

# Michiganders' inflation perception for last 5 years (2019-2024)

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Feb 4<sup>th</sup>, 2025

\* This work is supported by MAPPR 2024 and USDA/NIFA Competitive Grant no. 2022-67023-37747.

# Overview

- Project Overview
- Survey Overview
- Survey Results
  1. Inflation Perception by category
  2. Behavioral Changes
  3. Value of Money Now vs. Later

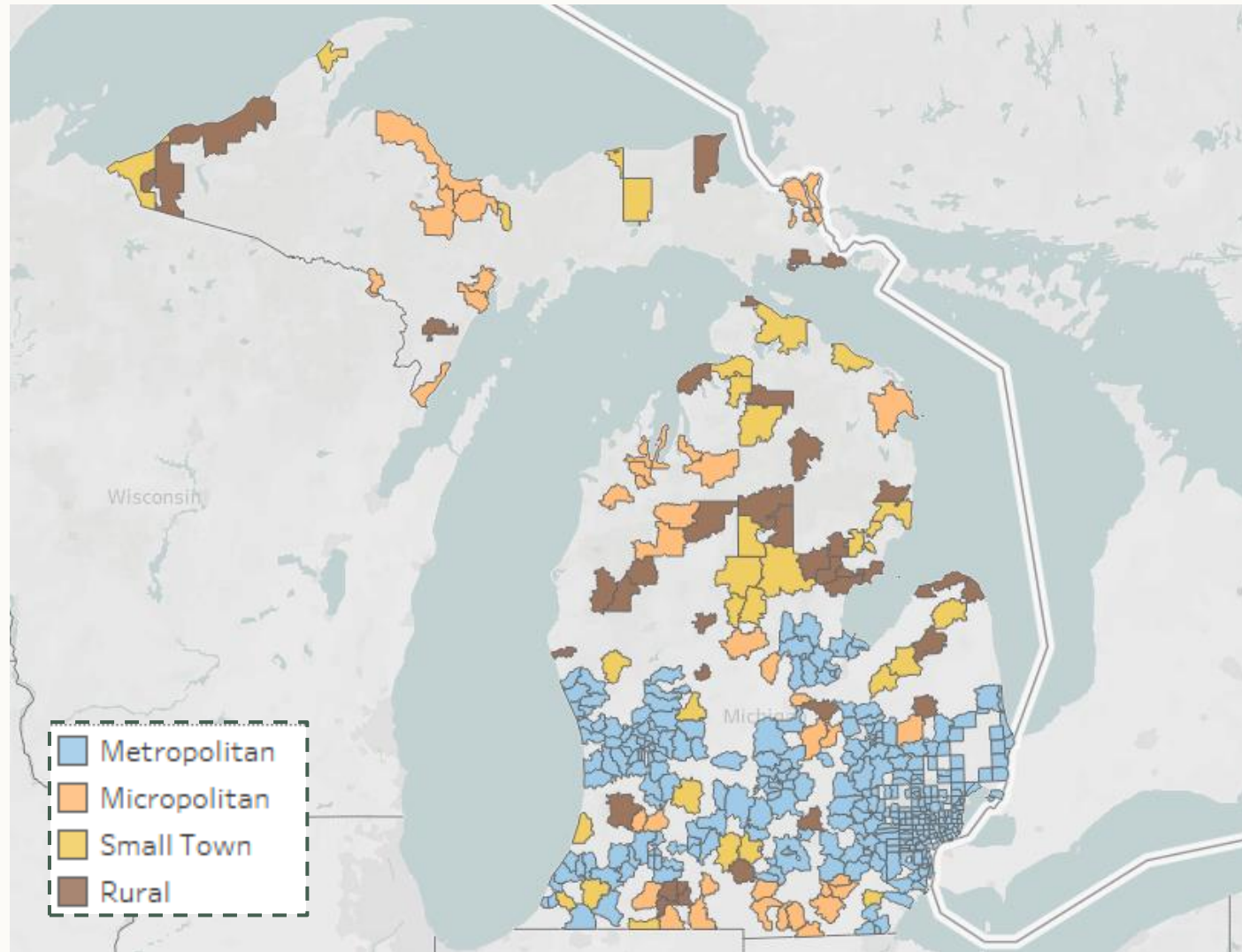
# Our project: Inflation Dynamics and Cost of Living in Michigan

