennsylvania, these three counties have the lowest scores by a notable margin. All other participating regions in Pennsylvania have scores above the national average: Allentown (101.8), Harrisburg (100.8), Philadelphia (105.2), and Reading (100.0).

A major component of affordability in the three-county region remains housing, with housing scores of 58.1 in Lackawanna County, 58.6 in Luzerne County, and 74.3 in Wayne County. However, transportation costs remain high, with both Lackawanna and Luzerne Counties scoring above the national average (106.0 and 108.6, respectively), while Wayne County recorded a score of 99.0. All three counties have experienced an increase from their overall 2025 scores.

Utilities were also a significant expense in Q1, with all three counties reporting a score of 106.2. Grocery costs remained steady at just below the national average, with scores of 98.1 in both Lackawanna and Luzerne Counties and 97.7 in Wayne County. Miscellaneous expenses in Lackawanna County scored just above the national average, at 100.1, while they remained below the national average in Luzerne and Wayne Counties, with scores of 96.2 and 90.5, respectively.

Compared with other participating metro areas in Pennsylvania, the three counties are comparable in pricing in most areas, with some categories being slightly cheaper. For example, utilities were the most expensive category among all Pennsylvania areas collected, with all scoring well above the national average. Allentown, Lackawanna County, Luzerne County, and Wayne County all scored 106.2, while Harrisburg, Philadelphia, and Reading scored significantly higher than the national average (116.5, 109.4, and 108.4, respectively). In the healthcare category, every Pennsylvania data collection area ranks below the national average, with the highest score belonging to Philadelphia (98.8), the lowest score belonging to Allentown (88.9), and the three counties comparable to Harrisburg (95.7) and Reading (93.8), with Lackawanna County scoring 94.6, Luzerne County scoring 97.1, and Wayne County scoring 96.9.



2026 Cost of Living Index by Component

NEPA Industry Outlook

Many of Northeastern Pennsylvania's jobs are concentrated in the Health Care and Social Assistance sector, which has grown 10 percent since 2020. Significant shares of jobs are also situated in the Government, Manufacturing, Retail Trade, and Transportation and Warehousing industries – all of which have experienced growth since 2020.

Since the pandemic, the Arts, Entertainment, and Recreation sector has experienced substantial growth (49 percent). This growth is likely a result of rebounding from COVID. The Agriculture, Forestry, Fishing, and Hunting sector also experienced substantial growth (37 percent) since 2020. This is one of the region's smallest industries, however. Sectors such as Accommodation and Food Services and Transportation and Warehousing have experienced considerable growth as well (25 percent and 24 percent, respectively).

Conversely, some industries have shown decline in recent years. They include Finance and Insurance (-20 percent) and Educational Services (10 percent).

At $196,833, the Utilities sector is the highest-paying industry in the region, though it is one of Northeastern Pennsylvania's smallest industries. Accommodation and Food Services is the lowest-paying sector.

Industry Outlook: Lackawanna, Luzerne, Wayne, and Wyoming Counties

Industry	2025 Jobs	Change in Jobs Since 2020	% Change in Jobs Since 2020	2025 Earnings Per Worker
Health Care and Social Assistance	50,882	4,816	10%	$72,035
Government	33,032	799	2%	$90,112
Manufacturing	31,301	3,360	12%	$85,947
Retail Trade	30,917	574	2%	$44,843
Transportation and Warehousing	29,628	5,709	24%	$64,015
Accommodation and Food Services	22,467	4,524	25%	$28,670
Administrative and Support and Waste Management and Remediation Services	15,566	-201	-1%	$51,327
Construction	14,005	937	7%	$79,185
Other Services (except Public Administration)	12,072	979	9%	$42,172
Educational Services	10,511	-1,117	-10%	$49,876
Finance and Insurance	9,331	-2,388	-20%	$104,122
Wholesale Trade	9,201	-301	-3%	$83,746
Professional, Scientific, and Technical Services	9,106	1,010	12%	$90,434
Arts, Entertainment, and Recreation	3,939	1,303	49%	$37,458
Management of Companies and Enterprises	2,973	256	9%	$114,310
Real Estate and Rental and Leasing	2,906	386	15%	$66,986
Information	2,634	-119	-4%	$81,841
Utilities	1,908	-83	-4%	$196,833
Agriculture, Forestry, Fishing and Hunting	1,329	361	37%	$54,460
Mining, Quarrying, and Oil and Gas Extraction	735	44	6%	$112,671

Source: Lightcast

Labor Market at a Glance

This overview highlights several broad patterns shaping the region's labor market, with particular attention to participation and unemployment trends. Viewed together, these measures offer useful context for understanding how residents are engaging with employment opportunities across the counties.

