

*****PRESS RELEASE FOR IMMEDIATE RELEASE*****

2021 STUDENT PRICE INDEX REVEALS THE RETURN OF INFLATION FOR K-STATE STUDENTS

MANHATTAN, KS – October 20, 2021 - The cost of living for an average Kansas State University student increased this year, but by less than the inflation rate affecting the average American. Last year's prices for K-State students declined by the largest percentage in the twenty-year history of the index, according to data collected by the K-State students. The 2021 Student Price Index (SPI), compiled by the Kansas State University Economics Club, increased by 2.6 percent from 2020, while the national Consumer Price Index increased over twice as much at the rate of 5.4 percent from 2020 before seasonal adjustment. The Student Price Index is based on prices collected on a bundle of goods a typical Kansas State University student purchases compared to the previous year's prices. Driving the increase of the overall SPI were major increases in the prices of beer, groceries, gasoline. Minor inflation was found in the prices of tuition, housing, and movies. There was deflation or steady prices for a K-State student in the prices of ICAT tickets, textbooks, and pizza.

Both the collection and analysis of the data was challenging this year given the current economic climate. The overall results were not surprising as Econ Club members expected some inflation to coincide with increased spending in the overall economy due partially to stimulus spending. Also, overall inflation has become a serious policy concern and economists would expect this to be reflected in the SPI.

In 2020, the SPI decreased by 1.5 percent while the U.S. Consumer Price Index increased by 1.4 percent. This was the second time ever there was a decline in the Student Price Index. Both declines coincided with serious recessions in the overall U.S. Economy.

The SPI indicates a significant difference in pricing behavior from the national average for consumers. CPI figures released on October 13 by the U.S. Bureau of Labor Statistics indicated that national prices increased by 5.4 percent over the preceding 12 months ending in September 2021. "Core" inflation, which ignores the volatile changes in food and energy prices and is the focus of many policymakers, increased by 4.0 percent from 2020 to 2021.

Since the economics club started collecting data for this project in September of 2002 the student price index has increased by approximately 135 percent. This means the bundle of goods that a typical Kansas State student purchases has more than doubled in price since 2002, while the bundle of goods that a typical American consumes (indicated by the CPI) has increased in cost by approximately 50 percent.

Suzanne Roggenkamp, a junior economics major from Indianola, Nebraska is the Vice President of the Kansas State Economics Club. As vice president, she coordinated the efforts of several club members who visited local restaurants, grocery stores, gas stations, bars, bookstores, and movie theatres to gather information regarding annual pricing during the third week of September. "I believe that several of the students who worked on this project enjoyed being a part of a larger project and coming together as a group to collect this data. We use the SPI to involve some of our new members in a real economics project," Roggenkamp said. "We were very pleased to discover that the burden of textbook prices has lessened on many students due to an effective grant where faculty are providing some free textbooks to students.", Roggenkamp continued, "however, this creates an obstacle when estimating textbook costs for the average student. As a committee, we worked to solve this data problem in a way we feel good about."

"This is a great project for our student to work with real data and solve problems reflecting trends in our economy," said Dan Kuester, Faculty Advisor to the Economics Club. "I am very proud of our club members who were able to effectively collect data and analyze it despite some challenges we faced with finding all of the relevant data."

"This is a great project for our students every year," Kuester added. "We get the chance to demonstrate how a price index is calculated, and our bundle attempts to mirror what the BLS does with the Consumer Price Index. I use this raw data to teach inflation to my principles of economics classes. Suzanne did a great job getting students involved in this project, and everyone enjoyed participating. This is a fun way to get members involved with the club and we get to demonstrate how a price index works and is calculated."

Many students were involved with helping gather this data including Sydney Rehagen, a junior economics major from Olathe, KS. Sydney commented that she was happy that, holding other things equal, K-State students are experiencing less inflation than the average American. "I enjoyed helping collect housing data this year and discovering that these prices had increased very mildly. Also, I spoke with Dr. Kuester about the idea that even though movie prices have gone up, the overall movie experience in Manhattan has improved dramatically in recent years. As a result, the committee discussed lowering the stated cost of a movie ticket. This phenomenon of not being able to account for improved quality of a product may also be a problem with the CPI, so ultimately we elected to use the actual data."

“I was disappointed but not surprised to discover that higher beer prices were a driver in overall student inflation this year”, said Grace Hutchinson, a senior economics major from Topeka, Kansas and the current President of the Economics Club. “I’ve been an active follower of the SPI since I arrived at K-State, and this year’s data is especially interesting. Also, I am very proud of our club members hard work” Hutchinson commented. “I suppose this major increase in beer prices may be reflective of a relatively inelastic demand for students who are still trying overcome the lingering effects of the COVID crisis.”

Due to local and national trends, gasoline prices rose by almost 50% from 2020. Noah Younger, a sophomore in economics, from Easton, Kansas, stated that “I enjoyed working on the SPI this year and the steep increase in fuel prices was not surprising to see. For one, last year there was reduced travel taking place, which caused the gas prices to be extremely low. If we go back and look at the 2019 data, the increase in gas prices is ‘only’ about twenty percent. Due to recent supply chain issues and reduced oil output by OPEC this really is not all that surprising.”

Overall inflation for the average K-State student was relatively mild. Roggenkamp mentioned, “Generally, someone in Manhattan has discovered that their dollar has more value than in many parts of the United States. Also, I am pleased to see that ICAT tickets decreased in price by approximately twenty five percent!” However, Econ Club advisor Kuester mentioned, “I have heard complaints from MANY students who are upset that they are no longer allowed to transfer the ICAT tickets to a fellow student, and they tell me that the app for K-State sports is horrible, which is a direct quote from my students. While I feel the product on the field is better this year, it stands to reason that a less pleasant customer experience may cause students to not purchase ICAT tickets despite these lower prices.”

A breakdown of each section of the SPI is as follows:

Gasoline	+ 49.12 percent
Groceries	+ 10.76 percent
Tuition	+ 3.10 percent
Beer	+ 36.36 percent
Pizza	unchanged
Non-Greek housing	+ 3.60 percent
Greek housing	- 0.32 percent

Textbooks	- 20.00 percent
Movies	+ 5.27 percent
ICAT	- 25.42 percent
Internet	+ 0.02 percent

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Category	Multiplier	1+%Change	Weighted Value
Tuition	0.32	1.031	0.3299
Housing	0.36	1.016	0.3659
Books	0.08	0.800	0.0640
Miscellaneous	0.24	1.109	0.2661
Weighted SPI			1.0259