- This project uses **survey data** to investigate Michigan residents' **perceptions of inflation** and **behavior change** over the past five years (2019-2024)
- Focusing on **essential goods** such as *food and fuel*, we aim to:
  - 1) Assess alignment between **residents' inflation perceptions** & actual price changes.
  - 2) Identify **socioeconomic factors** driving perception discrepancies.

# Survey Overview

- Michigan State University's **IPPSR State of the State Survey (SOSS)**
- Conducted with **1,174** Michigan residents
- Date collected: September 23 - October 10, 2024
- Final dataset: **1,000** respondents, sample balanced on gender, age, race and education

# Survey Overview - Rural Urban Classification



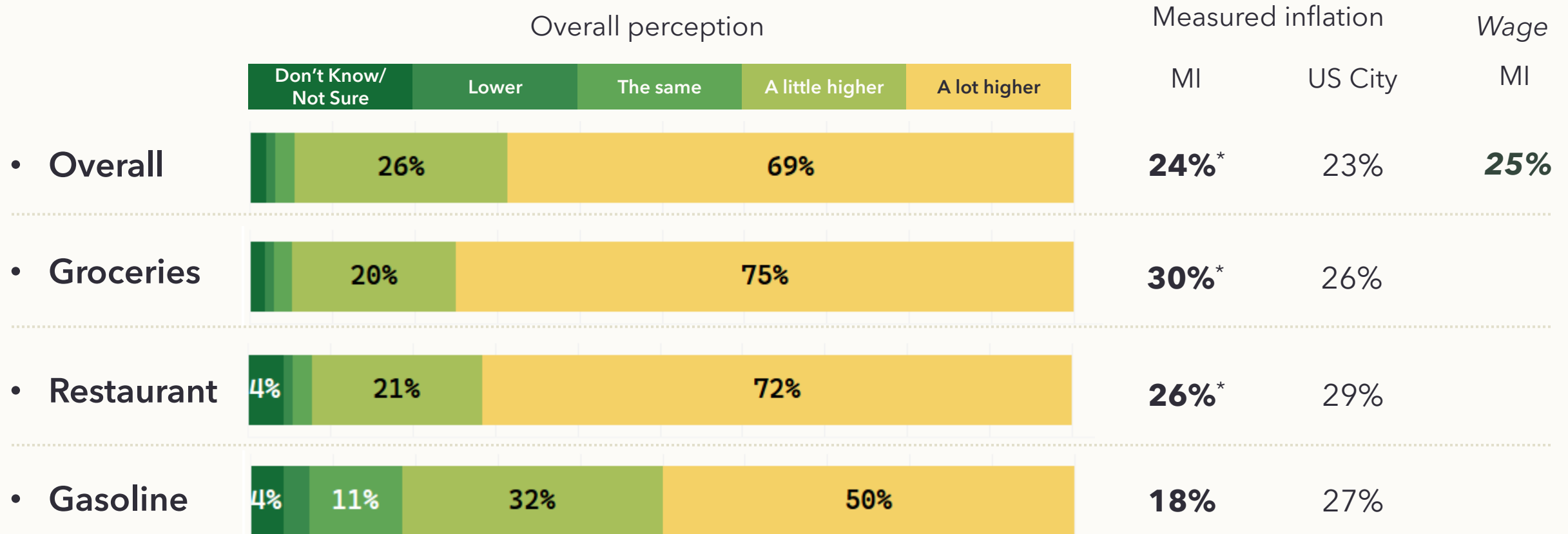
*Fig 1. Urban-Rural Classification of Respondents' Zip Code*

# Q1. Inflation Perception by category

## Question

Compared with five years ago, is the price lower, the same, a little higher, or a lot higher?