At the county level, the overall picture is not entirely uniform. Reviewing the region as a collection of distinct local labor markets helps clarify where conditions have remained relatively stable and where broader demographic shifts may be having a more pronounced effect.

With the exception of Wayne County, labor market participation has declined throughout the region. Luzerne County's change since 2016 has been slight. The most significant decline in labor force participation has occurred in Wyoming County – likely a reflection of its small population combined with a relatively large number of retirements.

These differences reinforce the importance of considering local population size and demographic composition when interpreting county-level changes. A shift that appears modest across the region may carry greater significance in a smaller county, where retirements and other population transitions can have a more visible effect on the available workforce.

From a planning perspective, these participation trends provide a useful backdrop for conversations about workforce availability, employer needs, and the long-term capacity of local communities to support economic activity. They also underscore the value of tracking changes over time rather than relying on a single point-in-time measure.

Unemployment rates add another layer to the regional outlook. While recent increases may draw attention, the decade-long comparison offers important perspective and helps place current conditions within a broader historical frame. Despite some recent increases, regional unemployment rates are lower than they were one decade ago.

The longer-term comparison provides an encouraging point of reference, even as shorter-term movements warrant continued attention. Participation and unemployment measure different aspects of the labor market, so reviewing both helps present a more complete picture of regional conditions and the size of the active workforce.

Taken as a whole, the available indicators suggest a labor market that continues to evolve across counties and over time. Ongoing review of these measures can help stakeholders distinguish temporary movement from longer-term structural change and maintain a balanced understanding of the region's workforce landscape.

Regional Labor Force Participation Trends (Annual Averages)				
Year	Lackawanna	Luzerne	Wayne	Wyoming
2016	107,216	162,007	21,791	13,495
2017	106,329	161,370	21,625	13,187
2018	105,955	161,078	21,602	12,896
2019	106,031	161,279	21,654	12,754
2020	104,947	160,797	21,374	12,422
2021	103,462	158,492	21,450	12,326
2022	104,569	159,683	21,704	12,502
2023	105,331	161,458	21,880	12,458
2024	105,384	162,399	22,134	12,354
2025	104,773	161,658	22,056	12,250
16-'25 Percent Change	**-2.3%**	**-0.2%**	**1.2%**	**-9.2%**

**October 2025 data were not collected due to government shutdown.*

Source: Bureau of Labor Statistics Local Area Unemployment Statistics

Regional Unemployment Trends				
Year	Lackawanna	Luzerne	Wayne	Wyoming
2016	5.7	6.2	6.0	6.4
2017	5.3	5.9	5.4	5.6
2018	4.8	5.5	5.1	4.9
2019	4.9	5.5	4.9	5.1
2020	9.4	10.5	9.3	8.7
2021	6.4	7.6	6.5	6.3
2022	4.6	5.1	5.1	5.0
2023	4.1	4.6	4.4	4.3
2024	4.2	4.7	4.3	4.2
2025*	4.7	5.3	4.5	4.5

**October 2025 data were not collected due to government shutdown.*

Source: Bureau of Labor Statistics Local Area Unemployment Statistics

The Institute

Turning Information into Insight

THE INSTITUTE FOR PUBLIC POLICY & ECONOMIC DEVELOPMENT

Academic Partners

Geisinger Commonwealth School of Medicine
Johnson College
Keystone College
King's College
Lackawanna College
Luzerne County Community College
Marywood University
Misericordia University
Penn State Hazleton
Penn State Scranton
Penn State Wilkes-Barre
The Wright Center for Graduate Medical Education
University of Scranton
Wilkes University

570.408.9850
Email: info@institutepa.org
www.institutepa.org

Thank you to our signature underwriter:

SORDONI FAMILY FOUNDATION