

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

**2020 STUDENT PRICE INDEX REVEALS DEFLATION FOR
K-STATE STUDENTS**

MANHATTAN, KS – October 13, 2020- The cost of living for an average Kansas State University student has decreased by the largest percentage in the nineteen-year history of the index, according to data collected by K-State students. The 2020 Student Price Index (SPI), compiled by the Kansas State University Economics Club, decreased by 1.5 percent from 2019, while the national Consumer Price Index increased mildly at a rate of 1.4 percent from 2019 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 this decline of the overall SPI were declines in textbook prices, groceries, gasoline, and leisure items such as beer, pizza, and movie prices. For the second year in a row, tuition has once again unchanged from the previous year.

Both the collection and analysis of the data was challenging this year given the current economic climate. The overall results were not surprising as much economic activity in the United States has slowed due to the effects of the Covid-19 pandemic, with demand for many goods and services falling across the board. For example, since most people have been instructed to stay in their homes, the demand for gas has fallen, which has caused a decrease in the overall price of gas.

In 2019, the SPI increased by 0.4 percent while the U.S. Consumer Price Index increased by 1.7 percent. This is the second time that there has been a year to year decline in the Student Price Index. The last time the SPI demonstrated deflation was in 2009, in the aftermath of the Great Recession, when the value fell by 0.2 percent.

The SPI indicates a significant difference in pricing behavior from the national average for consumers. Figures released this morning by the U.S. Bureau of Labor Statistics indexing prices paid by urban consumers across the nation as measured by the U.S. Consumer Price Index indicated that national prices increased by 1.4 percent over the preceding 12 months ending in September 2020. "Core" inflation, which ignores the volatile changes in food and energy prices and is the focus of many policymakers, increased by 1.7 percent from 2019 to 2020.

Since the economics club started collecting data for this project in September of 2002 the student price index has increased by approximately 130 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 45 percent.

Suzanne Roggenkamp, a sophomore economics major from Indianola, NE 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 really 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 'it is fascinating to be involved in the data collection and analysis for a project like this. Our SPI committee discussed the idea of introducing the fees that go along with tuition; however, since the benefits range from helping out-of-state students to hurting in-state students, we decided to leave these fees out since they are universal. Even masked, our students got together and socially distanced as they tried to collect and analyze the data."

"Unfortunately, people become much more interested in our results when the news is not good," said Dan Kuester, Faculty Advisor to the Economics Club. "The last time we had a lower SPI was 2009, and that was a year, similar to 2020 which was very challenging for our students and our nation at large."

"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 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 Grace Hutchinson, a junior economics major from Topeka, Kansas. Grace commented that she was happy that, holding other things equal, students are experiencing lower prices today. “I enjoyed helping collect pizza and beer prices this year and discovering that these prices had decreased. It’s not surprising that students have less disposable income and businesses have responded with lower prices.”

“I was surprised to discover that the SPI had fallen from last year, even considering the current economic situation”, said Brock O’Brien, a senior economics major and the current President of the Economics Club. “I’ve been deeply involved with helping coordinate the SPI since 2018, and in both the past years, prices increased as we expected” O’Brien commented. “These results show the powerful, disruptive impact of COVID-19 on local and national economies.”

Due to local and national trends, gasoline prices fell by more than 20% from 2019. Cody Murphy, a sophomore in engineering, from De Soto, Kansas, stated that “I enjoyed working on the SPI this year and the steep drop in fuel prices was something that was not surprising to see. Across the board, travel has been down since March which has massively reduced demand for gas. This drop is also despite a recovery in oil and gas prices since April of this year.”

Prices were flat or down across the board in the 2020 SPI with the exception of housing prices in Manhattan. Roggenkamp mentioned, “Housing prices were down overall a year ago, so even in a deflationary environment, it is not surprising to see an increase in housing prices this year. Generally, someone in Manhattan has discovered that their dollar has more value than it did in previous years.”

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

Gasoline	- 20.1 percent
Groceries	- 3.2 percent
Tuition	unchanged
Beer	- 16.2 percent
Pizza	- 5.8 percent
Non-Greek housing	+ 2.8 percent

Greek housing	+ 6.4 percent
Textbooks	- 13.8 percent
Movies	- 13.7 percent
ICAT	unchanged
Internet	unchanged

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Category	Multiplier	1+% Change	Weighted Value
Tuition	0.32	1.000	0.3200
Housing	0.36	1.046	0.3766
Books	0.08	0.862	0.0690
Miscellaneous	0.24	0.916	0.2198
Weighted SPI			.9854

