

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

2023 STUDENT PRICE INDEX REVEALS SUBSTANTIAL INFLATION FOR K-STATE STUDENTS

MANHATTAN, KS – October 18, 2023 - The cost of living for an average Kansas State University student increased this year by more than twice the inflation rate that affects the average American. The 2023 Student Price Index (SPI), compiled by the Kansas State University Economics Club, increased by 7.8 percent from 2022, while the national Consumer Price Index increased by only 3.7 percent from 2022 before seasonal adjustment. Last year the K-State SPI only increased by 3.8 percent so the student inflation rate was considerably higher this year.

The Student Price Index is based on prices collected on a bundle of goods a typical Kansas State University student purchases and is compared to the previous year's prices. Driving the increase of the overall SPI were major increases of goods the club terms as "miscellaneous items" especially pizza, and ICAT athletic tickets. There was also substantial inflation in the housing market for students and in textbook prices. Tuition at Kansas State was up 5% last year which is closer to the overall average rate of inflation for most Americans.

The overall SPI results were not terribly surprising as Econ Club members expected some inflation to be present. In recent years while the Consumer Price Index has shown substantial inflation, the SPI has shown milder inflation. It is not terribly surprising that the SPI is starting to "catch up" with recent trends in the CPI. Obviously, K-State students would prefer continued mild inflation, so this is generally disappointing data.

2020 had surprising results as 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 in the SPI coincided with serious recessions in the overall U.S. Economy. The 2023 results demonstrate the first year the SPI has measured a higher rate of inflation than the U.S. Consumer Price Index since 2018.

The SPI indicates a significant difference in pricing behavior from the national average for consumers. CPI figures released on October 12 by the U.S. Bureau of Labor Statistics indicated that national prices increased by 3.7 percent over the preceding 12 months ending in September 2023. "Core" inflation, which ignores the volatile changes in food and energy prices and is the focus of many policymakers, increased by 4.1 percent from 2022 to 2023.

Since the economics club started collecting data for this project in September of 2002 the student price index has increased by more than 150 percent. This means the bundle of goods that a typical Kansas State student purchases has increased dramatically since 2002, while the bundle

of goods that a typical American consumes (indicated by the CPI) has increased in cost by nearly 70 percent demonstrating less than half as much inflation.

Emily Thornton, a senior economics and marketing major from Kingman, Kansas 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. "Several students worked together to collect and analyze the data for the SPI. The SPI project gives students a hands-on opportunity to look at real data and see how real-world problems affects them as students." Thornton said. "While average student housing prices on campus increased mildly, apartment rentals off campus increased by more than ten percent. This is somewhat surprising because a larger percentage of students are now living on campus, however when we study national trends, we see apartment rents increasing fairly dramatically. However, we actually saw a decrease of 2.9 percent in Greek housing prices. Sorority recruitment levels and retention rates have increased since I went through recruitment in the fall of 2020 so it appears cost savings are being shared with the members."

"This is a great project for our students 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 worked very hard on this project and our student committee who carefully studies and reflects on the 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. Emily did a great job coordinating things and I enjoyed the process of working on this press release and having students relate the SPI to their daily lives. Our SPI Committee elected to lower the importance of textbook prices in our SPI bundle. Most students currently are able to get many textbooks at little or no cost so we believe that weighing textbooks at 4% of the SPI is more accurate than our previous measure. These discussions are part of the learning experience and demonstrate how working with real data requires careful reflection on the part of economists."

Many students were involved with helping gather this data including Michelle Olberding, a senior economics and accounting major and Social Chair of the economics club from Seneca, KS. Michelle commented that she understood the five percent increase in the tuition cost at Kansas State given flat prices in recent years but the 34% increase in ICAT tickets was a bit surprising. "K-state students are experiencing more inflation this year than the average American which has been driven by a variety of factors primarily housing and textbook costs. At first glance the higher ICAT Ticket Prices may seem ridiculous but when we consider that the prices have returned to pre-Covid levels and 2020 prices, this appears to be much more reasonable.

Also, we know as economists, the supply of seats to these games is perfectly inelastic and demand increases dramatically among students as our favorite K-State teams continue to win championships! As economists, this gives us a great opportunity to explain the relationship between prices and demand.”

“We want to draw attention to the big changes in the SPI but also to the prices that demonstrated mild inflation”, said Chipo Sekabanja, a junior economics major from Uganda and the current President of the Economics Club. “For instance, the price of groceries and gas were each only up by less than four percent. These prices are very important to the average student.”

Due partially to increased delivery costs, pizza prices rose by 40% from 2022. Alex Nold, a sophomore majoring in economics, from Kansas City, Kansas stated that “Pizza Shuttle has increased their delivery fees substantially and the club uses the delivered cost in the SPI. This has caused me to pick up pizzas instead of getting them delivered I miss the wonderful times when pizza was cheaper. What is interesting is beer prices were actually lower this year and we know from our studies that pizza and beer tend to be complements to consumers, especially the engineering students! I wonder how the average K-State student reacts to this dynamic.”

Overall inflation for the average K-State student was substantial. Thornton mentioned, “Generally, residents in Manhattan have discovered that their dollar has quite a bit less value than it did one year ago.” Kuester concluded, “Generally Manhattan, Kansas has a pretty stable economy, we were less affected by the housing crisis than major urban areas and while this year’s data is a bit concerning, we still have experienced less overall inflation in the past five years than the average American.”

Category	Multiplier	1+%Change	Weighted Value
Tuition	0.32	1.05	0.3360
Housing	0.36	1.068	0.3845
Books	0.04	1.235	0.0494
Miscellaneous	0.28	1.100	0.3081
Weighted SPI			1.0780

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

Gasoline	+ 3.68 percent
Groceries	+ 3.78 percent
Tuition	+5 percent
Beer	-14.29 percent
Pizza	+ 40 percent
Off Campus housing	+15.1 percent
On Campus housing (dorm)	+ 6.7 percent
On Campus housing (Greek)	-2.9 percent
Textbooks	+23.5 percent
Movies	unchanged
ICAT	+34.1 percent
Internet	unchanged

Contact information:

Emily Thornton	Phone: 620-491-0357	Email: efthornton@ksu.edu
Daniel Kuester	Phone: 785-224-7277	Email: dkuester@ksu.edu
Michelle Olberding	Phone: 785-294-2962	Email: olberdingmm@ksu.edu
Chipo Sekabanja	Phone: 785-317-1757	Email: chipos@ksu.edu
Alex Nold	Phone: 913-593-2848	Email: annold@ksu.edu