# Perception vs. Reported Inflation



Source: Percentage Calculated using CPI from BLS and Michigan's gasoline (regular unleaded) price from GasBuddy. Average weekly wage of Michigan calculated using BLS employment statistics.

\* Detroit-Warren-Dearborn, MI

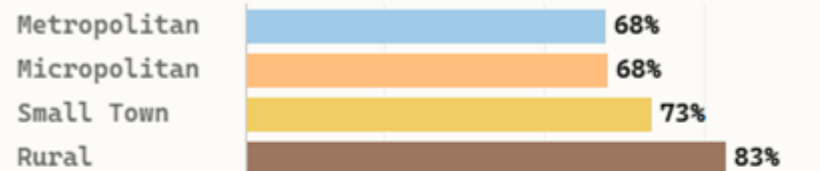
# Q1. Inflation Perception - Overall

## Question

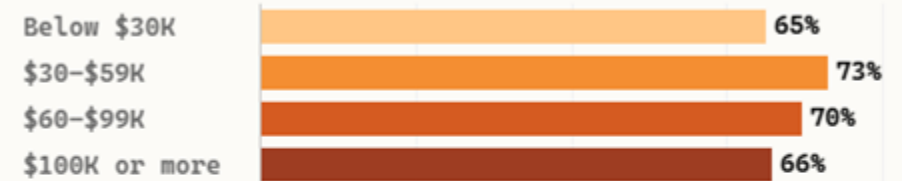
Compared with five years ago, is the **overall prices you pay** lower, the same, a little higher, or a lot higher?

- Percentage of respondents saying **prices are a lot higher**

### by Urban-Rural



### by Household Income



### by Gender



### by Age



### by Political Affiliation





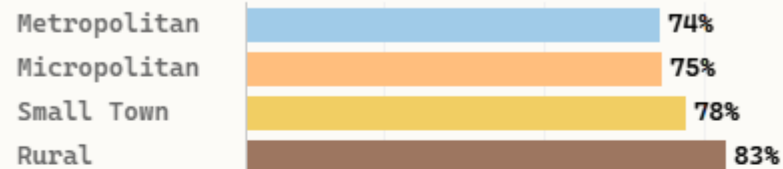
# Q1. Inflation Perception - Groceries

## Question

Compared with five years ago, is the **prices of groceries** lower, the same, a little higher, or a lot higher?

- Percentage of respondents saying **prices are a lot higher**

### *by Urban-Rural*



### *by Household Income*



### *by Gender*



### *by Age*



### *by Political Affiliation*



# Q1. Inflation Perception - Restaurant

## Question

Compared with five years ago, is the **prices of restaurant food** lower, the same, a little higher, or a lot higher?

- Percentage of respondents saying **prices are a lot higher**

### *by Urban-Rural*



### *by Gender*



### *by Political Affiliation*



### *by Household Income*



### *by Age*



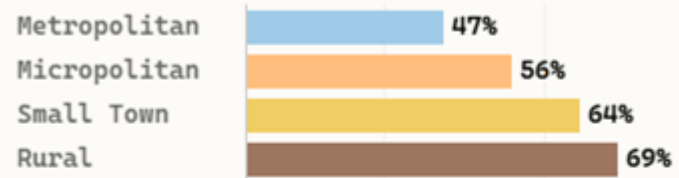
# Q1. Inflation Perception - Gasoline

## Question

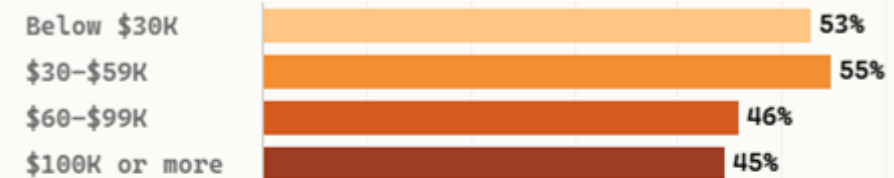
Compared with five years ago, is the **prices of gasoline** lower, the same, a little higher, or a lot higher?

- Percentage of respondents saying **prices are a lot higher**

### *by Urban-Rural*



### *by Household Income*



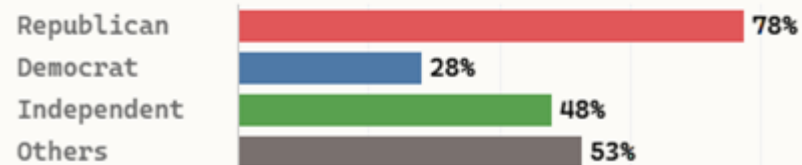
### *by Gender*



### *by Age*



### *by Political Affiliation*



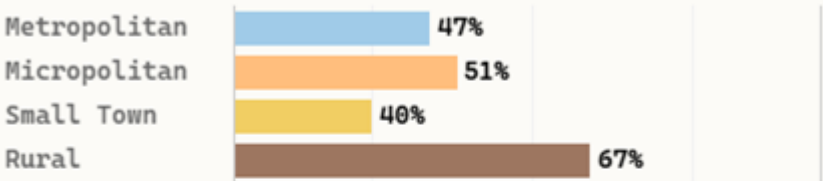
# Q1. Inflation Perception - Housing

## Question

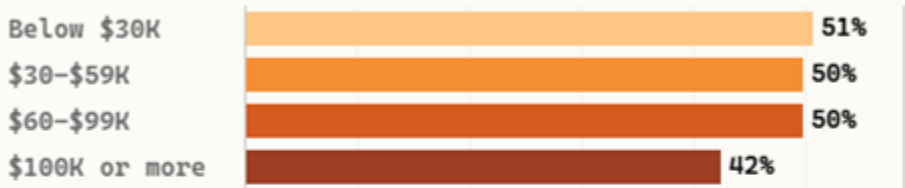
Compared with five years ago, is the **costs for your home (rent, mortgage, taxes)** lower, the same, a little higher, or a lot higher?

- Percentage of respondents saying **prices are a lot higher**

*by Urban-Rural*



*by Household Income*



*by Gender*



*by Age*



*by Political Affiliation*



# Q2. Behavioral Changes

## Question

Are you doing things differently because of price increases?

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Are you doing things differently because of price increases?

- **78%** of respondents **change behavior** due to price increase  
*Of these respondents:*
  - **81% ate out less** or chose cheaper restaurants.
  - **73% adjusted grocery store purchases.**
  - **54%** reduced **entertainment** (e.g., streaming services).
  - **49%** postponed **vacations** or opted for cheaper ones.
  - **45%** delayed **major purchases** (e.g., automobiles).
  - 16% reduced **medical expenses**, 11% changed their **housing situation**, 9% took a **second job**, and 7% **delayed retirement**.

# Q3. Value of Money Now vs. Later

## Question

A long-lost relative dies and unexpectedly leaves you a sum of money. You may either **take \$20,000 right away** or **take \$32,000 five years from now**.

Given your personal financial situation, when would you prefer to receive the inheritance?

# Q3. Value of Money Now vs. Later

## Question

Imagine you inherit money from a relative. Would you choose:  
**\$20,000 now** or **\$32,000 in 5 years**?

	2024 Total	2006 Total
<b>Now (\$20,000)</b>	58%	63.7%
<b>Later (\$32,000)</b>	26%	35.8%
Don't know / No preference	9%	0.3%
Never	1%	0.2%
* <i>Federal funds rate</i>	5.13%	4.49%



# Q3. Value of Money Now vs. Later

## Question

Imagine you inherit money from a relative. Would you choose:  
**\$20,000 now** or **\$32,000 in 5 years?**

	2024 Total	Prices today vs. 5 years ago ?	
		Higher	Same/Lower
<b>Now (\$20,000)</b>	58%	59%	53%
<b>Later (\$32,000)</b>	26%	33%	26%
Don't know / No preference	9%	8%	15%
Never	1%	1%	6%
* Federal funds rate		5.13%	

**Thank you.  
Any Questions?**

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